

City of Oceanside



Comprehensive Annual Financial Report

For the year ended
June 30, 2010

City of Oceanside
California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
JUNE 30, 2010



City Council

Jim Wood, Mayor
Jack Feller, Council Member
Jerome Kern, Council Member
Esther Sanchez, Council Member
"Vacant", Council Member

City Manager
Peter A. Weiss

Director of Financial Services
Teri Ferro

Accounting Manager
Jane McPherson

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF OCEANSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
List of Principal Officials	v
Organizational Chart	vi
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Assets - Proprietary Funds.....	30
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	32
Statement of Cash Flows - Proprietary Funds	34
Statement of Fiduciary Net Assets - Fiduciary Funds	38
Notes to Financial Statements	39

CITY OF OCEANSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page Number</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Notes to Required Supplementary Information	83
Budgetary Comparison Schedule by Department	
General Fund	84
Housing Assistance Special Revenue Fund	85
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining Balance Sheet - Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	92
Budgetary Comparison Schedules (Budgetary Basis) - Special Revenue Funds:	
Asset Seizure	96
Library	97
Gas Tax and Transportation	98
Community Development Block Grant	99
Maintenance Districts	100
Strategic Traffic Offender Program (STOP)	101
Grants	102
Budgetary Comparison Schedules (Budgetary Basis) - Capital Project Funds:	
General Improvement	103
Redevelopment Agency - Capital Project	104
Budget Comparison Schedule (Budgetary Basis) – Debt Service Fund:	
Redevelopment Agency - Debt Service	105
Oceanside Public Financing Authority	106
Oceanside Building Authority	107
Oceanside Lighting District	108
Pension Obligation Bonds	109
Combining Statement of Net Assets - Internal Service Funds	112
Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds	113
Combining Statement of Cash Flows - Internal Service Funds	114
Combining Balance Sheet - All Agency Funds	116
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	117

CITY OF OCEANSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page Number</u>
STATISTICAL SECTION	
Net Assets by Component – Last Nine Fiscal Years	120
Changes in Net Assets – Last Nine Fiscal Years	122
Fund Balances, Governmental Funds – Last Eight Fiscal Years	126
Changes in Fund Balances, Governmental Funds - Last Nine Fiscal Years	128
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	131
Schedule of Assessed Valuation – Last Ten Fiscal Years	132
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	134
Principal Property Owners – Current Year and Nine Years Ago	135
Property Tax Levies and Collections – Last Ten Fiscal Years	136
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	138
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	140
Direct and Overlapping Governmental Activities Debt.....	141
Legal Debt Margin Information – Last Ten Years	142
Pledged-Revenue Coverage – Last Ten Years	144
Demographic and Economic Statistics – Last Ten Years.....	145
Principal Employers – Current Year and Nine Years Ago	146
Full-Time Equivalent City Government Employees by Function/Program – Last Seven Fiscal Years	147
Operating Indicators by Function/Program – Last Five Fiscal Years	149
Capital Asset Statistics by Function – Last Ten Fiscal Years.....	150

THIS PAGE INTENTIONALLY LEFT BLANK



City of Oceanside

Financial Services Department
300 N. Coast Hwy, Oceanside, CA 92054
Telephone: (760) 435-3830 Fax: (760) 439-9011

March 1, 2011

Honorable Mayor, Members of the City Council, and Citizens of the City of Oceanside:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Oceanside (the City) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2010. The independent auditor's report is presented as the first component of the financial section of this report.

The Financial Section includes the Management's Discussion & Analysis (MD&A). GAAP requires that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Oceanside's MD&A can be found immediately following the report of the independent auditors.

City of Oceanside Profile

The City of Oceanside (City) is a general law city that was incorporated on January 3, 1888. It is located 35 miles north of San Diego and 83 miles south of Los Angeles. The City is located on the Pacific Ocean, offering a moderate climate that ranks as one of the most desirable in the nation. Oceanside boasts 3.5 miles of coastline, a harbor with over 900 boat slips, and one of the longest wooden piers on the West Coast, measuring 1,942 feet in length. The City occupies a land area of 42 square miles and provides a full range of services, including police, fire, library, water, sewer, street and other infrastructure construction and maintenance, parks and recreation services. The City also maintains an airport and a small craft harbor.

The population of Oceanside is estimated at 183,095, making it the third largest city in San Diego County. The median household income for the City is \$63,416.

The City operates under the council-manager form of government. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The financial activities of the four legally separate entities for which the City serves as the governing body are also included in this report; the Oceanside Community Development Commission, which includes the Redevelopment Agency of the City of Oceanside, the Oceanside Small Craft Harbor District, the Oceanside Building Authority and the Oceanside Public Financing Authority. Additional information on these entities is contained in Note 1 to the Financial Statements.

Economic Outlook

San Diego County enjoys close proximity to the major economic centers of Los Angeles and Mexico, and a prominent shipping industry assures ready access to Pacific Rim markets. Since the decline of the defense industry in the early nineties, the county has been able to diversify into high-technology commercial endeavors, with growth in areas such as telecommunications, electronics, computers and biotechnology. Traffic congestion, water supply, sewage treatment capacity and solid waste disposal are challenges that are being studied by both the public and private sectors.

Along with every city and government agency across the country, the City of Oceanside has been impacted by the national, state and local economic downturn. Coupled with the rising cost of personnel, fuel, utilities, materials and supplies, the City has realized a decline in the real estate tax revenue increases

it has enjoyed over the past several years. In order to adjust to the changing financial climate, the City has initiated the development of a five-year forecast for both revenue and expenditures to assist in long-range financial planning.

As a well-established coastal community, Oceanside continues to be a destination for retail, office and industrial development and these projects will help sustain the economic viability of the City in future years.

Financial Policies

Budgeting - The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review prior to the beginning of the fiscal year. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The budget is prepared according to fund and department (e.g., police). The City Manager is authorized to transfer funds appropriated within the same fund. Revisions that alter the total appropriations of any department or fund must be approved by City Council.

Appropriations Limit – Proposition 4, known as the Gann Initiative, was passed in 1979 to limit government spending by capping the total proceeds of taxes that may be appropriated in a fiscal year. When a city exceeds the limit, excess tax revenue must be returned to the citizens through refunds, rebates, or other means. The City is well below the established Gann limit of \$291,192,994.

Debt Administration – As of June 30, 2010 the City had a total of \$247,729,592 in long-term debt. Additional information can be found in Note 8 of the Notes to the Financial Statement. As a result of indebtedness issued by other governmental agencies operating within the City of Oceanside, net bonded debt (i.e. bonds not supported by user charges) per City assessed valuation was 2.92% as of June 30, 2010.

Cash Management – The City Council annually adopts an investment policy presented by the City Treasurer, which is intended to provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City, and conforming to all state and local statutes governing the investment of public funds. In accordance with City Council policy, the City has an obligation to be aware of the social and political impacts of its investments, and as such will not knowingly invest in any institution that practices or supports any form of discrimination as to race, religion, sex or physical disability. The City's total portfolio as of June 30, 2010 totaled \$201,255,228.

Risk Management – The City has initiated self-insurance programs to provide for general liability and workers' compensation claims. The City belongs to a joint powers authority insurance pool to provide insurance coverage for payment of claims beyond its self-insured retention. The fund revenues are primarily premium charges to other funds based on past loss histories, as well as refunds from insurance premiums based on the City's annual loss history.

GASB 54 – The City adopted new accounting standards in order to conform to the Governmental Accounting Standards Board Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions".

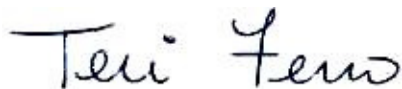
Fiscal Adversity and Healthy City Reserves – The City Council established a Healthy City Reserve Fund to maintain a stable tax and revenue structure and provide for the orderly provision of services to the citizens of Oceanside; and to establish a process for the use of these funds in the event of fiscal adversity (defined as a five percent or greater reduction of discretionary General Fund revenues).

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oceanside for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The preparation and publication of this report would not have been possible without the dedication, professionalism, and teamwork of the entire staff of the Financial Services Department. I would like to express my appreciation to all members of the department who assisted in its preparation. The City Council has continued to extend its support to the Financial Services Department in the planning of responsible and progressive financial operations. I would like to thank the Mayor, City Council and City Manager for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Teri Ferro". The signature is fluid and cursive, with the first name "Teri" and last name "Ferro" clearly distinguishable.

Teri Ferro
Director of Financial Services



City of Oceanside List of Principal Officials As of June 30, 2010

CITY COUNCIL

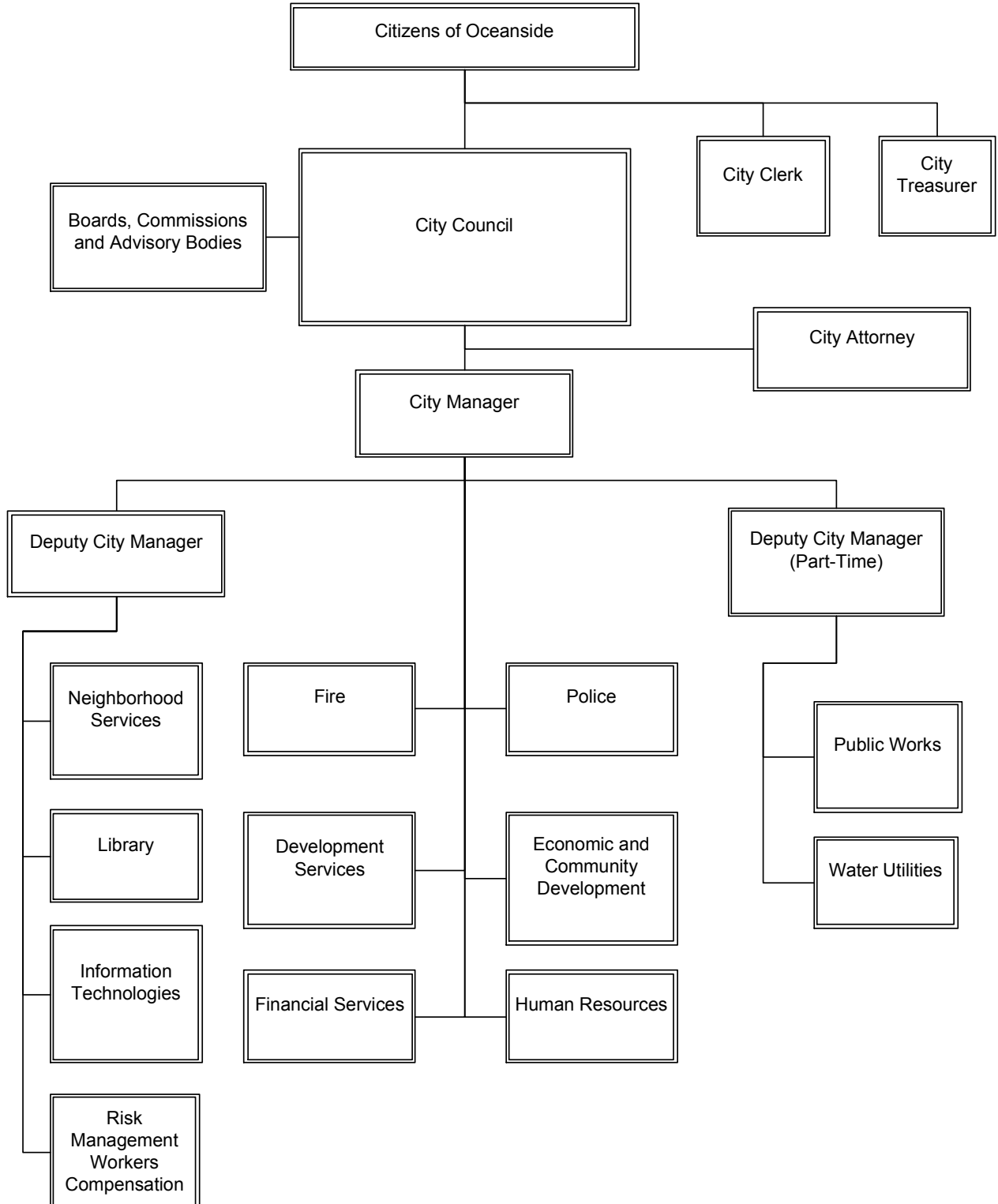
Jim Wood, Mayor
Jack Feller, Council Member
Jerome Kern, Council Member
Esther Sanchez, Council Member
"Vacant", Council Member

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Peter A. Weiss
City Attorney	John P. Mullen
City Clerk	Barbara Riegel Wayne
City Treasurer	Gary Felien
Deputy City Manager	Michelle Skaggs-Lawrence
Development Services Director	George Buell III
Economic and Community Development Director	Jane D. McVey
Financial Services Director	Teri Ferro
Fire Chief (Acting)	Darryl Hebert
Housing & Neighborhood Services Director	Margery Pierce
Library Director	Deborah Polich
Human Resources Director	Brian Kammerer
Police Chief	Frank McCoy
Public Works Deputy Director	Joseph Arranaga
Water Utilities Director	Cari Dale
Chief Information Officer	Michael Sherwood



City of Oceanside Organizational Chart





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Oceanside
Oceanside, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oceanside, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Oceanside's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oceanside, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2011, on our consideration of the City of Oceanside's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis and express no opinion on it. The budgetary comparison schedules and related note have been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

City Council Members
City of Oceanside
Oceanside, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oceanside's basic financial statements. The introductory section, supplementary information and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Lance, Solt & Loughard, LLP

March 1, 2011



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2010

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2010. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements. A glossary has been provided at the end of this analysis to assist the reader in understanding the terminology used within.

FINANCIAL HIGHLIGHTS

- The City's Total Assets increased overall by \$169.2 million, primarily due to a restatement of capital assets net of accumulated depreciation
- The City's Total Net Assets increased overall by \$183.8 million, primarily due to a restatement of capital assets and related accumulated depreciation which offset this year's operational loss
 - Beginning Net Assets restated by \$202.5 million consisting of:
 - Capital Assets restated by \$196.0 million
 - Other Net Assets restated by \$6.5 million
 - Total Net Assets decreased by \$18.7 million as a result of this year's operations
- The City's total revenues decreased \$10.3 million from 2009
 - Governmental activities revenues decreased \$10.5 million
 - Business-type activities revenues increased \$0.2 million.
- The City's total expenses increased \$11.4 million from 2009
 - Governmental activities expenses increased \$11.5 million
 - Business-type activities expenses decreased \$0.1 million

THE FINANCIAL STATEMENTS

The financial statements presented herein include all the activities of the City of Oceanside (City) and the component units using the integrated approach as prescribed by GASB Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the three categories of activities – governmental, business-type (proprietary) and fiduciary. The governmental activities (other than internal service activities) are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds which only report a balance sheet and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the City as a whole and about its activities. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as *Net Assets*, which is one way to measure the City's financial health. Over time, increases or decreases in the City's Net Assets are one indicator of whether its financial health is improving or deteriorating.

The Statement of Activities and Changes in Net Assets present information showing how the City's Net Assets changed during the most recent fiscal year. All changes in Net Assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

In both the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, we separate the City activities as follows:

Governmental activities - Most of the City's basic services are reported in this category, including General Government, Public Safety, Public Works, Community Development and Community/Cultural Services (including Recreation and Library). Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities - The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Water, Wastewater, Waste Disposal, Special Aviation and Harbor District activities are reported in this category.

Reporting the City's Most Significant Funds

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State Law or by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements and those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds - When the City charges customers for the services it provides (whether to outside customers or to other units of the City), these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. We use internal service funds (such as the City's Self-Insurance, Fleet Operations and Information Technology funds) to report activities that provide supplies and services to the City's other programs and activities. The Internal Service funds are reported with governmental activities in the Government-Wide financial statements.

Fiduciary funds - The City is the trustee, or *fiduciary*, for certain funds held on behalf of other agencies and organizations. The City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Net Assets - The City's combined Net Assets (i.e. inclusive of *all* City funds) for the fiscal year ended June 30, 2010 are compared to results for 2009 in Table 1.

Table 1

City of Oceanside Net Assets						
(in thousands of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009*</u>	<u>2010</u>	<u>2009*</u>	<u>2010</u>	<u>2009*</u>
Current & other assets	\$ 195,257	\$ 214,048	\$ 63,000	\$ 60,774	\$ 258,257	\$ 274,822
Net pension assets	42,967	39,041	0	0	42,967	39,041
Capital assets	<u>332,149</u>	<u>337,421</u>	<u>480,220</u>	<u>293,111</u>	<u>812,369</u>	<u>630,532</u>
Total assets	570,373	590,510	543,220	353,885	1,113,593	944,395
Long-term debt outstanding	166,056	171,186	82,234	88,123	248,290	258,479
Other liabilities	<u>14,727</u>	<u>17,430</u>	<u>10,534</u>	<u>11,464</u>	<u>25,261</u>	<u>29,724</u>
Total liabilities	180,783	188,616	92,768	99,587	273,551	288,203
Net assets						
Invested in capital assets, net of related debt	234,789	234,317	400,341	207,637	635,130	441,954
Restricted	81,517	90,289	28,508	7,102	110,025	97,391
Unrestricted	<u>73,284</u>	<u>77,287</u>	<u>21,602</u>	<u>39,560</u>	<u>94,886</u>	<u>116,847</u>
Total net assets	\$ 389,590	\$ 401,893	\$ 450,451	\$ 254,299	\$840,041	\$656,192

* The 2009 Restricted and Unrestricted Net Assets have been presented in a classification consistent with GASB 34 requirements which gives a better indication of comparison to 2010.

Net Assets represent the most simple test of financial health for the City, indicating the excess (or deficit) of assets over liabilities. Net Assets for the City as a whole increased 28.02% from \$656.2 million at June 30, 2009 to \$840.0 million at June 30, 2010. A significant component of this increase was due to a total Restatement of Net Assets of \$202.5 million as defined in Note 16 consisting of the following: a) capital assets restatement for water and sewer in the amount of +\$196 million based on an updated infrastructure valuation performed in FY 2009-2010; b) +\$9.6 million fund restatement in Governmental Activities for correction of prior year revenues in the TransNet Fund of \$3.0 million and \$6.3 million correction in the General Fund for deferred revenue that offsets advance receivable

from the RDA; c) +\$3.5 million correction of net pension asset; d) -\$5.6 million revenue correction related to the Shadow Way loan receivable in RDA/Lo-Mod Housing; and e) -\$1.0 million correction to Government Activities capital assets recorded in prior years. Factoring out the Restatement of Net Assets, the Net Assets for Governmental Activities experienced a decrease of \$18.8 million.

Governmental current assets decreased by \$18.8 million due to cash and investment reductions. At the same time Business-type current assets increased by \$2.2 million due to additional internal balances (i.e. transfers for loss prevention proprietary funds which previously were reflected in Governmental Activities). Governmental liabilities decreased \$7.8 million due to restatements of deferred revenue and reduction in long-term debt; while Business-type liabilities decreased \$6.8 million due to reduction in long-term debt. Governmental restricted and unrestricted net assets decreased \$12.8 million due to expenditures exceeding revenues which drew down the available net asset balances. Business-type restricted and unrestricted net assets increased \$3.4 million predominantly due to internal balances for loss prevention from Governmental Activities.

Total Net Assets increased \$183.8 million or 28.02% during the fiscal year predominantly due to Restatement of Net Assets as discussed above. This is indicative of the City's large Investment in Capital Assets (net of related debt) of over 75% of the City's Total Net Assets. The 2009 Restricted and Unrestricted Net Assets has been presented on Table 2 in a classification consistent with GASB 34 requirements which gives a better indication of comparison to 2010. A decline of Unrestricted Net Assets by 18.8% draws caution on the availability of funding for new programs, projects and services, along with unfunded long-term obligations (such as employee compensated absences, pension liabilities, and other post employment benefits).

Since 2002 the City's Unrestricted Net Assets have been in excess of \$100 million, and this is the first time it has dropped below that level to \$94.8 million, as reflected in Table 2. Approximately \$12.6 million of that amount is attributed to the increase of Restricted Net Assets. The remaining \$9.4 million is attributed to a decrease in Total Assets, notably cash and investments.

Table 2

City of Oceanside									
Summary of Net Assets (in millions)									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009*</u>	<u>2010</u>
Invested in Capital Assets	\$280.6	\$319.5	\$292.6	\$314.7	\$338.7	\$380.5	\$419.4	\$442.0	\$635.2
Restricted	71.5	45.5	102.1	101.3	111.6	125.8	132.5	97.4	110.0
Unrestricted	<u>115.4</u>	<u>124.3</u>	<u>112.8</u>	<u>116.2</u>	<u>105.4</u>	<u>108.8</u>	<u>104.2</u>	<u>116.8</u>	<u>94.8</u>
Total Net Assets	467.5	489.3	507.5	532.2	555.7	615.1	656.1	656.2	840.0
\$ increase from prior year	n/a	21.8	18.2	24.7	23.5	59.4	41.0	0.1	183.8
% increase from prior year	n/a	4.66%	3.72%	4.86%	4.41%	10.69%	6.67%	0.02%	28.02%

* The 2009 Restricted and Unrestricted Net Assets have been presented in a classification consistent with GASB 34 requirements which gives a better indication of comparison to 2010.

Activities - The City's combined Activities for the fiscal year ended June 30, 2010 is compared to results for 2009 in Table 3. The Statement of Activities reveals a decrease of revenues of \$10.3 million from 2009 while expenses increased \$11.4 million. Total revenues less expenditures reduced Net Assets by \$18.7 million.

Governmental Activities decreased Net Assets \$18.9 million in 2010 compared to an increase of \$6.4 million in 2009 as identified in Table 3. An increase in Program Revenues, including operating grants, of \$7.8 million was offset by significant decreases in general revenues including property taxes, other taxes and revenues are indicative of the economic decline.

Expenses increased by \$11.6 million in 2010. General Government expenses decreased \$5.1 million, Public Works decreased \$1.2 million, Community/Cultural Services increased by \$0.3 million, Community Development increased \$10.7 million (which includes redevelopment and housing activities), and Police and Fire operations increased \$4.9 million. Interest on long-term debt increased \$1.8 million.

Overall, the decrease to Net Assets can be attributed to increased operating costs, capital projects, SERAF payment to the State, and housing assistance programs.

Table 3

City of Oceanside Activities						
(in thousands of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 22,647	\$ 23,564	\$ 96,405	\$ 94,838	\$ 119,052	\$ 118,402
Operating grants and contributions	38,057	24,120	1,788	1,133	39,845	25,253
Capital grants and contributions	4,824	9,997	238	0	5,217	9,997
<i>General Revenues</i>						
Property taxes	55,980	61,239	0	0	55,980	61,239
Sales taxes	17,327	16,914	0	0	17,327	16,914
Other taxes	10,578	12,425	0	0	10,578	12,425
Use of money and property	8,535	9,861	983	2,110	9,363	11,971
Other	<u>4,178</u>	<u>14,507</u>	<u>3,860</u>	<u>4,964</u>	<u>8,038</u>	<u>19,471</u>
Total Revenues	162,126	172,627	103,274	103,045	265,400	275,672
Expenses						
General government	13,967	19,051	0	0	13,967	19,051
Public safety	81,636	76,759	0	0	81,636	76,759
Public works	27,101	28,263	0	0	27,101	28,263
Community development	39,477	28,757	0	0	39,477	28,757
Community/cultural services	14,565	14,193	0	0	14,565	14,193
Interest on long-term debt	9,213	7,364	0	0	9,213	7,364
Water	0	0	44,640	41,652	44,640	41,652
Sewer	0	0	29,744	28,234	29,744	28,234
Waste disposal	0	0	19,073	21,283	19,073	21,283
Other	<u>0</u>	<u>0</u>	<u>4,685</u>	<u>7,117</u>	<u>4,685</u>	<u>7,117</u>
Total Expenses	185,960	174,387	98,142	98,286	284,102	272,673
Increase (decrease) in net assets before transfers	(23,834)	(1,760)	5,132	4,759	(18,702)	2,999
Transfers	4,961	8,214	(4,961)	(8,214)	0	0
Increase (decrease) in net assets	(18,873)	6,454	171	(3,455)	(18,702)	2,999
Beginning net assets as restated	<u>408,463</u>	<u>395,439</u>	<u>450,280</u>	<u>257,754</u>	<u>858,743</u>	<u>653,193</u>
Ending net assets	\$ 389,590	\$ 401,893	\$ 450,451	\$ 254,299	\$840,041	\$ 656,192

Note 16 provides information related to the restatement of beginning Net Assets.

Chart 1 depicts the financial strength of the various City programs, or the extent to which these programs generate revenue from fees and grants. The City's programs include General Government, Public Safety (Fire and Police), Public Works, Community Development, and Community/Cultural Services (Recreation & Library). Each program's net cost (total cost less revenues generated by the activities) is presented in the Statement of Activities.

Chart 2 shows that Property Tax, Operating Grants and Contributions, Charges for Service and Sales Tax which are the top four categories of revenue and comprise 83% of funding for government activities. The *Other* category includes proceeds from the disposition of City real property, intergovernmental administrative fees, developer contributions, and miscellaneous revenues.

Chart 1

**Expenses versus Program Revenues for Governmental Activities
(in thousands of dollars)**

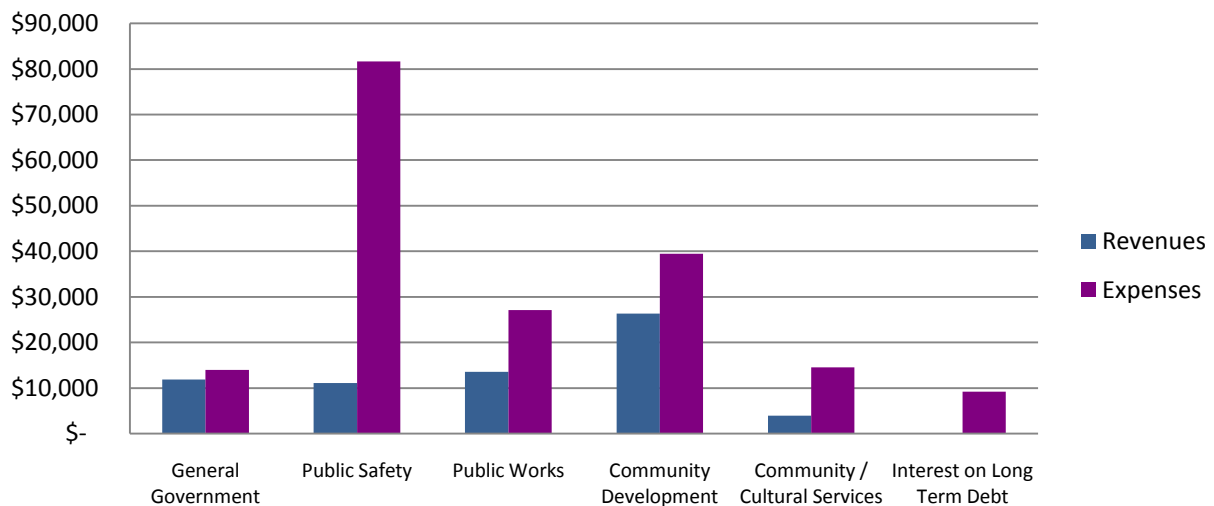
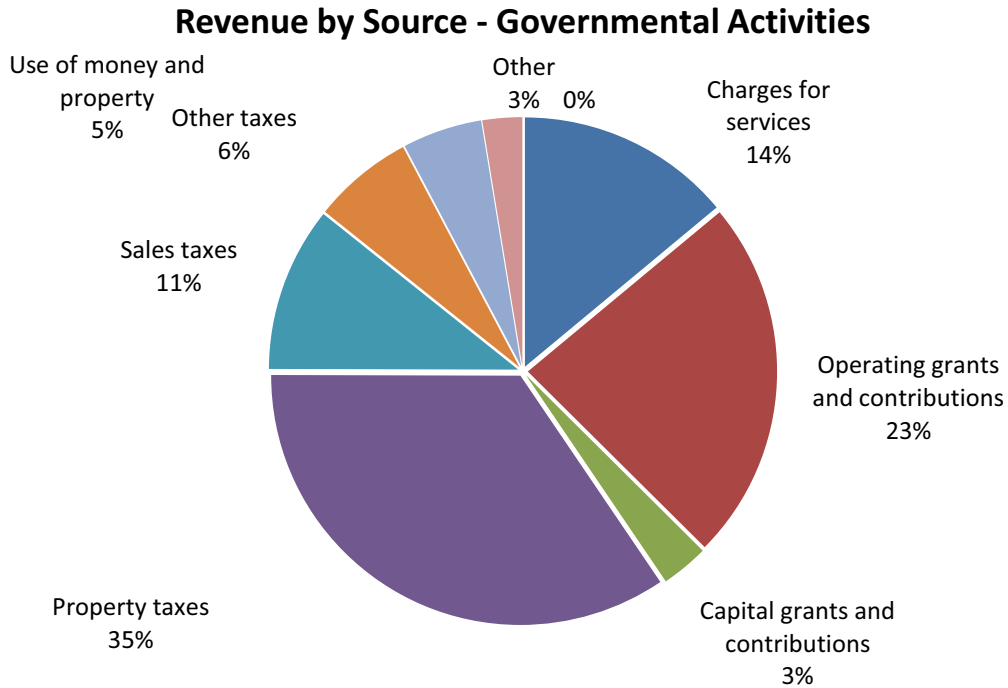


Chart 2



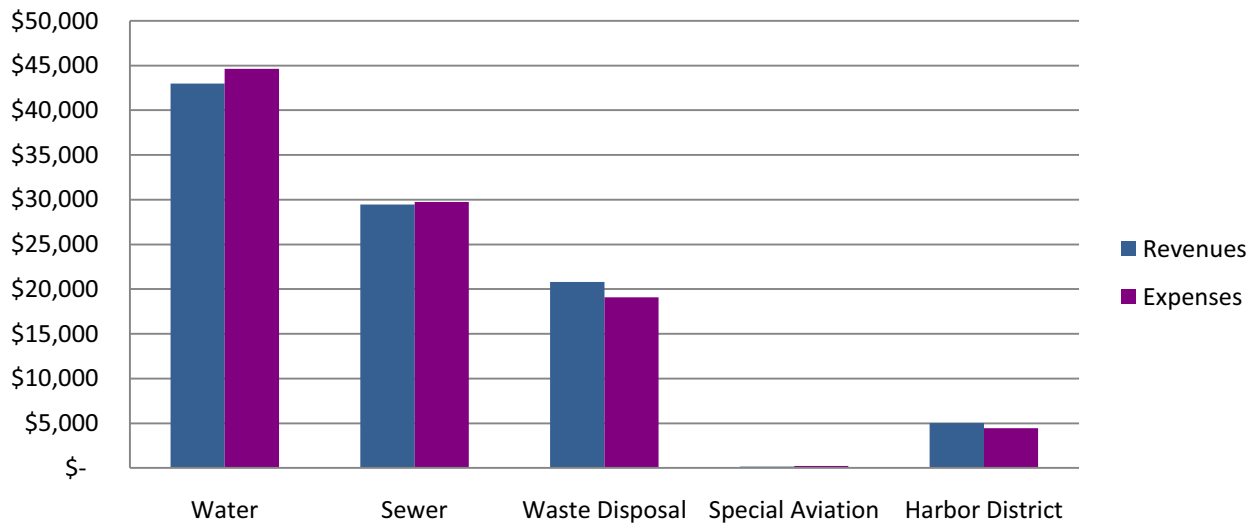
Business-Type Activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and Special Aviation. Net Assets of the Business-type activities increased \$196.2 million from the last fiscal year which is attributed to the restatement of capital assets for water and sewer based on an updated infrastructure valuation performed in FY 2009-2010.

The Statement of Revenues, Expenses, and Changes in Net Assets for proprietary funds indicate an increase of \$7.1 million in operating revenues. The Water and Sewer operating revenue increased \$0.9 and \$5.8 million respectively, while the Waste Disposal funds operating revenue increased \$0.4 million. Sewer rates were increased by City Council in November 2009 resulting in an increase in charges for service revenue of \$4.0 million from 2009. There was also a one-time settlement of \$1.7 million received by the Sewer fund. Expenses for Water and Sewer increased \$3.5 and \$1.9 million respectively due to increases in personnel services and maintenance and operations costs. Waste Disposal decreased \$2.1 million due to a reduction in maintenance and operations costs. Harbor funds decreased \$1.9 million due to the transfer of the harbor police operating function to the City's General Fund.

Overall revenue exceeded expenses (before transfers) in 2010 with a total operating income of \$4.8 million. Operating losses in Water of \$0.4 million were offset by operating income in Sewer, Waste Disposal and Harbor (\$1.3, \$2.8, and \$1.1 million respectively).

Chart 3 below compares program revenues from business-type activities to program expenses. The Water, Sewer and Aviation enterprises operated at a deficit, as referenced in the Statement of Activities and Changes in Net Assets.

Chart 3
Expenses versus Program Revenues for Business-type Activities
(in thousands of dollars)



Financial Analysis of the City's Funds

The total fund balance of \$37.5 million at year-end for the City's General Fund, as shown on the Balance Sheet, is a decrease of \$3.9 million from 2010. Of this total amount, \$11.7 million is nonspendable, \$15.7 million is committed, and \$9.1 million is assigned. The residual amount of \$1.0 million is unassigned, or available for future expenditure allocation. These categories are in compliance with GASB 54 and full disclosure can be found in Note 9.

The Statement of Revenues, Expenditures and Changes in Fund Balances also reflects the \$3.9 million reduction in the General Fund balance which is comprised of the net change in fund balance of -\$10.7 million offset by a \$6.8 million restatement further defined in Note 16. Revenues decreased approximately \$2.3 million from 2009. Expenditures increased overall \$5.2 million or 4.6% with increases in public safety expenses accounting for \$3.5 million, and community/cultural services accounting for \$3.0 million. Other Financing Sources includes a transfer in of \$5.0 million of which \$2.2 million came from the Harbor fund for harbor police services, \$1.4 million from Water and Waste Disposal funds for administrative services, and \$0.8 million from other governmental funds. Other Financing Sources also includes a transfer out of \$10.6 million for general improvement capital projects, internal services, and other governmental funds.

The fund balance of the Housing Assistance Program Special Fund has decreased \$2.8 million. Revenues and expenditures remained fairly flat compared to 2009. However, there was a \$2.7 million transfer out to the RDA fund for payment of the SERAF to the State which decreased the fund balance.

The fund balance of the General Improvement Capital Projects Fund increased \$1.8 million, which reflects a restatement of \$0.8 million. Expenditures exceeded revenues by \$5.0 million, and \$0.7 million was transferred out to other governmental funds, resulting in a deficit that was offset by transfers in from the General Fund and Water fund (\$5.8 and \$0.9 million respectively.)

The fund balance of the Redevelopment Agency Capital Projects Fund increased \$2.9 million, which reflects a restatement of \$5.7 million. Revenues decreased \$5.5 million which reflects the net impact of SERAF, while expenditures decreased \$7.0 million, although transfers out of \$6.0 million for debt service and other governmental funds reduced the net change in fund balance by \$2.8 million.

The fund balance of \$13.2 million in total Other Governmental Funds (which includes minor special revenue and debt service funds) is a decrease of \$7.3 million from 2009, which reflects a negative restatement of \$3.0 million in the TransNet fund to return prior year revenues to SANDAG. Revenues in the Gas Tax & Transportation fund remained fairly flat from 2009, while expenditures increased \$1.5 million, leading to a net change in fund balance of -\$4.6 million when including the \$0.5 million transfer out. This deficit, coupled with the restatement brings the fund balance down approximately 36% from 2009.

Debt Administration

Debt of governmental activities (including the Redevelopment Agency) realized a net decrease of \$5.1 million due to normal amortization, as noted in Table 4. More detail about the City's long-term liabilities is presented in Note 8 to the financial statements.

Table 4

City of Oceanside				
Governmental Debt Outstanding (including the Redevelopment Agency)				
	Balance July 1, 2009	Incurred or Issued	Satisfied or Matured	Balance June 30, 2010
Governmental Activities				
Bonds Payable	\$ 52,925,000	\$ 0	\$ (2,135,000)	\$ 50,790,000
Certificates of Participation	48,565,000	0	(3,125,000)	45,440,000
Capital Leases Payable	1,404,241	0	(274,217)	1,130,024
Notes Payable	3,710,000	0	(310,000)	3,400,000
Pension Obligation Bonds	41,150,000	0	(825,000)	40,325,000
Claims Payable	10,005,902	8,860,975	(6,871,420)	11,995,457
Compensated Absences	11,765,547	3,047,414	(3,866,317)	10,946,644
Other Post-Employment Benefits	<u>830,021</u>	<u>420,148</u>	<u>0</u>	<u>1,250,169</u>
Total Governmental Activities	\$ 170,355,711	\$ 12,328,537	\$ (17,406,954)	\$ 165,277,294

Debt of the business-type activities decreased in the fiscal year ending 2010 by \$5.9 million. Table 5 is a synopsis of detail presented in Note 8 of the financial statements.

Table 5

City of Oceanside				
Business-Type Activities Debt Outstanding				
	Balance July 1, 2009	Incurred or Issued	Satisfied or Matured	Balance June 30, 2010
Business-Type Activities				
Bonds Payable	\$ 7,265,000	\$ 0	\$ (670,000)	\$ 6,595,000
Certificates of Participation	27,800,000	0	(1,900,000)	25,900,000
Notes Payable	50,621,565	0	(3,019,596)	47,601,969
Compensated Absences	<u>2,648,062</u>	<u>1,060,634</u>	<u>(1,353,367)</u>	<u>2,355,329</u>
Total Business-Type Activities	\$ 88,334,627	\$1,060,634	\$ (6,942,963)	\$ 82,452,298

Capital Assets

The capital assets of the City are those assets that are used in the performance of the City's functions, including land, buildings and infrastructure. Table 6 identifies that at June 30, 2010, net capital assets of the governmental activities totaled \$332 million and the net capital assets of the business-type activities totaled \$480 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. The \$181.8 million increase in total Capital Assets from 2009 to 2010 includes a restatement of water and sewer capital assets based on an updated infrastructure valuation performed in FY 2009-2010, offset by accumulated depreciation.

Table 6

City of Oceanside				
Capital Assets (including Redevelopment Agency)				
Description	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
Land	\$ 59,246,921	\$ 57,843,987	\$ 29,309,142	\$ 20,810,642
Buildings	101,146,595	80,798,757	153,107,776	137,476,425
Improvements	21,836,515	9,507,033	529,669,697	224,507,146
Equipment	58,976,596	57,503,767	11,062,968	12,059,079
Construction in Progress	13,046,357	43,221,549	32,325,391	52,874,096
Infrastructure	<u>301,568,949</u>	<u>298,129,834</u>	<u>0</u>	<u>0</u>
Capital Assets	555,821,933	547,004,887	755,474,974	447,727,388
Accumulated Depreciation	<u>(223,672,448)</u>	<u>(209,583,840)</u>	<u>(275,255,079)</u>	<u>(154,615,862)</u>
Total Capital Assets	\$ 332,149,485	\$ 337,421,047	\$ 480,219,895	\$ 293,111,526

Additional information on Capital Assets can be found in Note 6 of this report.

Budgets and Budgetary Accounting

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The City Council adopts an annual operating budget and capital budget. All appropriations are as originally adopted or as amended by the City Council, and budgeted amounts lapse at year-end unless the adopting resolutions specifically allows the carry-over of specific unexpended amounts into the next fiscal year. Budgetary control is exercised at the fund level. The City Manager is authorized to transfer monies appropriated within the same fund provided the total amount within a fund has not changed. A budget adjustment to increase a fund's total, or to transfer monies between funds, requires City Council approval. The City of Oceanside does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process.

General Fund Budget – Table 7 is a comparison of actual revenues/expenditures versus the amended budget. Revenues received were approximately \$1.6 million less than the amended budget due to economic decline in property taxes, which was offset by an increase in charges for services which reflects gross revenues billed for emergency medical services (EMS). (Note: allowances for bad debt for EMS billings are included in General Government appropriations.) Charges to appropriations were under budget as the City Council took proactive measures to reduce expenditures based on the mid-year projections of revenues. Expenditures and transfers exceeded revenues by \$10.7 million, requiring the fund balance to absorb the shortfall. Of the \$6.0 million that was not expended from the amended budget, approximately \$0.8 million was carried-forward to FY 2010-2011 in accordance with the City Administrative Directive.

Table 7

City of Oceanside			
General Fund Comparison – Actual and Budget			
	Amended <u>Budget</u>	<u>Actual</u>	Variance <u>Pos/(Neg)</u>
Resources (inflows)			
Taxes	\$ 77,133,700	\$ 73,481,564	\$ (3,652,136)
Licenses and Permits	687,500	793,903	106,403
Fines and Penalties	1,676,200	1,460,860	(215,340)
Investment Earnings & Rentals	4,718,000	4,575,612	(142,388)
Intergovernmental Revenue	790,000	1,408,153	618,153
Charges for Service	11,172,403	14,206,903	3,034,500
Other Revenue (including Transfers In)	<u>24,189,081</u>	<u>22,799,707</u>	<u>(1,389,374)</u>
Amount Available for Appropriation	120,366,884	118,726,702	(1,640,182)
Charges to Appropriations (outflows)			
General Government	14,780,989	13,705,854	1,075,135
Public Safety	75,623,990	74,836,525	787,465
Public Works	8,750,576	7,503,663	1,246,913
Community Development	9,117,121	7,536,919	1,580,202
Community/Cultural Services	15,209,390	14,464,064	745,326
Capital Outlay/Debt Service	<u>2,444,071</u>	<u>792,264</u>	<u>1,651,807</u>
Charges to Appropriations	125,926,137	118,839,289	7,086,848
Transfers Out	<u>9,524,385</u>	<u>10,606,981</u>	<u>(1,082,596)</u>
Total Charges to Appropriations and Transfers	135,450,522	129,446,270	6,004,252
Excess of Resources Over (Under)	\$ (15,083,638)	\$ (10,719,568)	
Charges to Appropriations and Transfers			

Table 8 compares the General Fund original adopted budget of \$123.9 million to the final budget amount of \$135.4 million, which shows a net increase of \$11.5 million as delineated below. The \$11.5 million variance between the adopted and amended budget is due, in large part, to capital outlay. The amendment for Police was due in large part to the harbor police functions being incorporated into the General Fund.

Table 8

City of Oceanside			
General Fund Budget Comparison As Adopted and Amended			
	<u>Adopted</u>	<u>Amended</u>	<u>Variance</u>
General Government			
Operational	\$ 10,943,586	\$ 11,528,941	\$ 585,355
Non-Departmental	2,963,377	3,252,048	288,671
Public Safety			
Police	48,202,298	50,690,309	2,488,011
Fire	24,151,191	24,933,681	782,490
Public Works	7,253,203	8,750,576	1,497,373
Community Development			
Planning	1,638,822	2,007,826	369,004
Building	2,224,386	2,204,108	(20,278)
Engineering	4,728,871	4,905,187	176,316
Community & Cultural Services			
Economic Development	1,156,291	1,292,174	135,883
Library	5,448,496	5,466,999	18,503
Neighborhood Services	6,140,198	6,383,007	242,809
Harbor & Beaches	2,889,221	2,067,210	822,011
Transfers/Capital Outlay/Debt	<u>6,152,327</u>	<u>11,968,456</u>	<u>5,816,129</u>
Total Budget	\$ 123,892,267	\$ 135,450,522	\$ 11,558,255

GLOSSARY

- **Business-Type Activities:** in the context of the government-wide financial statements, activities of the City that are intended to totally or partially recover costs through user charges. Examples include Water Utilities, Wastewater Utilities, Waste Disposal, Special Aviation and Small Craft Harbor District.
- **Capital Assets:** assets used in operations that are not available for spending (i.e. land, buildings, structures and improvements other than buildings, machinery and equipment, infrastructure, and construction in progress.)
- **Fiduciary Funds:** funds used to account for resources held for the benefit of outside parties as an agent, and therefore not available to support the City's own programs.
- **Fund Balance:** the difference between assets and liabilities reported in a governmental fund.
- **Governmental Activities:** in the context of the government-wide financial statements, activities of the City that are supported by taxes. Examples include General Fund, Housing Assistance Program Special Revenue Fund, Redevelopment Agency Debt Service Fund, Redevelopment Agency Capital Projects Fund, General Improvement Capital Projects Fund, and Other Governmental Funds such as additional "minor" special revenue funds and debt service funds.
- **Governmental Funds:** funds generally used to account for tax-supported activities.
- **Invested in Capital Assets Net of Related Debt:** the portion of net assets reflecting equity in capital assets (i.e. capital assets minus related debt).
- **Net Assets:** the difference between assets and liabilities in proprietary funds and government-wide financial statements.
- **Proprietary Funds:** funds used to account for business-type activities.
- **Restricted Net Assets:** the portion of net assets equal to resources whose use is legally restricted minus any non-capital-related liabilities payable from those same resources.
- **Unrestricted Net Assets:** the residual balance of net assets after the elimination of *invested in capital assets net of related debt* and *restricted net assets*.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Office of the Director of Financial Services at 300 North Coast Highway, Oceanside, California, 92054 or phone (760) 435-3830.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF OCEANSIDE

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 128,001,625	\$ 46,347,856	\$ 174,349,481
Restricted cash and investments	6,587,669	955,236	7,542,905
Receivables:			
Accounts	3,628,512	9,926,280	13,554,792
Taxes	3,901,628	-	3,901,628
Notes	37,266,112	-	37,266,112
Interest	807,219	-	807,219
Other	3,370,956	-	3,370,956
Internal balances	(3,964,746)	3,964,746	-
Prepaid costs	1,219,278	2,028	1,221,306
Due from other governments	4,664,849	346,110	5,010,959
Inventories	280,538	1,151,837	1,432,375
Deferred charges	-	305,574	305,574
Land held for resale	9,492,993	-	9,492,993
Net pension asset	42,967,336	-	42,967,336
Capital assets not being depreciated	72,293,278	61,634,533	133,927,811
Capital assets, net of depreciation	259,856,207	418,585,362	678,441,569
Total Assets	570,373,454	543,219,562	1,113,593,016
Liabilities:			
Accounts payable	6,516,826	7,092,220	13,609,046
Accrued liabilities	4,657,272	695,864	5,353,136
Accrued interest	2,089,618	864,363	2,953,981
Unearned revenue	630,333	933,359	1,563,692
Deposits payable	712,037	948,088	1,660,125
Due to other governments	121,309	-	121,309
Noncurrent liabilities:			
Due within one year	18,651,919	6,967,639	25,619,558
Due in more than one year	147,404,330	75,266,778	222,671,108
Total Liabilities	180,783,644	92,768,311	273,551,955
Net Assets:			
Invested in capital assets, net of related debt	234,789,461	400,340,807	635,130,268
Restricted for:			
Public safety	833,430	-	833,430
Capital projects	40,191,226	27,552,284	67,743,510
Debt service	2,174,867	955,236	3,130,103
Lighting and landscape districts	1,239,999	-	1,239,999
Various grant programs	4,215,794	-	4,215,794
Highways	1,909,431	-	1,909,431
Housing program	30,952,063	-	30,952,063
Unrestricted	73,283,539	21,602,924	94,886,463
Total Net Assets	\$ 389,589,810	\$ 450,451,251	\$ 840,041,061

CITY OF OCEANSIDE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 13,967,349	\$ 1,510,087	\$ 10,391,248	\$ -
Public safety	81,635,635	8,123,510	3,025,843	-
Community development	39,476,894	5,180,697	19,752,463	-
Community/cultural services	14,565,149	1,111,571	1,598,466	1,262,022
Public works	27,101,514	6,721,474	3,289,374	3,562,112
Interest on long-term debt	9,213,229	-	-	-
Total Governmental Activities	185,959,770	22,647,339	38,057,394	4,824,134
Business-Type Activities:				
Water	44,640,059	41,865,765	894,792	238,500
Sewer	29,744,119	28,570,644	893,047	-
Waste Disposal	19,073,268	20,795,455	-	-
Special Aviation	230,378	144,269	-	-
Oceanside Small Craft Harbor District	4,454,450	5,028,536	-	-
Total Business-Type Activities	98,142,274	96,404,669	1,787,839	238,500
Total Primary Government	\$ 284,102,044	\$ 119,052,008	\$ 39,845,233	\$ 5,062,634

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Transfers**Total General Revenues and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total

Governmental Activities	Business-Type Activities	Total
\$ (2,066,014)	\$ -	\$ (2,066,014)
(70,486,282)	-	(70,486,282)
(14,543,734)	-	(14,543,734)
(10,593,090)	-	(10,593,090)
(13,528,554)	-	(13,528,554)
(9,213,229)	-	(9,213,229)
(120,430,903)	-	(120,430,903)
-	(1,641,002)	(1,641,002)
-	(280,428)	(280,428)
-	1,722,187	1,722,187
-	(86,109)	(86,109)
-	574,086	574,086
-	288,734	288,734
(120,430,903)	288,734	(120,142,169)
55,979,593	-	55,979,593
3,184,613	-	3,184,613
17,326,635	-	17,326,635
3,912,710	-	3,912,710
2,215,004	-	2,215,004
1,265,288	-	1,265,288
504,448	-	504,448
8,535,017	982,961	9,517,978
3,673,334	3,860,425	7,533,759
4,961,121	(4,961,121)	-
101,557,763	(117,735)	101,440,028
(18,873,140)	170,999	(18,702,141)
401,892,942	254,298,734	656,191,676
6,570,008	195,981,518	202,551,526
\$ 389,589,810	\$ 450,451,251	\$ 840,041,061

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City reports the following major governmental funds:

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The **Housing Assistance Program Special Revenue Fund** is used to account for the operation of the City's housing program. Financing is provided by HUD (Section 8), Community Development Block Grants, and service fees on mortgage revenue bonds.

The **General Improvement Capital Projects Fund** is used to account for general purpose capital projects funded primarily from developer impact fees.

The **Redevelopment Agency Capital Projects Fund** is used to account for administrative costs and capital improvements funded by long-term debt issued by the Community Development Commission and Low and Moderate Housing Capital Projects Fund required 20% set-aside of property tax increments that is legally restricted for increasing or improving housing for low and moderate income households.

The **Redevelopment Agency Debt Service Fund** is used to account for the payment of interest and principal on debt of the Community Development Commission.

The **Other Governmental Funds** are the aggregate of all the other governmental funds.

CITY OF OCEANSIDE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

		Special Revenue Funds	Capital Projects Funds	
		Housing Assistance Program	General Improvement	Redevelopment Agency
	General			
Assets:				
Cash and investments	\$ 22,358,902	\$ 6,344,520	\$ 36,446,631	\$ 22,970,317
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	1,879,426	56,660	-	-
Taxes	3,685,113	-	-	215,923
Notes	-	26,655,250	-	6,555,610
Interest	730,319	-	-	76,900
Other	3,234,879	-	117,385	-
Prepaid costs	36,807	-	250	-
Due from other governments	3,271	26,007	1,486,559	-
Due from other funds	1,475,266	1,809,651	-	-
Advances to other funds	11,636,864	-	-	3,489,017
Inventories	19,941	-	-	-
Land and buildings held for resale	-	-	-	9,492,993
Total Assets	\$ 45,060,788	\$ 34,892,088	\$ 38,050,825	\$ 42,800,760
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,166,998	\$ 49,242	\$ 1,084,794	\$ 1,687,235
Accrued liabilities	4,156,102	108,115	-	21,499
Deferred revenues	1,535,115	3,057,744	1,486,559	900,800
Unearned revenues	130,546	-	39,666	-
Deposits payable	581,422	103,615	27,000	-
Due to other governments	-	121,309	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	500,000	-	-
Total Liabilities	7,570,183	3,940,025	2,638,019	2,609,534
Fund Balances:				
Nonspendable	11,693,612	23,597,506	250	18,949,020
Restricted	-	7,354,557	-	-
Committed	15,737,602	-	14,000	398,349
Assigned	9,051,338	-	35,398,556	20,843,857
Unassigned	1,008,053	-	-	-
Total Fund Balances	37,490,605	30,952,063	35,412,806	40,191,226
Total Liabilities and Fund Balances	\$ 45,060,788	\$ 34,892,088	\$ 38,050,825	\$ 42,800,760

CITY OF OCEANSIDE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	Debt Service Funds		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 736,324	\$ 9,282,245	\$ 98,138,939
Restricted cash and investments	4,412,802	2,174,867	6,587,669
Receivables:			
Accounts	-	1,500,000	3,436,086
Taxes	-	592	3,901,628
Notes	-	4,055,252	37,266,112
Interest	-	-	807,219
Other	-	18,692	3,370,956
Prepaid costs	-	-	37,057
Due from other governments	-	3,149,012	4,664,849
Due from other funds	-	-	3,284,917
Advances to other funds	-	-	15,125,881
Inventories	-	-	19,941
Land and buildings held for resale	-	-	9,492,993
Total Assets	\$ 5,149,126	\$ 20,180,660	\$ 186,134,247
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 1,526,259	\$ 5,514,528
Accrued liabilities	-	89,151	4,374,867
Deferred revenues	-	2,438,906	9,419,124
Unearned revenues	-	460,121	630,333
Deposits payable	-	-	712,037
Due to other governments	-	-	121,309
Due to other funds	-	2,471,692	2,471,692
Advances from other funds	14,966,690	-	15,466,690
Total Liabilities	14,966,690	6,986,129	38,710,580
Fund Balances:			
Nonspendable	-	4,051,048	58,291,436
Restricted	-	6,489,499	13,844,056
Committed	-	-	16,149,951
Assigned	-	2,821,010	68,114,761
Unassigned	(9,817,564)	(167,026)	(8,976,537)
Total Fund Balances	(9,817,564)	13,194,531	147,423,667
Total Liabilities and Fund Balances	\$ 5,149,126	\$ 20,180,660	\$ 186,134,247

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF OCEANSIDE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Fund balances of governmental funds \$ 147,423,667

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 322,799,319

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Tax allocation bonds	\$ (50,790,000)	
Certificates of participation	(45,440,000)	
Pension obligation bonds	(40,325,000)	
Capital leases payable	(1,130,024)	
Notes payable	(3,400,000)	
Bond premiums	(778,955)	
Compensated Absences	<u>(10,149,733)</u>	
		(152,013,712)

Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability. (1,250,169)

Pension contributions were expenditures in the fund financial statements but are deferred and subject to capitalization and amortization on the Statement of Net Assets. 42,967,336

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (2,089,618)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. 9,419,124

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Assets. 22,333,863

Net assets of governmental activities \$ 389,589,810

CITY OF OCEANSIDE

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

		Special Revenue Fund Housing Assistance Program	Capital Projects Funds	
	General		General Improvement	Redevelopment Agency
Revenues:				
Taxes	\$ 73,481,564	\$ -	\$ -	\$ 10,027,039
Licenses and permits	793,903	179,699	-	-
Intergovernmental	1,408,153	14,997,058	735,000	-
Charges for services	14,206,903	118,382	25,381	15,377
Interest and rentals	4,575,612	389,476	863,630	238,796
Fines and forfeitures	1,460,860	-	-	-
Lease revenue	-	-	-	-
Developer fees	-	832,275	1,820,300	91,596
Administrative and in lieu charges	14,128,858	-	-	-
Miscellaneous	3,646,695	453,544	185,077	4,752
Total Revenues	113,702,548	16,970,434	3,629,388	10,377,560
Expenditures:				
Current:				
General government	13,705,854	-	-	-
Public safety	74,836,525	-	-	-
Community development	7,536,919	16,535,085	-	6,896,262
Community/cultural services	14,464,064	-	-	-
Public works	7,503,663	-	3,384,528	-
Capital outlay	792,264	621,000	3,576,905	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	1,634,836	-
Total Expenditures	118,839,289	17,156,085	8,596,269	6,896,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,136,741)	(185,651)	(4,966,881)	3,481,298
Other Financing Sources (Uses):				
Transfers in	5,024,154	100,738	6,697,692	-
Transfers out	(10,606,981)	(2,721,877)	(670,484)	(6,353,231)
Total Other Financing Sources (Uses)	(5,582,827)	(2,621,139)	6,027,208	(6,353,231)
Net Change in Fund Balances	(10,719,568)	(2,806,790)	1,060,327	(2,871,933)
Fund Balances, Beginning of Year, as previously reported	41,361,579	33,758,853	33,553,761	37,323,159
Restatements	6,848,594	-	798,718	5,740,000
Fund Balances, Beginning of Year, as restated	48,210,173	33,758,853	34,352,479	43,063,159
Fund Balances, End of Year	\$ 37,490,605	\$ 30,952,063	\$ 35,412,806	\$ 40,191,226

CITY OF OCEANSIDE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 83,508,603
Licenses and permits	-	-	973,602
Intergovernmental	-	11,559,913	28,700,124
Charges for services	-	126,724	14,492,767
Interest and rentals	1,831	249,304	6,318,649
Fines and forfeitures	-	429,946	1,890,806
Lease revenue	-	2,342,583	2,342,583
Developer fees	-	-	2,744,171
Administrative and in lieu charges	-	2,408,731	16,537,589
Miscellaneous	-	349,130	4,639,198
Total Revenues	1,831	17,466,331	162,148,092
Expenditures:			
Current:			
General government	-	-	13,705,854
Public safety	-	1,780,356	76,616,881
Community development	-	7,464,534	38,432,800
Community/cultural services	-	417,694	14,881,758
Public works	-	7,776,447	18,664,638
Capital outlay	-	3,963,136	8,953,305
Debt service:			
Principal retirement	3,700,000	2,896,713	6,596,713
Interest and fiscal charges	4,290,364	3,713,013	9,638,213
Total Expenditures	7,990,364	28,011,893	187,490,162
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,988,533)	(10,545,562)	(25,342,070)
Other Financing Sources (Uses):			
Transfers in	7,450,306	8,450,744	27,723,634
Transfers out	-	(1,953,870)	(22,306,443)
Total Other Financing Sources (Uses)	7,450,306	6,496,874	5,417,191
Net Change in Fund Balances	(538,227)	(4,048,688)	(19,924,879)
Fund Balances, Beginning of Year, as previously reported	(8,829,856)	20,538,254	157,705,750
Restatements	(449,481)	(3,295,035)	9,642,796
Fund Balances, Beginning of Year, as restated	(9,279,337)	17,243,219	167,348,546
Fund Balances, End of Year	\$ (9,817,564)	\$ 13,194,531	\$ 147,423,667

CITY OF OCEANSIDE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds \$ (19,924,879)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 9,498,047	
Contribution of capital assets	1,259,395	
Disposal of capital assets	(1,136,427)	
Depreciation expense	<u>(11,472,954)</u>	
		(1,851,939)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	6,596,713
--	-----------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Interest expense and related items	376,447	
Amortization of bond premium	<u>51,644</u>	
		428,091

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	725,878
---	---------

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense.	413,541
--	---------

Payment of unfunded pension liabilities are expenditures at the fund level but are deferred and subject to capitalization and amortization in the Statement of Net Assets.	(420,148)
--	-----------

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	(1,281,978)
--	-------------

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	<u>(3,558,419)</u>
--	--------------------

Change in net assets of governmental activities	<u><u>\$ (18,873,140)</u></u>
--	--------------------------------------

PROPRIETARY FUND FINANCIAL STATEMENTS

The City reports the following major proprietary funds:

The **Water Fund** is used to account for the operation of the City's water utility, a self-supporting activity which provides services on a user charge basis.

The **Sewer Fund** is used to account for the operation (including waste water treatment) of the City's sewer facility, a self-supporting activity which provides services on a user charge basis.

The **Waste Disposal Fund** is used to account for the collection and disposal of solid waste (including waste collected from street sweeping). Monthly service charges to all Oceanside property owners fund the above services.

The **Special Aviation Fund** is used to account for the operation of the Oceanside (General Aviation) Airport.

The **Oceanside Small Craft Harbor District Fund** is used to account for the operation and maintenance of the Oceanside Small Craft Harbor. Funding for operating expenses is provided by user charges.

CITY OF OCEANSIDE

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Assets:			
Current:			
Cash and investments	\$ 34,441,028	\$ 2,450,055	\$ 3,793,718
Restricted cash and investments	-	955,236	-
Receivables:			
Accounts	5,477,253	3,194,067	1,214,668
Prepaid costs	-	860	1,168
Due from other governments	346,110	-	-
Inventories	525,688	626,149	-
Deferred charges	106,197	199,377	-
Total Current Assets	40,896,276	7,425,744	5,009,554
Noncurrent:			
Advances to other funds	4,889,931	-	-
Capital assets - net of accumulated depreciation	199,480,037	266,323,169	54,269
Total Noncurrent Assets	204,369,968	266,323,169	54,269
Total Assets	\$ 245,266,244	\$ 273,748,913	\$ 5,063,823
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 4,788,637	\$ 893,031	\$ 1,393,783
Accrued liabilities	329,115	306,690	54,388
Accrued interest	203,515	517,740	-
Unearned revenues	110,331	-	669,508
Deposits payable	668,769	-	-
Due to other funds	-	-	-
Compensated absences	387,841	502,485	82,756
Claims and judgments	-	-	-
Bonds, notes, and capital leases	1,750,000	3,684,642	-
Total Current Liabilities	8,238,208	5,904,588	2,200,435
Noncurrent:			
Advances from other funds	-	4,300,000	-
Compensated absences	371,027	480,701	79,168
Claims and judgments	-	-	-
Bonds, notes, and capital leases	12,993,081	57,811,481	-
Total Noncurrent Liabilities	13,364,108	62,592,182	79,168
Total Liabilities	21,602,316	68,496,770	2,279,603
Net Assets:			
Invested in capital assets, net of related debt	184,736,956	204,827,046	54,269
Restricted for capital projects	27,552,284	-	-
Restricted for debt service	-	955,236	-
Unrestricted	11,374,688	(530,139)	2,729,951
Total Net Assets	223,663,928	205,252,143	2,784,220
Total Liabilities and Net Assets	\$ 245,266,244	\$ 273,748,913	\$ 5,063,823

Reconciliation of Net Assets to the
Statement of Net Assets

Net Assets per Statement of Net Assets - Proprietary Funds

Prior years' accumulated adjustment to reflect the consolidation of
internal service funds activities related to the enterprise fundsCurrent years' adjustments to reflect the consolidation of internal
service activities related to enterprise funds

Net Assets per Statement of Net Assets

CITY OF OCEANSIDE

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Assets:				
Current:				
Cash and investments	\$ -	\$ 5,663,055	\$ 46,347,856	\$ 29,862,686
Restricted cash and investments	-	-	955,236	-
Receivables:				
Accounts	33,000	7,292	9,926,280	192,426
Prepaid costs	-	-	2,028	1,182,221
Due from other governments	-	-	346,110	-
Inventories	-	-	1,151,837	260,597
Deferred charges	-	-	305,574	-
Total Current Assets	33,000	5,670,347	59,034,921	31,497,930
Noncurrent:				
Advances to other funds	-	-	4,889,931	-
Capital assets - net of accumulated depreciation	4,901,501	9,460,919	480,219,895	9,350,166
Total Noncurrent Assets	4,901,501	9,460,919	485,109,826	9,350,166
Total Assets	\$ 4,934,501	\$ 15,131,266	\$ 544,144,747	\$ 40,848,096
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ -	\$ 16,769	\$ 7,092,220	\$ 1,002,298
Accrued liabilities	5,671	-	695,864	282,405
Accrued interest	17,663	125,445	864,363	-
Unearned revenues	-	153,520	933,359	-
Deposits payable	4,580	274,739	948,088	-
Due to other funds	635,441	-	635,441	177,784
Compensated absences	-	230,675	1,203,757	261,875
Claims and judgments	-	-	-	8,237,720
Bonds, notes, and capital leases	54,778	274,462	5,763,882	-
Total Current Liabilities	718,133	1,075,610	18,136,974	9,962,082
Noncurrent:				
Advances from other funds	249,122	-	4,549,122	-
Compensated absences	-	220,676	1,151,572	535,036
Claims and judgments	-	-	-	3,757,737
Bonds, notes, and capital leases	544,000	2,766,644	74,115,206	-
Total Noncurrent Liabilities	793,122	2,987,320	79,815,900	4,292,773
Total Liabilities	1,511,255	4,062,930	97,952,874	14,254,855
Net Assets:				
Invested in capital assets, net of related debt	4,302,723	6,419,813	400,340,807	9,350,166
Restricted for capital projects	-	-	27,552,284	-
Restricted for debt service	-	-	955,236	-
Unrestricted	(879,477)	4,648,523	17,343,546	17,243,075
Total Net Assets	3,423,246	11,068,336	446,191,873	26,593,241
Total Liabilities and Net Assets	\$ 4,934,501	\$ 15,131,266	\$ 544,144,747	\$ 40,848,096

\$ 446,191,873

575,920

3,683,458

\$ 450,451,251

CITY OF OCEANSIDE

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Operating Revenues:			
Charges for services	\$ 41,865,765	\$ 28,570,644	\$ 20,795,455
License and permits	494,820	-	-
Developer fees	745,952	893,047	-
Slip rentals and other related fees	-	-	-
Parking	-	-	-
Miscellaneous	118,907	1,661,605	1,096,676
Total Operating Revenues	43,225,444	31,125,296	21,892,131
Operating Expenses:			
Administration and general	4,995,528	4,575,599	1,038,301
Maintenance and operations	12,582,427	15,861,797	18,025,898
Cost of purchased water	20,850,648	-	-
Insurance premiums and settlements	-	-	-
Depreciation expense	5,742,287	7,577,579	9,069
Total Operating Expenses	44,170,890	28,014,975	19,073,268
Operating Income (Loss)	(945,446)	3,110,321	2,818,863
Nonoperating Revenues (Expenses):			
Intergovernmental	387,340	-	-
Interest revenue	772,115	81,136	-
Interest expense	(633,521)	(1,844,911)	-
Gain (loss) on disposal of capital assets	-	-	-
Total Nonoperating Revenues (Expenses)	525,934	(1,763,775)	-
Income (Loss) Before Transfers	(419,512)	1,346,546	2,818,863
Transfers in	103,651	-	-
Transfers out	(4,805,262)	(507,713)	(867,904)
Changes in Net Assets	<u>\$ (5,121,123)</u>	<u>\$ 838,833</u>	<u>\$ 1,950,959</u>
Net Assets:			
Beginning of Year, as previously reported	\$ 131,068,330	\$ 106,148,513	\$ 833,261
Restatements	97,716,721	98,264,797	-
Beginning of Fiscal Year, as restated	228,785,051	204,413,310	833,261
End of Fiscal Year	<u>\$ 223,663,928</u>	<u>\$ 205,252,143</u>	<u>\$ 2,784,220</u>

Reconciliation of Changes in Net Assets to the Statement of Activities:

Changes in Net Assets, per the Statement of Revenues,
Expenses and Changes in Fund Net Assets - Proprietary Funds

Adjustment to reflect the consolidation of current fiscal year
internal service funds activities related to enterprise funds

Changes in Net Assets of Business-Type Activities per Statement of Activities

CITY OF OCEANSIDE

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Operating Revenues:				
Charges for services	\$ 144,269	\$ -	\$ 91,376,133	\$ 53,841,861
License and permits	-	-	494,820	-
Developer fees	-	-	1,638,999	-
Slip rentals and other related fees	-	5,028,536	5,028,536	-
Parking	-	455,397	455,397	-
Miscellaneous	33,020	-	2,910,208	802,580
Total Operating Revenues	177,289	5,483,933	101,904,093	54,644,441
Operating Expenses:				
Administration and general	31,054	889,206	11,529,688	33,910,476
Maintenance and operations	100,212	2,687,971	49,258,305	12,983,705
Cost of purchased water	-	-	20,850,648	-
Insurance premiums and settlements	-	-	-	7,791,680
Depreciation expense	67,758	749,806	14,146,499	2,719,619
Total Operating Expenses	199,024	4,326,983	95,785,140	57,405,480
Operating Income (Loss)	(21,735)	1,156,950	6,118,953	(2,761,039)
Nonoperating Revenues (Expenses):				
Intergovernmental	-	-	387,340	-
Interest revenue	-	129,710	982,961	-
Interest expense	(31,354)	(127,467)	(2,637,253)	(3,107)
Gain (loss) on disposal of capital assets	-	-	-	(58,084)
Total Nonoperating Revenues (Expenses)	(31,354)	2,243	(1,266,952)	(61,191)
Income (Loss) Before Transfers	(53,089)	1,159,193	4,852,001	(2,822,230)
Transfers in	-	-	103,651	5,555,267
Transfers out	(11,570)	(2,275,662)	(8,468,111)	(2,607,998)
Changes in Net Assets	\$ (64,659)	\$ (1,116,469)	\$ (3,512,459)	\$ 125,039
Net Assets:				
Beginning of Year, as previously reported	\$ 3,487,905	\$ 12,184,805	\$ 253,722,814	\$ 26,388,479
Restatements	-	-	195,981,518	79,723
Beginning of Fiscal Year, as restated	3,487,905	12,184,805	449,704,332	26,468,202
End of Fiscal Year	\$ 3,423,246	\$ 11,068,336	\$ 446,191,873	\$ 26,593,241
			\$ (3,512,459)	
			3,683,458	
			\$ 170,999	

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 42,874,231	\$ 30,944,945	\$ 21,925,832
Cash received from/(paid to) interfund service provided	-	-	-
Cash paid to suppliers for goods and services	(33,005,816)	(16,891,420)	(18,018,052)
Cash paid to employees for services	(5,130,082)	(4,592,662)	(1,042,792)
Net Cash Provided (Used) by Operating Activities	4,738,333	9,460,863	2,864,988
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	103,651	-	-
Cash transfers out	(4,805,262)	(507,713)	(867,904)
Amounts received from other funds	-	-	-
Advance to other funds	23,727	-	-
Intergovernmental	41,230	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,636,654)	(507,713)	(867,904)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,303,942)	(2,969,409)	-
Principal paid on capital debt	(1,684,179)	(3,579,790)	-
Interest paid on capital debt	(648,424)	(1,856,264)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,636,545)	(8,405,463)	-
Cash Flows from Investing Activities:			
Interest received	772,115	81,136	-
Net Cash Provided (Used) by Investing Activities	772,115	81,136	-
Net Increase (Decrease) in Cash and Cash Equivalents	(3,762,751)	628,823	1,997,084
Cash and Cash Equivalents at Beginning of Year	38,203,779	2,776,468	1,796,634
Cash and Cash Equivalents at End of Year	\$ 34,441,028	\$ 3,405,291	\$ 3,793,718
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (945,446)	\$ 3,110,321	\$ 2,818,863
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	5,742,287	7,577,579	9,069
(Increase) decrease in accounts receivable	(351,213)	(180,351)	33,701
(Increase) decrease in prepaid expense	6,445	(860)	(1,168)
(Increase) decrease in inventory	191,887	12,281	-
Increase (decrease) in accounts payable	273,950	(1,041,044)	(28,706)
Increase (decrease) in accrued liabilities	43,386	29,243	5,955
Increase (decrease) in deposits payable	(24,522)	-	-
Increase (decrease) in unearned revenue	(20,501)	-	37,720
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	(177,940)	(46,306)	(10,446)
Total Adjustments	5,683,779	6,350,542	46,125
Net Cash Provided (Used) by Operating Activities	\$ 4,738,333	\$ 9,460,863	\$ 2,864,988
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of deferred charges	\$ 5,155	\$ 19,991	\$ -

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			Governmental
	Special	Oceanside		Activities -
	Aviation	Small Craft		Internal
		Harbor	Totals	Service Funds
		District		
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 153,791	\$ 5,489,746	\$ 101,388,545	\$ 871,714
Cash received from/(paid to) interfund service provided	-	-	-	53,841,861
Cash paid to suppliers for goods and services	(51,135)	(2,675,907)	(70,642,330)	(19,783,335)
Cash paid to employees for services	(93,638)	(1,012,620)	(11,871,794)	(33,960,988)
Net Cash Provided (Used) by Operating Activities	9,018	1,801,219	18,874,421	969,252
Cash Flows from Non-Capital				
Financing Activities:				
Cash transfers in	-	-	103,651	5,555,267
Cash transfers out	(11,570)	(2,275,662)	(8,468,111)	(2,607,998)
Amounts received from other funds	635,441	-	635,441	177,784
Advance to other funds	-	-	23,727	-
Intergovernmental	-	-	41,230	-
Net Cash Provided (Used) by				
Non-Capital Financing Activities	623,871	(2,275,662)	(7,664,062)	3,125,053
Cash Flows from Capital				
and Related Financing Activities:				
Acquisition and construction of capital assets	-	-	(5,273,351)	(423,000)
Principal paid on capital debt	(51,000)	(262,641)	(5,577,610)	(72,504)
Interest paid on capital debt	(32,862)	(148,669)	(2,686,219)	(3,550)
Net Cash Provided (Used) by				
Capital and Related Financing Activities	(83,862)	(411,310)	(13,537,180)	(499,054)
Cash Flows from Investing Activities:				
Interest received	-	129,710	982,961	-
Net Cash Provided (Used) by				
Investing Activities	-	129,710	982,961	-
Net Increase (Decrease) in Cash				
and Cash Equivalents	549,027	(756,043)	(1,343,860)	3,595,251
Cash and Cash Equivalents at Beginning of Year	(549,027)	6,419,098	48,646,952	26,267,435
Cash and Cash Equivalents at End of Year	\$ -	\$ 5,663,055	\$ 47,303,092	\$ 29,862,686
Reconciliation of Operating Income to Net Cash				
Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (21,735)	\$ 1,156,950	\$ 6,118,953	\$ (2,761,039)
Adjustments to reconcile operating income (loss)				
net cash provided (used) by operating activities:				
Depreciation	67,758	749,806	14,146,499	2,719,619
(Increase) decrease in accounts receivable	(23,498)	5,813	(515,548)	69,134
(Increase) decrease in prepaid expense	-	-	4,417	(1,181,630)
(Increase) decrease in inventory	64,836	-	269,004	93,465
Increase (decrease) in accounts payable	(1,374)	3,787	(793,387)	90,660
Increase (decrease) in accrued liabilities	(4,544)	(123,414)	(49,374)	42,513
Increase (decrease) in deposits payable	(14,385)	10,688	(28,219)	-
Increase (decrease) in unearned revenue	-	(2,411)	14,808	-
Increase (decrease) in claims and judgments	-	-	-	1,989,555
Increase (decrease) in compensated absences	(58,040)	-	(292,732)	(93,025)
Total Adjustments	30,753	644,269	12,755,468	3,730,291
Net Cash Provided (Used) by				
Operating Activities	\$ 9,018	\$ 1,801,219	\$ 18,874,421	\$ 969,252
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of deferred charges	\$ -	\$ -	\$ 25,146	\$ -

THIS PAGE INTENTIONALLY LEFT BLANK

FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary fund types are accounted for according to the nature of the fund. The City has only agency funds, which are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

CITY OF OCEANSIDE

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 9,997,368
Restricted cash and investments	9,365,474
Receivables:	
Accounts	29,759
Taxes	<u>19,222</u>
Total Assets	<u>\$ 19,411,823</u>
 Liabilities:	
Accounts payable	\$ 48,487
Deposits payable	4,406,306
Due to bondholders	<u>14,957,030</u>
Total Liabilities	<u>\$ 19,411,823</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies

The basic financial statements of the City of Oceanside, California (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Financial Reporting Entity

The City was incorporated on January 3, 1888, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides basic local governmental services including public safety (police, fire and beach lifeguard), maintenance and construction of public improvements, cultural, recreation planning, zoning, and general administration. In addition, the City operates five enterprise activities: water, sewer, waste disposal, general aviation airport and a harbor district.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The following blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with the data of the City. Each blended component unit has a June 30 year-end. The following entities are reported as blended component units since the governing board is substantively the same as the primary government:

Oceanside Community Development Commission - The Oceanside Community Development Commission (the Commission) was established on July 16, 1980, and includes all activities previously performed by the Oceanside Redevelopment Agency and the Oceanside Housing Authority. The Oceanside Redevelopment Agency was originally established on February 20, 1974, pursuant to the State of California Health and Safety Code entitled "Community Redevelopment Law". Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational and public facilities. The Oceanside Housing Authority was originally established on February 24, 1971, and dissolved April 9, 1975, due to inactivity. It was reactivated on April 9, 1980, pursuant to the State of California Health and Safety Code. This department is responsible for all assisted housing projects within the City. The operations of the Commission are reported as government funds of the City.

Oceanside Small Craft Harbor District - The Oceanside Small Craft Harbor District (the Harbor District) was established on July 6, 1959, pursuant to the State of California Harbor and Navigation Code, Part 7, Section 7000 entitled "Small Craft Harbor District". Its purpose is to finance, construct, organize and operate a small craft berthing facility and leaseholds within the harbor area. The operations of the Harbor District are reported as business-type activity and are a proprietary fund of the City.

Oceanside Building Authority - The Oceanside Building Authority (the Building Authority) was established on December 1, 1966, pursuant to the State of California Government Code Section 6506. The Building Authority was initially established to acquire, construct, maintain, operate and lease public safety buildings. The operations of the Building Authority are reported as governmental funds of the City.

Oceanside Public Financing Authority - The Oceanside Public Financing Authority (the Financing Authority) was established January 23, 2002, under the Joint Exercise of

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

Powers Law of the State of California (constituting Chapter 5 of Division 7 of Title 1 of the California Government Code) to assist in the financing of public capital improvements to be owned by any of its members (the City and the Commission). The operations of the Financing Authority are reported as governmental funds of the City.

Complete financial statements for the above entities may be obtained from the Financial Services Department, 300 North Coast Highway, Oceanside, California 92054.

b. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

The City applies all applicable FASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and other governmental funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end, with the exception of gas tax which is 310) and recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term liabilities, and compensated absences which are recognized as expenditures only when payment is due.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue/unearned revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The Housing Assistance Program Special Revenue Fund is used to account for the operation of the City's housing program. Financing is provided by HUD (Section 8), Community Development Block Grants, and service fees on mortgage revenue bonds.

The General Improvement Capital Projects Fund is used to account for general purpose capital projects funded primarily from developer impact fees.

The Redevelopment Agency Capital Projects Fund is used to account for administrative costs and capital improvements funded by long-term debt issued by the Community Development Commission and Low and Moderate Housing Capital Projects Fund required 20% set-aside of property tax increments that is legally restricted for increasing or improving housing for low and moderate income households.

The Redevelopment Agency Debt Service Fund is used to account for the payment of interest and principal on debt of the Community Development Commission.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows for all proprietary funds.

A separate column representing internal service funds is also presented in these statements. Internal service funds account for activities involved in rendering risk management, automotive equipment maintenance, City building maintenance and central data processing services provided to other departments of the City on a cost-reimbursement basis. Because the principal users of the internal service funds are the City's governmental entities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the Government-wide Statement of Net Assets.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations for the fund. All other expenses are reported as nonoperating expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major enterprise funds:

The Water Fund is used to account for the operation of the City's water utility, a self-supporting activity which provides services on a user charge basis.

The Sewer Fund is used to account for the operation (including waste water treatment) of the City's sewer facility, a self-supporting activity which provides services on a user charge basis.

The Waste Disposal Fund is used to account for the collection and disposal of solid waste (including waste collected from street sweeping). Monthly service charges to all Oceanside property owners fund the above services.

The Special Aviation Fund is used to account for the operation of the Oceanside (General Aviation) Airport.

The Oceanside Small Craft Harbor District Fund is used to account for the operation and maintenance of the Oceanside Small Craft Harbor. Funding for operating expenses is provided by user charges.

Fiduciary Fund Financial Statements

Fiduciary fund types are accounted for according to the nature of the fund. The City has only agency funds, which are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. Agency funds are accounted for using accrual basis accounting.

The Agency funds are used to account for the (1) receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability as well as receipt and disbursement of capital project bond proceeds related to bonds for which the City has no direct liability and (2) money and property held by the City as trustee or custodian such as refundable deposits.

c. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

d. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents.

Investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)**e. Inventory**

Inventory is recorded at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventory in the General Fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual items are used. Inventories in the proprietary funds are recorded at cost, which approximates market, and include various accessories used for repair and maintenance of equipment.

f. Land and Buildings Held for Resale

Land and buildings held for resale is carried at the lower of cost or market, but not greater than the net realizable value. An amount equal to the carrying value of land is reserved in fund balance because such assets are not available to finance the City's current operations.

g. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000, all other capital assets are set at \$10,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 - 60 years
Improvements other than buildings	30 - 60 years
Machinery and equipment	5 - 20 years
Infrastructure	15 - 50 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, storm drains, park lands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the basic approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. As of June 30, 2009, the Water Fund and Sewer Fund had an appraisal of its infrastructure. Both appraisals have been incorporated into this report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

h. Net Pension Assets

A pension asset is created when an employer pays into a retirement plan amounts in excess of its annual required contribution (ARC). The ARC is an actuarially calculated amount that is sufficient to fund future costs and extinguish any existing unfunded actuarial accrued liability (UAAL). In August 2005, the City made a payment of \$42,072,326 to CalPERS from the proceeds of the issuance of pension obligation bonds to reduce the City's UAAL as calculated at that time. The prepaid pension asset will be amortized over the life of the bonds on a straight-line basis.

i. Long-Term Liabilities

Government-wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The fund financial statements do not present long-term debt. Therefore, it is shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.

j. Fund Balance and Net Assets

Government-wide and Proprietary Financial Statements

The net assets reported on the Statement of Net Assets in the government-wide financial statements and proprietary fund financial statements consist of the following three categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets".

Governmental Fund Financial Statements

The fund balances reported on the governmental fund statements consist of the following categories:

Nonspendable Fund Balance - This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Fund Balance - This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance - This includes amounts that can be used only for the specific purposes determined by a formal action of the city council.

Assigned Fund Balance - This includes amounts that are designated by the city council for specific purposes.

Unassigned Fund Balance - This is the residual classification that includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the City's policy is to apply restricted fund balance first.

When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance and finally unassigned fund balance.

k. Compensated Absences

Government-wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund. Vested or accumulated compensated absences of proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates and assumptions.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 2: Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on average month-end cash and investment balances in these funds.

The following is a summary of cash and investments at June 30, 2010:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 128,001,625	\$ 46,347,856	\$ 9,997,368	\$ 184,346,849
Restricted cash and investments	6,587,669	955,236	9,365,474	16,908,379
Total cash and investments	<u>\$ 134,589,294</u>	<u>\$ 47,303,092</u>	<u>\$ 19,362,842</u>	<u>\$ 201,255,228</u>

Cash and investments at June 30, 2010 consisted of the following:

Demand deposits	\$ 3,215,920
Petty Cash	9,250
Investments	<u>198,030,058</u>
Total cash and investments	<u>\$ 201,255,228</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of bond indentures of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Government Sponsored			
Enterprise Securities	5 years	None	25%
Banker's Acceptance	180 days	20%	5%
Time Deposits	1 year	15%	None
Repurchase Agreements	30 days	30%	None
Reverse Repurchase Agreements	60 days	15%	None
Commercial Paper	270 days	15%	5%
Corporate Medium Term Notes	5 years	15%	5%
Municipal Bonds	5 years	15%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

N/A - Not Applicable

*Excluding amounts held in bond trustees that are not subject to California Government Code Restrictions

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 2: Cash and Investments (Continued)**Investments Authorized by Debt Agreements**

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	None	None	None
United States Government Sponsored Enterprise Securities	None	None	None
Banker's Acceptance	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

N/A- Not Applicable

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
United States Government Sponsored Enterprise Securities	\$ 14,374,686	\$ 8,047,122	\$ 102,912,319	\$ 125,334,127
Local Agency Investment Fund (LAIF)	55,787,552	-	-	55,787,552
Held by Bond Trustees:				
Money Market Mutual Funds	16,908,379	-	-	16,908,379
	<u>\$ 87,070,617</u>	<u>\$ 8,047,122</u>	<u>\$ 102,912,319</u>	<u>\$ 198,030,058</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 2: Cash and Investments (Continued)**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City holds investments in callable federal agency securities that are highly sensitive to interest rate fluctuations. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes their fair values highly sensitive to changes in interest rates. The fair value of callable investments in the City's portfolio at June 30, 2010, is \$107,838,191 or 59.54% of the City's portfolio (excluding held by bond trustees).

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standards and Poor, as of year end for each investment type:

Investment Type	Total as of June 30, 2010	Minimum Legal Rating	AAA	Unrated
United States Government Sponsored Enterprise Securities	\$ 125,334,127	N/A	\$ 125,334,127	\$ -
Local Agency Investment Fund (LAIF)	55,787,552	N/A	-	55,787,552
Held by Bond Trustees:				
Money Market Mutual Funds	16,908,379	AAA/Aaa	16,908,379	-
	<u>\$ 198,030,058</u>		<u>\$ 142,242,506</u>	<u>\$ 55,787,552</u>

Concentration of Credit Risk

The investment policy of the City limits the amount that can be invested in any one issuer of United States Government Sponsored Enterprise Securities. The limit has been set at 25% of the cost value of the portfolio in any single issuer of United States Government Sponsored Enterprise Securities. This limit is beyond that stipulated by the California Government Code. All other investments contain no limitations beyond that stipulated by the California Government Code. Investments in any one issuer (other than United States Treasury Obligations, mutual funds, and external investment pools) that represent 5% or more of total City's investments (excluding held by bond trustees) are as follows:

Issuer	Investment Type	Reported Amount	Percent of Investment
Federal Farm Credit Bank	United States Government Sponsored Enterprise Securities	\$ 26,949,032	14.88%
Federal Home Loan Bank	United States Government Sponsored Enterprise Securities	31,765,906	17.54%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	29,253,565	16.15%
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	37,365,624	20.63%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 2: Cash and Investments (Continued)**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of June 30, 2010, none of the City's deposits or investments were exposed to custodial credit risk.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 3: Property Taxes

Property taxes attach a legal enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Diego (the County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when an enforceable legal lien is attached to the property.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property assessed value not more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

Note 4: Notes Receivable

At June 30, 2010, the City had notes receivable reported in the following funds:

Housing Assistance Program Special Revenue Fund	\$ 26,655,250
Redevelopment Area Capital Projects Fund	6,555,610
Grants Special Revenue Fund	<u>4,055,252</u>
 Total	 <u><u>\$ 37,266,112</u></u>

The Housing Assistance Program Special Revenue Fund has made various low or noninterest bearing loans to property owners for the rehabilitation of property and first time home buyer program within the City. The notes are payable upon the sale of the property or upon the death of the current property owner. At June 30, 2010, the outstanding balance including accrued interest of \$1,917,744 is \$26,655,250.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 4: Notes Receivable (Continued)

At June 30, 2010, the Redevelopment Agency Capital Projects Fund was owed \$54,810 for various low and moderate income housing loans for a home buyer program.

On September 10, 2008, the Commission loaned \$5,600,000 to a developer in accordance with a regulatory agreement executed by the Commission and the Developer. The note is secured by a deed of trust. The note bears interest at a rate of 3% compounded annually from the date the amounts are disbursed for 55 years, at which time all principal and interest are due. At June 30, 2010, the outstanding balance including accrued interest of \$294,420 is \$5,894,420.

On June 10, 2009, the Commission loaned \$606,380 to California Surf Museum in accordance with the tenant improvement loan agreement executed by the Commission and the Museum on August 13, 2008. Pursuant to the agreement, in the event that the Museum satisfies the performance standards set forth in the agreement, the Commission agrees to forgive 1/5th of the loan amount each year for five years. At June 30, 2010, the outstanding balance is \$606,380.

The Grants Special Revenue Fund has made various low or noninterest bearing loans to property owners for the rehabilitation of property and first time home buyer program within the City. The notes are payable upon the sale of the property or upon the death of the current property owner. At June 30, 2010, the outstanding balance including accrued interest of \$4,204 is \$4,055,252.

Note 5: Interfund Transactions**a. Due To/From Other Funds**

At June 30, 2010, the City had the following short-term interfund receivables and payables:

Due From:	Due To:			Total
	Non-Major Governmental Funds	Special Aviation Enterprise Fund	Internal Service Funds	
General Fund	\$ 662,041	\$ 635,441	\$ 177,784	\$ 1,475,266
Housing Assistance Program	1,809,651	-	-	1,809,651
Total	<u>\$ 2,471,692</u>	<u>\$ 635,441</u>	<u>\$ 177,784</u>	<u>\$ 3,284,917</u>

The outstanding balances between funds result mainly from temporary operating cash loans.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 5: Interfund Transactions (Continued)**b. Advances To/From Other Funds**

At June 30, 2010, the City had the following long-term interfund receivables and payables:

Advances To:	Advances From:				Total
	Housing Assistance Program	Redevelopment Agency Debt Service Fund	Sewer Enterprise Fund	Special Aviation Enterprise Fund	
General Fund	\$ 500,000	\$ 10,887,742	\$ -	\$ 249,122	\$ 11,636,864
Redevelopment Agency Capital Projects Fund	-	3,489,017	-	-	3,489,017
Water Enterprise Fund	-	589,931	4,300,000	-	4,889,931
Total	<u>\$ 500,000</u>	<u>\$ 14,966,690</u>	<u>\$4,300,000</u>	<u>\$ 249,122</u>	<u>\$ 20,015,812</u>

The Commission entered into a loan agreement with the City to restructure unpaid loans made to the Commission in 1986 and 1989 to fund downtown redevelopment projects. The loan represents the unpaid principal portion of \$2,000,000 and \$1,443,011 of the 1986 and 1989 loans, respectively, and the accumulated unpaid interest on those loans. The loan is payable in years 2015 through 2025 from tax increment revenue. As of June 30, 2010, the outstanding balance of the loan was \$10,887,742.

The Redevelopment Agency Capital Projects Fund advanced funds to the Redevelopment Agency Debt Service Fund to fund redevelopment projects. The loan is payable from tax increment revenues. As of June 30, 2010, the outstanding balance of the loan was \$3,489,017.

The Water Fund advanced funds to the Redevelopment Agency Debt Service Fund and the Sewer Enterprise Fund for operational purposes. As of June 30, 2010, the outstanding balance of the loan was \$589,931.

The General Fund advanced funds to the Housing Assistance Program Special Revenue Fund and Special Aviation Enterprise Fund for operational purposes. As of June 30, 2010, the outstanding balance of the loan was \$500,000 and \$249,122, respectively.

The Water Fund advanced funds to the Sewer Fund to provide funding for a legal settlement. As of June 30, 2010, the outstanding balance of the loan was \$4,300,000.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 5: Interfund Transactions (Continued)

c. Transfers In/Out

Transfers in and out for the year ended June 30, 2010, are as follows:

Transfers Out:	Transfers In:							Total
	General Fund	Housing Assistance Program	General Improvement	Redevelopment Agency Debt Service Funds	Other Governmental Funds	Water Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 100,738	\$5,797,692	\$ -	\$ 2,794,804	\$ -	\$ 1,913,747	\$10,606,981
Housing Assistance Program	-	-	-	-	2,652,518	-	69,359	2,721,877
General Improvement	50,000	-	-	-	619,307	-	1,177	670,484
Redevelopment Agency Capital Project Fund	70,569	-	-	5,050,746	1,221,691	-	10,225	6,353,231
Other Governmental Funds	1,284,867	-	-	-	645,102	-	23,901	1,953,870
Water Enterprise Fund	918,856	-	900,000	-	44,700	-	2,941,706	4,805,262
Sewer Enterprise Fund	-	-	-	-	46,080	-	461,633	507,713
Waste Disposal Enterprise Fund	452,225	-	-	-	313,644	85,500	16,535	867,904
Special Aviation Enterprise Fund	7,000	-	-	-	1,008	-	3,562	11,570
Small Craft Harbor District Enterprise Fund	2,188,666	-	-	-	44,948	-	42,048	2,275,662
Internal Service Funds	51,971	-	-	2,399,560	66,942	18,151	71,374	2,607,998
Total	<u>\$ 5,024,154</u>	<u>\$ 100,738</u>	<u>\$6,697,692</u>	<u>\$ 7,450,306</u>	<u>\$ 8,450,744</u>	<u>\$ 103,651</u>	<u>\$ 5,555,267</u>	<u>\$33,382,552</u>

The General Fund transferred \$5,797,692 to the General Improvement Capital Projects Fund for capital improvement projects, \$1,913,747 to the Risk Management Internal Service Fund for payment of claims and \$2,794,804 to Other Governmental Funds for the payment of the CalPERS unfunded debt.

The Redevelopment Agency Capital Projects Fund transferred \$5,050,746 to the Redevelopment Agency Debt Service Fund for specific projects and \$1,221,691 to the Grant Other Governmental Fund for the Lil Jackson Senior Center Project.

The Other Governmental Funds transferred \$1,284,867 to the General Fund for operating expenses.

The Water Enterprise Fund, Waste Disposal Enterprise Fund and Oceanside Small Craft Harbor District Enterprise Fund transferred \$918,856, \$452,225 and \$2,188,666, respectively, to the General Fund for operating expenses.

The Water Enterprise Fund transferred \$2,941,706 to the Risk Management Internal Service Fund for payment of claims.

The Internal Service Fund transferred \$2,399,560 to the Redevelopment Agency Debt Service Fund to pay the lease revenue required to make debt service payments.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**Note 6: Capital Assets****a. Governmental Activities Capital Assets**

A summary of changes in the governmental activities capital assets at June 30, 2010, is as follows:

	Balance at July 1, 2009	Transfers	Additions	Deletions	Balance at June 30, 2010
Capital assets not being depreciated:					
Land	\$ 57,843,987	\$ -	\$ 2,539,361	1,136,427	\$ 59,246,921
Construction in progress	43,221,549	(34,873,804)	4,698,612	-	13,046,357
Total Capital Assets, Not Being Depreciated	101,065,536	(34,873,804)	7,237,973	1,136,427	72,293,278
Capital assets being depreciated:					
Buildings and improvements	80,798,717	20,347,878	-	-	101,146,595
Improvements other than buildings	9,507,033	12,329,482	-	-	21,836,515
Machinery and equipment	57,503,767	2,124,845	574,953	1,226,969	58,976,596
Infrastructure	298,129,834	71,599	3,367,516	-	301,568,949
Total Capital Assets, Being Depreciated	445,939,351	34,873,804	3,942,469	1,226,969	483,528,655
Less accumulated depreciation for:					
Buildings and improvements	24,100,007	-	2,210,732	-	26,310,739
Improvements other than buildings	4,391,033	-	460,890	-	4,851,923
Machinery and equipment	38,448,031	-	5,279,328	1,168,885	42,558,474
Infrastructure	142,644,769	-	7,306,543	-	149,951,312
Total Accumulated Depreciation	209,583,840	-	15,257,493	1,168,885	223,672,448
Total Capital Assets, Being Depreciated, Net	236,355,511	34,873,804	(11,315,024)	58,084	259,856,207
Governmental Activities Capital Assets, Net	<u>\$ 337,421,047</u>	<u>\$ -</u>	<u>\$ (4,077,051)</u>	<u>\$ 1,194,511</u>	<u>\$332,149,485</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 133,296
Public safety	1,052,719
Public works	7,829,968
Community development	1,054,671
Community/culture services	1,402,300
Internal service funds	3,784,539
Total depreciation expense-governmental activities	<u>\$ 15,257,493</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 6: Capital Assets (Continued)

b. Business-Type Activities Capital Assets

A summary of changes in the business-type activities capital assets at June 30, 2010, is as follows:

	Balance at July 1, 2009	Adjustments*	Adjusted Balance at July 1, 2009	Transfers	Additions	Deletions	Balance at June 30, 2010
Capital assets not being depreciated:							
Land	\$ 20,810,642	\$ 8,498,500	\$ 29,309,142	\$ -	\$ -	\$ -	\$ 29,309,142
Construction in progress	52,874,096	-	52,874,096	(26,003,330)	5,454,625	-	32,325,391
Total Capital Assets, Not Being Depreciated	73,684,738	8,498,500	82,183,238	(26,003,330)	5,454,625	-	61,634,533
Capital assets being depreciated:							
Buildings and improvements	137,476,425	4,305,911	141,782,336	11,325,440	-	-	153,107,776
Improvements other than buildings	224,507,146	290,484,661	514,991,807	14,677,890	-	-	529,669,697
Machinery and equipment	12,059,079	(996,111)	11,062,968	-	-	-	11,062,968
Total Capital Assets, Being Depreciated	374,042,650	293,794,461	667,837,111	26,003,330	-	-	693,840,441
Less accumulated depreciation for:							
Buildings and improvements	32,969,936	2,070,553	35,040,489	-	2,850,676	-	37,891,165
Improvements other than buildings	117,292,819	104,571,581	221,864,400	-	10,528,920	-	232,393,320
Machinery and equipment	4,353,107	(149,416)	4,203,691	-	766,903	-	4,970,594
Total Accumulated Depreciation	154,615,862	106,492,718	261,108,580	-	14,146,499	-	275,255,079
Total Capital Assets, Being Depreciated, Net	219,426,788	187,301,743	406,728,531	26,003,330	(14,146,499)	-	418,585,362
Business-Type Activities Capital Assets, Net	\$ 293,111,526	\$ 195,800,243	\$ 488,911,769	\$ -	\$ (8,691,874)	\$ -	\$ 480,219,895

*Adjustments were made to record capital assets and the related accumulated depreciation for the Water and Sewer Funds as a result of the appraisal that was completed as of June 30, 2009.

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Water	\$ 5,742,287
Sewer	7,577,579
Waste Disposal	9,069
Special Aviation	67,758
Oceanside Small Craft Harbor District	749,806
Total depreciation expense-business type activities	<u>\$ 14,146,499</u>

Note 7: Land and Buildings Held for Resale

Land and buildings held for resale are recorded in the Redevelopment Agency Capital Projects Fund at the lower of cost or market, but not greater than net realizable value. The amount recorded as land and buildings held for resale and the corresponding fund balance reserved as of June 30, 2010, was \$9,492,993.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Long-Term Liabilities

a. Governmental Activities Long-Term Debt

The following is a summary of changes in governmental activities long-term debt for the year ended June 30, 2010:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010	Due Within One Year	Due in More Than One Year
Tax Allocation Bonds:						
2002 Tax Allocation Refunding Bonds	\$ 18,745,000	\$ -	\$ (715,000)	\$ 18,030,000	\$ 750,000	\$ 17,280,000
2003 Tax Allocation Refunding Bonds	5,610,000	-	(460,000)	5,150,000	485,000	4,665,000
Subordinate 2003 Tax Allocation Bonds	16,345,000	-	(620,000)	15,725,000	655,000	15,070,000
2004 Tax Allocation Refunding Bonds	12,225,000	-	(340,000)	11,885,000	340,000	11,545,000
Total Tax Allocation Bonds	52,925,000	-	(2,135,000)	50,790,000	2,230,000	48,560,000
Certificate of Participation:						
1995 Refunding COP	1,430,000	-	(1,430,000)	-	-	-
1998 COP	8,345,000	-	(375,000)	7,970,000	400,000	7,570,000
2003 COP	19,010,000	-	(1,185,000)	17,825,000	1,245,000	16,580,000
2005 Refunding COP	19,780,000	-	(135,000)	19,645,000	1,650,000	17,995,000
Total COPs	48,565,000	-	(3,125,000)	45,440,000	3,295,000	42,145,000
Capital Leases:						
2004 Streetlight Lease/ Purchase Agreement	1,331,737	-	(201,713)	1,130,024	206,985	923,039
2005 Vactor Truck	72,504	-	(72,504)	-	-	-
Total Capital Leases	1,404,241	-	(274,217)	1,130,024	206,985	923,039
Notes Payable:						
2001 HUD 108 Loans	210,000	-	(210,000)	-	-	-
2008 HUD 108 Loans	3,500,000	-	(100,000)	3,400,000	105,000	3,295,000
Total Notes Payable	3,710,000	-	(310,000)	3,400,000	105,000	3,295,000
Pension Obligation Bonds	41,150,000	-	(825,000)	40,325,000	980,000	39,345,000
Claims Payable	10,005,902	8,860,975	(6,871,420)	11,995,457	8,237,720	3,757,737
Compensated Absences	11,765,547	3,047,414	(3,866,317)	10,946,644	3,597,214	7,349,430
Other post-employment benefit obligation	830,021	420,148	-	1,250,169	-	1,250,169
Subtotal	\$ 170,355,711	\$ 12,328,537	\$ (17,406,954)	165,277,294	\$ 18,651,919	146,625,375
Add: Unamortized Bond Premium				778,955		778,955
Total				\$ 166,056,249		\$ 147,404,330

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Long-Term Liabilities (Continued)**Tax Allocation Bonds**2002 Tax Allocation Refunding Bonds - Original Issue \$22,030,000

The 2002 Tax Allocation Refunding Bonds were issued to finance the Commission's projects in the Downtown Redevelopment Project pursuant to the Redevelopment Plan, to provide for fund reserves, and pay for the costs of the bond issuance.

The bonds mature annually through 2020, in amounts ranging from \$715,000 to \$1,640,000. Interest rates vary from 3.0% to a maximum of 5.5% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2013, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2013, are subject to redemption in whole or in part on September 1, 2012, and each interest date thereafter. At June 30, 2010, the outstanding balance of these bonds was \$18,030,000.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 750,000	\$ 965,900	\$ 1,715,900
2012	785,000	928,463	1,713,463
2013	825,000	888,213	1,713,213
2014	865,000	845,963	1,710,963
2015	910,000	801,019	1,711,019
2016-2020	5,305,000	3,208,850	8,513,850
2021-2025	6,950,000	1,513,575	8,463,575
2026-2030	1,640,000	47,150	1,687,150
Totals	<u>\$ 18,030,000</u>	<u>\$ 9,199,133</u>	<u>\$ 27,229,133</u>

2003 Tax Allocation Refunding Bonds - Original Issue \$7,740,000

The 2003 Tax Allocation Refunding Bonds were issued to defease the Commission's outstanding \$7,725,000 Downtown Redevelopment Project, 1993 Tax Allocation Refunding Bonds, to acquire a municipal bond issuance policy and to pay costs of issuance.

The bonds mature annually through 2019, in amounts ranging from \$460,000 to \$670,000. Interest rates vary from 2.0% to a maximum of 4.0% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2014, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2014, are subject to redemption in whole or in part on September 1, 2013, and each interest date thereafter. At June 30, 2010, the outstanding balance of these bonds was \$5,150,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 8: Long-Term Liabilities (Continued)

The annual debt service requirements on these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 485,000	\$ 189,250	\$ 674,250
2012	505,000	169,450	674,450
2013	525,000	148,850	673,850
2014	545,000	128,813	673,813
2015	570,000	109,300	679,300
2016-2020	2,520,000	206,263	2,726,263
Totals	<u>\$ 5,150,000</u>	<u>\$ 951,926</u>	<u>\$ 6,101,926</u>

Subordinate 2003 Tax Allocation Bonds - Original Issue \$17,800,000

The Subordinate 2003 Tax Allocation Bonds were issued to finance the Commission's undertakings in the Downtown Redevelopment Project pursuant to the Redevelopment Plan, to fund a reserve account, to pay costs of issuance and to fund capitalized interest on the 2003 Escrow Term Bonds.

The bonds mature annually through 2026, in amounts ranging from \$620,000 to \$1,425,000. Interest rates vary from 2.0% to a maximum of 5.2% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2013, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2013, are subject to redemption in whole or in part on September 1, 2012, and each interest date thereafter. At June 30, 2010, the outstanding balance of these bonds was \$15,725,000.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 655,000	\$ 822,600	\$ 1,477,600
2012	685,000	789,160	1,474,160
2013	720,000	753,480	1,473,480
2014	755,000	715,715	1,470,715
2015	790,000	675,840	1,465,840
2016-2020	4,630,000	2,686,958	7,316,958
2021-2025	6,065,000	1,184,378	7,249,378
2026-2030	1,425,000	13,475	1,438,475
Totals	<u>\$ 15,725,000</u>	<u>\$ 7,641,606</u>	<u>\$ 23,366,606</u>

2004 Tax Allocation Refunding Bonds - Original Issue \$13,510,000

The 2004 Tax Allocation Refunding Bonds were issued to defease the Commission's outstanding \$14,935,000 Downtown Redevelopment Project, 1994 Tax Allocation Refunding Bonds outstanding, to acquire a municipal bond issuance policy and to pay costs of issuance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Long-Term Liabilities (Continued)

The bonds mature annually through 2024, in amounts ranging from \$340,000 to \$1,550,000. Interest rates vary from 2.5% to a maximum of 4.5% and are payable semiannually on March 1 and September 1, commencing March 1, 2005. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2015, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2015, are subject to redemption in whole or in part on September 1, 2014, and each interest date thereafter. At June 30, 2010, the outstanding balance of these bonds was \$11,885,000.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 340,000	\$ 503,754	\$ 843,754
2012	355,000	489,854	844,854
2013	370,000	476,279	846,279
2014	375,000	462,773	837,773
2015	385,000	448,041	833,041
2016-2020	2,935,000	1,975,009	4,910,009
2021-2025	7,125,000	826,965	7,951,965
Totals	<u>\$ 11,885,000</u>	<u>\$ 5,182,675</u>	<u>\$ 17,067,675</u>

Certificate of Participation1995 Refunding Certificates of Participation - Original Issue \$34,300,000

The 1995 Refunding Certificates of Participation were issued by the Commission to refund the 1991 Refunding Certificates of Participation, which was used for the City's Civic Center Project. The certificates consist of serial certificates in the amount of \$14,555,000 due in annual installments of \$1,430,000 to \$1,430,000. Interest rates range from 4.0% to 6.07% and are payable semiannually on February 1 and August 1. Certificates maturing before August 1, 2015, are not subject to redemption prior to maturity. Certificates maturing on or after August 1, 2015, are subject to redemption prior to maturity on August 1, 2005, and each interest payment date thereafter. During fiscal year 2006-2007, the certificate was partially defeased by the 2005 Refunding Certificates of Participation. The remaining balance was paid in full during the current year. At June 30, 2010, the outstanding balance of these certificates was zero.

1998 Certificates of Participation - Original Issue \$10,750,000

The 1998 Certificates of Participation were issued by the Building Authority for the purpose of reimbursing the City for costs of acquisition of certain real property and improvements to be used as police and library facilities. The certificates are due in annual installments of \$375,000 to \$875,000 through 2022. Interest rates range from 4.5% to 5.2% and are payable semiannually on June 1 and December 1. Certificates maturing on or after December 1, 2008, are subject to redemption in whole or in part on December 1, 2007, and each interest date thereafter. At June 30, 2010, the outstanding balance of these certificates was \$7,970,000.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**Note 8: Long-Term Liabilities (Continued)**

The annual debt service requirements on these certificates are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 400,000	\$ 395,775	\$ 795,775
2012	430,000	376,055	806,055
2013	460,000	354,465	814,465
2014	490,000	330,945	820,945
2015	525,000	305,570	830,570
2016-2020	3,200,000	1,074,263	4,274,263
2021-2025	2,465,000	197,730	2,662,730
Totals	<u>\$ 7,970,000</u>	<u>\$ 3,034,803</u>	<u>\$ 11,004,803</u>

2003 Certificates of Participation - Original Issue \$25,185,000

The 2003 Certificates of Participation were issued by the Financing Authority to refinance \$24,510,000 outstanding 1993 Series A Refunding Certificates of Participation. The City has entered into an agreement with the Financing Authority to lease certain facilities and projects from the Financing Authority at an amount necessary to meet the annual debt service and related costs.

The certificates are due in annual installments of \$1,185,000 to \$1,770,000 through 2023. Interest rates range from 4.5% to 5.2% and are payable semiannually on September 15 and March 15. Certificates maturing before April 1, 2013, are not subject to redemption prior to maturity. Certificates maturing on or after April 1, 2013, are subject to redemption in whole or in part on April 1, 2012, and each interest date thereafter. At June 30, 2010, the outstanding balance of these certificates was \$17,825,000.

The annual debt service requirements on these certificates are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,245,000	\$ 923,853	\$ 2,168,853
2012	1,310,000	861,603	2,171,603
2013	1,375,000	796,103	2,171,103
2014	1,445,000	727,353	2,172,353
2015	1,520,000	651,490	2,171,490
2016-2020	7,645,000	1,987,475	9,632,475
2021-2025	3,285,000	347,360	3,632,360
Totals	<u>\$ 17,825,000</u>	<u>\$ 6,295,237</u>	<u>\$ 24,120,237</u>

2005 Refunding Certificates of Participation - Original Issue \$20,170,000

The 2005 Refunding Certificates of Participation were issued by the Commission to partially refund the 1995 Refunding Certificates of Participation, which was used for the City's Civic Center Project and to pay the costs of issuance. The certificates consist of serial certificates in the amount of \$20,170,000 due in annual installments of \$135,000 to \$2,350,000. Interest rates range from 3% to 5% and are payable semiannually on February 1 and August 1. Certificates maturing before August 1, 2016, are not subject to

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 8: Long-Term Liabilities (Continued)

redemption prior to maturity. Certificates maturing on or after August 1, 2016, are subject to redemption in whole or in part on August 1, 2015, and each interest date thereafter. At June 30, 2010, the outstanding balance of these certificates was \$19,645,000.

The annual debt service requirements on these certificates are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,650,000	\$ 768,463	\$ 2,418,463
2012	1,705,000	716,007	2,421,007
2013	1,765,000	653,001	2,418,001
2014	1,835,000	583,088	2,418,088
2015	1,905,000	510,375	2,415,375
2016-2020	10,785,000	1,295,788	12,080,788
Totals	<u>\$ 19,645,000</u>	<u>\$ 4,526,722</u>	<u>\$ 24,171,722</u>

Capital Lease Obligations2004 Streetlight Lease/Purchase Agreement

On October 1, 2004, the Authority entered into a lease/purchase agreement with Zion First National Bank in the amount of \$2,064,583 for the streetlight improvement and appurtenance currently existing upon public streets and right of way within the boundaries of the City of Oceanside. The lease is due in annual installments of \$201,713 to \$246,772. The lease bears an interest rate of 4.2% and is payable semiannually on March 1 and September 1. At June 30, 2010, the outstanding balance of this lease was \$1,130,024.

The future minimum lease payments are as follows:

Year Ending June 30	Annual Payment
2011	\$ 250,100
2012	250,827
2013	250,563
2014	249,307
2015	<u>251,954</u>
Less Interest Portion	<u>(122,727)</u>
Total Future Minimum Lease Payments	<u>\$ 1,130,024</u>

The gross amount of assets acquired under capital leases is \$2,064,583 and is classified as machinery and equipment within capital assets. The amortization of the leased assets is included as part of depreciation expense.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Long-Term Liabilities (Continued)2005 Vactor Truck Lease

On May 16, 2006, the City entered into a lease/purchase agreement with Vactor Manufacturing, Inc. for the Vactor Sewer Cleaner Truck. The lease is due in annual installments of \$76,054, commencing on May 17, 2006. The lease bears an interest rate of 4.89% and is payable annually. At June 30, 2010, the outstanding balance of this lease was zero.

Notes Payable2001 HUD 108 Loans - Original Issue \$1,500,000

In July 2001, the City entered into a contract with the United States Department of Housing and Urban Development for the Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308 for Series HUD 2002-A Certificates. The loans are due in annual installments of \$215,000. Interest rates vary from 3.15% to 4.43% and are payable on February 1 and August 1. At June 30, 2010, the outstanding balance of the loans was zero.

2008 HUD 108 Loans - Original Issue \$3,500,000

In June 2008, the City entered into a contract with the United States Department of Housing and Urban Development for the Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308 for Series 2008-A Certificates. The loans are due in annual installments ranging from \$100,000 to \$279,000. Interest is payable quarterly at a rate equal to 20 basis points above the applicable LIBOR, adjusted monthly on the first day of each month. At June 30, 2010, the outstanding balance of the loans was \$3,400,000.

The annual debt service requirements on these loans are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 105,000	\$ 162,702	\$ 267,702
2012	111,000	159,160	270,160
2013	117,000	155,016	272,016
2014	124,000	150,302	274,302
2015	130,000	145,131	275,131
2016-2020	771,000	629,469	1,400,469
2021-2025	1,012,000	412,891	1,424,891
2026-2030	1,030,000	108,179	1,138,179
Totals	<u>\$ 3,400,000</u>	<u>\$ 1,922,850</u>	<u>\$ 5,322,850</u>

Pension Obligation Bonds2005 Taxable Pension Obligation Bonds - Original Issuance \$42,780,000

On August 1, 2005, the City issued \$42,780,000 Taxable Pension Obligation Bonds, Series 2005 for the purpose of paying the City's currently, unamortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Long-Term Liabilities (Continued)

(CalPERS) for the benefit of the City's employees. The bonds are due in annual installments of \$825,000 to \$4,975,000. Interest rates range from 4.17% to 5.25% and are payable semiannually on February 15 and August 15. At June 30, 2010, the outstanding balance of the bonds was \$40,325,000. The unamortized bond premium at June 30, 2010 was \$778,955.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 980,000	\$ 2,048,701	\$ 3,028,701
2012	1,150,000	1,998,949	3,148,949
2013	1,335,000	1,940,475	3,275,475
2014	1,535,000	1,872,129	3,407,129
2015	1,745,000	1,793,147	3,538,147
2016-2020	12,500,000	7,335,139	19,835,139
2021-2025	20,795,000	3,050,497	23,845,497
2026-2030	285,000	7,581	292,581
Totals	<u>\$ 40,325,000</u>	<u>\$ 20,046,618</u>	<u>\$ 60,371,618</u>

Claims Payable

Claims payable have been accrued. Amounts determined to be debts of either the business-type and/or the proprietary funds have been recorded as liabilities in those funds. There is no fixed payment schedule to pay these liabilities. Total amount of claims payable for the governmental activities at June 30, 2010, was \$11,995,457.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities has been accrued and amounts to \$10,946,664 at June 30, 2010. The liability is liquidated from the appropriate fund that employees are funded from.

Pledged Revenues

The Commission has pledged, as security for tax allocation bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue that it receives. These bonds were to provide financing for various capital projects within the project area. The Commission has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$73,765,340 with annual debt service requirements as indicated above. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Commission was \$10,027,039 and the debt service obligation on the bonds was \$4,713,228.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Long-Term Liabilities (Continued)

b. Business-Type Activities Long-Term Debt

The following is a summary of changes in business-type and proprietary funds activities long-term debt for the year ended June 30, 2010:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010	Due Within One Year	Due in More Than One Year
1998 Water Revenue Refunding Bonds	\$ 7,265,000	\$ -	\$ (670,000)	\$ 6,595,000	\$ 705,000	\$ 5,890,000
Certificate of Participation:						
Revenue COP (1993 Water System Refunding Project) Series 2003	9,180,000	-	(1,015,000)	8,165,000	1,045,000	7,120,000
Revenue COP (1993 Wastewater System Refunding Project) Series 2003	8,205,000	-	(540,000)	7,665,000	565,000	7,100,000
Revenue COP Series 2008	10,415,000	-	(345,000)	10,070,000	360,000	9,710,000
Total COPs	27,800,000	-	(1,900,000)	25,900,000	1,970,000	23,930,000
Notes Payable:						
State revolving loan	42,520,561	-	(2,159,746)	40,360,815	2,198,686	38,162,129
State Water Resources Control Board	4,147,479	-	(546,209)	3,601,270	560,956	3,040,314
Department of Boating and Waterways						
1984 Loan	380,020	-	(47,388)	332,632	49,522	283,110
1986 Loan	1,677,476	-	(155,291)	1,522,185	162,280	1,359,905
1994 Loan	1,246,251	-	(59,962)	1,186,289	62,660	1,123,629
Department of Transportation	649,778	-	(51,000)	598,778	54,778	544,000
Total Notes Payable	50,621,565	-	(3,019,596)	47,601,969	3,088,882	44,513,087
Compensated Absences	2,648,062	1,060,634	(1,353,367)	2,355,329	1,203,757	1,151,572
Subtotal	<u>\$ 88,334,627</u>	<u>\$ 1,060,634</u>	<u>\$ (6,942,963)</u>	82,452,298	<u>\$ 6,967,639</u>	75,484,659
Less: Unamortized Bond Discounts				(217,881)		(217,881)
Total				<u>\$ 82,234,417</u>		<u>\$ 75,266,778</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Long-Term Liabilities (Continued)**Bonds Payable**1998 Water Revenue Refunding Bonds - Original Issue \$11,445,000

The bonds were issued to refund a portion of the outstanding 1992 Series A Certificates of Participation, which were originally used to finance the acquisition, expansion, construction and improvement of certain water facilities within the City. The bonds are due in annual installments of \$670,000 to \$965,000 through 2017. Interest rates range from 3.5% to 5.0% and are payable semiannually on April 1 and October 1. Bonds maturing before October 1, 2008, are not subject to redemption prior to maturity. Bonds maturing on or after October 1, 2008, are subject to redemption in whole or in part on October 1, 2007, and each interest date thereafter. At June 30, 2010, the outstanding balance of these bonds was \$6,595,000. The unamortized bond discount at June 30, 2010 was \$16,919.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 705,000	\$ 301,176	\$ 1,006,176
2012	725,000	268,548	993,548
2013	765,000	233,805	998,805
2014	800,000	196,628	996,628
2015	835,000	157,179	992,179
2016-2020	2,765,000	210,965	2,975,965
Totals	<u>\$ 6,595,000</u>	<u>\$ 1,368,301</u>	<u>\$ 7,963,301</u>

Certificates of ParticipationRevenue Certificates of Participation (1993 Water System Refunding Project) Series 2003 - Original Issue \$15,855,000

The 2003 Revenue Certificates of Participation were issued by the Oceanside Public Financing Authority (the Authority) to refinance \$14,835,000 outstanding 1993 Water System Refunding Plan Certificates of Participation. The City has entered into an installment sale agreement with the Authority which provides for the payment by the City from the pledged revenues derived from the operation of the water system equivalent to the principal and interest on the certificates and related costs. Annual payments of \$540,000 to \$1,430,000 will be made through August 1, 2021; interest ranges from 2.00% to 4.13%. Certificates maturing before August 1, 2014, are not subject to redemption prior to maturity. Certificates maturing on or after August 1, 2014, are subject to redemption in whole or in part on August 1, 2013, and each interest date thereafter. At June 30, 2010, the outstanding balance of these certificates was \$8,165,000.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**Note 8: Long-Term Liabilities (Continued)**

The annual debt service requirements on these certificates are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,045,000	\$ 282,538	\$ 1,327,538
2012	540,000	258,763	798,763
2013	560,000	241,913	801,913
2014	580,000	224,100	804,100
2015	595,000	205,369	800,369
2016-2020	3,325,000	656,000	3,981,000
2021-2025	1,520,000	63,319	1,583,319
Totals	<u>\$ 8,165,000</u>	<u>\$ 1,932,002</u>	<u>\$ 10,097,002</u>

Revenue Certificates of Participation (1993 Wastewater System Refunding Project)
Series 2003 - Original Issue \$11,080,000

The 2003 Revenue Certificates of Participation were issued by the Oceanside Public Financing Authority (the Authority) to refinance \$10,960,000 outstanding 1993 Wastewater System Refunding Plan Certificates of Participation. The City has entered into an installment sale agreement with the Authority which provides for the payment by the City from the pledged revenues derived from the operation of the sewer system equivalent to the principal and interest on the certificates and related costs. Annual payments of \$540,000 to \$865,000 will be made through May 1, 2021; interest ranges from 2.25% to 5.00%. Certificates maturing before May 1, 2014, are not subject to redemption prior to maturity. Certificates maturing on or after May 1, 2014, are subject to redemption in whole or in part on May 1, 2013, and each interest date thereafter. At June 30, 2010, the outstanding balance of these certificates was \$7,665,000.

The annual debt service requirements on these certificates are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 565,000	\$ 345,950	\$ 910,950
2012	585,000	323,350	908,350
2013	605,000	299,950	904,950
2014	635,000	275,750	910,750
2015	660,000	250,350	910,350
2016-2020	3,750,000	790,200	4,540,200
2021-2025	865,000	43,250	908,250
Totals	<u>\$ 7,665,000</u>	<u>\$ 2,328,800</u>	<u>\$ 9,993,800</u>

Revenue Certificates of Participation Series 2008 - Original Issue \$10,540,000

The 2008 Revenue Certificates of Participation were issued to prepay all outstanding obligations of the City under the Installment Purchase Contract, dated as of April 1, 2002, by and between the City and Water Reuse Financing Authority. Annual payments of \$345,000 to \$875,000 will be made through May 1, 2028; interest ranges from 3.00% to 6.50%. Certificates maturing before May 1, 2014, are not subject to redemption prior to maturity. Certificates maturing on or after May 1, 2014, are subject to redemption in whole or in part on May 1, 2013, and each interest date thereafter. At June 30, 2010, the

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**Note 8: Long-Term Liabilities (Continued)**

outstanding balance of these certificates was \$10,070,000. The unamortized bond discount at June 30, 2010 was \$200,962.

The annual debt service requirements on these certificates are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 360,000	\$ 576,606	\$ 936,606
2012	370,000	562,206	932,206
2013	385,000	547,406	932,406
2014	405,000	531,044	936,044
2015	420,000	513,831	933,831
2016-2020	2,435,000	2,235,319	4,670,319
2021-2025	3,220,000	1,446,625	4,666,625
2026-2030	2,475,000	328,250	2,803,250
Totals	\$ 10,070,000	\$ 6,741,287	\$ 16,811,287

Notes Payable

State Revolving Loan Regarding the State Water Resources Control Board Loan for the San Luis Rey Wastewater Treatment Plant Interim Expansion - Original Issue \$35,074,673

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$60,000,000 to fund the San Luis Rey Wastewater Treatment Plant generally consisting of upgrades to control odors and improve process performance. The loan is due in installments of \$2,926,391 commencing in January 2007 through 2026. The interest rate is 1.803% payable annually on January 26. At June 30, 2010, the outstanding balance of these notes was \$40,360,815.

The annual debt service requirements on this loan are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 2,198,686	\$ 727,705	\$ 2,926,391
2012	2,238,328	688,063	2,926,391
2013	2,278,685	647,706	2,926,391
2014	2,319,770	606,621	2,926,391
2015	2,361,596	564,796	2,926,392
2016-2020	12,462,234	2,169,722	14,631,956
2021-2025	13,626,955	1,005,003	14,631,958
2026-2030	2,874,561	51,828	2,926,389
Totals	\$ 40,360,815	\$ 6,461,444	\$ 46,822,259

State Water Resources Control Board - Original Issue \$9,204,539

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$9,861,068 to fund the San Luis Rey Wastewater Treatment Plant generally consisting of upgrades to

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**Note 8: Long-Term Liabilities (Continued)**

control odors and improve process performance. The loan is due in installments of \$546,209 to \$640,887 through 2015. The interest rate is 2.7% payable annually on November 1. At June 30, 2010, the outstanding balance of this note was \$3,601,270.

The annual debt service requirements on this note are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 560,956	\$ 97,234	\$ 658,190
2012	576,102	82,089	658,191
2013	591,657	66,534	658,191
2014	607,632	50,559	658,191
2015	624,038	34,153	658,191
2016-2020	640,885	17,304	658,189
Totals	<u>\$ 3,601,270</u>	<u>\$ 347,873</u>	<u>\$ 3,949,143</u>

Department of Boating and Waterways

These loans were issued as follows: (1) the 1984 loan payable is due in annual installments of \$64,490 through 2015, including interest of 4.5% per annum, (2) the 1986 loan payable is due in annual installments of \$230,778 through 2017, including interest of 4.5% per annum, and (3) the 1994 loan payable is due in annual installments of \$116,043 through 2023, including interest of 4.5% per annum.

The annual debt service requirements on this agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 274,462	\$ 136,850	\$ 411,312
2012	286,812	124,499	411,311
2013	299,719	111,592	411,311
2014	313,206	98,105	411,311
2015	327,300	84,011	411,311
2016-2020	1,123,298	213,741	1,337,039
2021-2025	416,309	47,865	464,174
Totals	<u>\$ 3,041,106</u>	<u>\$ 816,663</u>	<u>\$ 3,857,769</u>

Department of Transportation - Original Issue \$850,000

On June 9, 2003, the City entered into a California Airport Loan Agreement with the California Department of Transportation for the purpose of planning, acquisition, construction, improvement, maintenance or operation of the airport located in the City of Oceanside. The interest on the agreement is 5.0569%; annual principal payments range from \$51,000 to \$81,222 through 2020. At June 30, 2010, the outstanding balance of this note was \$598,778.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 8: Long-Term Liabilities (Continued)

The annual debt service requirements on this agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 54,778	\$ 30,280	\$ 85,058
2012	58,556	27,510	86,066
2013	62,333	24,547	86,880
2014	66,111	21,396	87,507
2015	69,889	18,053	87,942
2016-2020	287,111	34,963	322,074
Totals	<u>\$ 598,778</u>	<u>\$ 156,749</u>	<u>\$ 755,527</u>

Compensated Absences

In proprietary funds, the liability for vested and unpaid compensated absences (accrued vacation and sick pay) is reported in the fund as the benefits vest and are earned.

c. Debt Without City Commitment - Mortgage Revenue Bonds and Special District Bonds

The following Mortgage Revenue and Special District Bonds bearing the City's name were issued to finance various projects; however, neither the faith and credit nor the general taxing power of the City or Commission have been pledged to the payment of the bonds. Furthermore, neither the City nor the Commission has any obligation for the payment of the bonds in the case of default.

Issuer	Date of Issue	Amount of Issue	Balance at June 30, 2010
1990 Residential Mortgage Revenue Bonds	July 1, 1990	\$ 21,000,000	\$ 13,670,000
2001 Multi-Family Housing Housing Refunding Revenue Bonds Vista Del Oro	March 1, 2001	13,325,000	1,332,500
2002 Multi Family Housing Revenue Bonds Vintage Point II Senior Apartments	December 1, 2002	11,300,000	10,479,943
2008 Multi Family Housing Revenue Bonds Country Club apartments	June 12, 2008	11,707,272	3,261,547
Trendwest CFD 2001-2 Owners Participation Agreement	December 1, 2002	1,500,000	660,000
Ocean Ranch CFD 2000-1 Ocean Ranch Corporate Centre	December 30, 2002	12,265,000	12,020,000
Morro Hill CFD 2002	December 1, 2002	16,085,000	14,500,000
Ocean Ranch CFD 2004	February 1, 2004	12,735,000	12,705,000
Morro Hills CFD 2001-1 Special Tax Bonds Series A of 2002	November 14, 2002	9,915,000	8,610,000
Morro Hills CFD 2004 Improvement Area # 1	February 1, 2004	11,000,000	9,545,000
Pacific Coast Business Park CFD 2008	May 20, 2008	8,880,000	8,880,000
Multi-Family Housing Revenue Bonds	September 1, 2008	15,000,000	15,000,000

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**Note 9: Fund Balances**

The fund balances reported on the fund statements consist of the following:

		Housing Assistance Program Special	Capital Projects Fund		Redevelopment Agency Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Revenue Fund	General Improvements	Redevelopment Agency			
Nonspendable:							
Inventory	\$ 19,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,941
Prepaid items	36,807	-	250	-	-	-	37,057
Notes and loans	-	23,597,506	-	5,967,010	-	4,051,048	33,615,564
Advances to other funds	11,636,864	-	-	3,489,017	-	-	15,125,881
Land held for resale	-	-	-	9,492,993	-	-	9,492,993
Restricted for:							
Public safety	-	-	-	-	-	1,165,202	1,165,202
Highways	-	-	-	-	-	1,909,431	1,909,431
Street lighting and landscape maintenance	-	-	-	-	-	1,239,999	1,239,999
Debt service	-	-	-	-	-	2,174,867	2,174,867
Housing assistance program	-	7,354,557	-	-	-	-	7,354,557
Committed to:							
Healthy city policy	14,500,000	-	-	-	-	-	14,500,000
Capital projects	-	-	14,000	398,349	-	-	412,349
Other purposes	1,237,602	-	-	-	-	-	1,237,602
Assigned to:							
Continuing appropriations	910,415	-	-	-	-	-	910,415
Infrastructure	3,268,079	-	-	-	-	-	3,268,079
Economic stabilization	4,052,614	-	-	-	-	-	4,052,614
Library	22,082	-	-	-	-	14,602	36,684
Parks and recreation	318,109	-	-	-	-	-	318,109
Debt service	-	-	-	-	-	2,806,408	2,806,408
Public facility fees	-	-	729,659	-	-	-	729,659
Capital projects	-	-	34,668,897	20,843,857	-	-	55,512,754
Other purposes	480,039	-	-	-	-	-	480,039
Unassigned	<u>1,008,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,817,564)</u>	<u>(167,026)</u>	<u>(8,976,537)</u>
Total fund balances	<u>\$ 37,490,605</u>	<u>\$ 30,952,063</u>	<u>\$ 35,412,806</u>	<u>\$ 40,191,226</u>	<u>\$ (9,817,564)</u>	<u>\$ 13,194,531</u>	<u>\$147,423,667</u>

Note 10: Other Required Individual Fund Disclosures**a. Deficit Fund Balances**

The following fund reported a deficit in fund balance at June 30, 2010:

Major Fund:

Redevelopment Agency Debt Service Fund \$ 9,817,564

The deficit in the Redevelopment Agency Debt Service Fund will be eliminated through collection of tax increments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 10: Other Required Individual Fund Disclosures (Continued)**b. Excess of Expenditures over Appropriations**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
Library	\$ 5,466,999	\$ 5,500,579	\$ (33,580)
Harbor and beaches	2,067,210	2,164,358	(97,148)
Housing Assistance Program:			
Community development	16,524,674	16,535,085	(10,411)

Note 11: Risk Management

The City is a member of the San Diego Pooled Insurance Program Authority (SANDPIPA) which provides general liability insurance. As a member, the City carries a self-insured retention of \$500,000 and is insured through SANDPIPA from \$500,000 to \$2,000,000. In addition, SANDPIPA has purchased excess insurance coverage from \$2,000,000 to \$35,000,000 for all of its members, including the City. There have been no significant changes in insurance coverage during the current year and settlements have not exceeded coverage in each of the past three fiscal years.

The workers' compensation and general and auto liability claims payable of \$8,598,000 and \$3,397,457, respectively, reported at June 30, 2010, are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amounts were as follows:

<u>Year Ended June 30,</u>	<u>Claims Payable July 1,</u>	<u>Fiscal Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Claims Payable June 30,</u>
2008	\$ 9,587,636	\$ 3,756,927	\$ 3,738,096	\$ 9,606,467
2009	9,606,467	4,413,997	4,014,562	10,005,902
2010	10,005,902	8,860,975	6,871,420	11,995,457

SANDPIPA is a joint powers agency of twelve cities located within San Diego County. Each city has equal representation on the Board of Directors, which consists of a city staff member (and an alternate) appointed by each City Council. The Board of Directors has total responsibility for all actions of SANDPIPA.

The Board of Directors elects three members (including a President and Vice-President) to the Executive Committee, which has the responsibility for overseeing all operations of SANDPIPA, including preparation and submission of the annual operating budget to the Board of Directors for its approval and modification, if deemed necessary.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 11: Risk Management (Continued)

Annual premiums and assessments are approved by the Board of Directors and are adjusted each year based on each City's share of:

- Incurred losses
- Such losses and other expenses as a proportion of all cities' such losses
- The contribution to reserves, including reserves for incurred-but-not-reported (IBNR) losses
- Costs to purchase excess insurance
- Costs to purchase any additional coverage

Detailed financial information may be obtained from SANDPIPA.

If and when SANDPIPA is dissolved, the remaining assets, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members proportionate to each city's cash contributions made during the life of SANDPIPA. Until dissolution, however, no city has identifiable equity in SANDPIPA.

Note 12: Retirement Plans

Pension Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members are required by State statute to contribute 8% for miscellaneous and 9% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$6,651,840 for the year ended June 30, 2010. The City employer is required to contribute at actuarially determined rates, the rates for fiscal year 2009-2010, were 15.209% and 22.213% of annual covered payroll for the miscellaneous and safety employees, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 12: Retirement Plans (Continued)**Annual Pension Cost**

The City's annual pension cost and net pension asset for the current year were as follows:

	Miscellaneous	Safety	Total
Annual required contribution	\$ 6,386,554	\$ 7,310,996	\$ 13,697,550
Interest on net pension asset	(1,253,209)	(2,044,710)	(3,297,919)
Adjustment to annual required contribution	1,096,064	1,788,314	2,884,378
Annual pension cost	6,229,409	7,054,600	13,284,009
Contributions made	6,386,554	7,310,996	13,697,550
(Increase)/decrease in net pension asset	(157,145)	(256,396)	(413,541)
Net pension asset-beginning of year	(14,835,727)	(24,205,661)	(39,041,388)
Adjustment*	(1,334,715)	(2,177,692)	(3,512,407)
Net pension asset- end of year	<u>\$ (16,327,587)</u>	<u>\$ (26,639,749)</u>	<u>\$ (42,967,336)</u>

* A restatement was made to correct the prior years calculation of interest and annual adjustment.

The required contribution for the fiscal year 2009-2010 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.75% to 14.45% for miscellaneous and 3.75% to 13.15% for safety employees, and (c) 2% per year cost-of-living adjustments. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. CalPERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2007, was 29 years for both miscellaneous and safety employees.

Three-Year Trend Information for CalPERS - Miscellaneous

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension (Assets) Obligation
2008	\$ 3,519,651	\$ 3,379,989	96%	\$ (14,974,098)
2009	3,845,814	3,707,443	96%	(14,835,727)
2010	6,229,408	6,386,554	103%	(16,327,587)

Three-Year Trend Information for CalPERS – Safety

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension (Assets) Obligation
2008	\$ 5,765,011	\$ 5,537,143	96%	\$ (24,431,425)
2009	7,273,101	7,047,337	97%	(24,205,661)
2010	7,054,601	7,310,996	104%	(26,639,749)

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 12: Retirement Plans (Continued)

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the miscellaneous and safety plans funded as follows:

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a)- (b)]/(c)
<i>Miscellaneous</i>						
2007	\$ 197,099,559	\$ 192,236,398	\$ 4,863,161	97.5%	\$ 39,800,897	12.2%
2008	232,543,630	207,379,041	25,164,589	89.2%	42,087,226	59.8%
2009	265,726,922	221,030,367	44,696,555	83.2%	44,155,811	101.2%
<i>Safety</i>						
2007	\$ 268,872,924	\$ 249,466,759	\$ 19,406,165	92.8%	\$ 28,502,999	68.1%
2008	287,436,842	265,407,541	22,029,301	92.3%	30,336,216	72.6%
2009	317,389,400	278,743,242	38,646,158	87.8%	32,905,055	117.4%

Note 13: Postemployment Benefits Other Than Pensions

a. The Retiree Health Plan

Plan Description

The City administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides healthcare insurance for eligible retirees and their covered dependents, other than those retirees belonging to the Firefighters Association (OFA), through the City's group health insurance plans, which cover both active and retired employees. Non-OFA retirees under the age of 65 are eligible to join one of four plan options. Upon attaining age 65, Medicare-eligible non-OFA retirees must join one of three plan options and assign their Medicare Part A and Part B benefits to the plan chosen. The ability to participate in the City's group insurance health plans by self-paying the premium extends for a period equal to the number of years of service at retirement (with a minimum of one-year). Non-OFA retirees with at least 15 years of service may continue to self-pay for this coverage as long as the City continues to offer this benefit. Benefit provisions are established through negotiations between the City and the non-OFA employee associations and are renegotiated periodically. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are also negotiated between the City and the non-OFA employee associations. Eligible non-OFA retirees and their covered dependents receiving benefits contribute 100% of their premium costs. While the City does not directly contribute towards the cost of premiums for non-OFA retirees, the ability to obtain

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 13: Postemployment Benefits Other Than Pensions (Continued)

coverage at an active employee rate constitutes a significant economic benefit to the non-OFA retirees, called an "implicit subsidy". This implicit subsidy is considered to be an other post employment benefit (OPEB) obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2010, the City estimated that it paid \$113,928 in health care costs for its non-OFA retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a closed period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the implicit subsidy made, and changes in the City's net OPEB obligation to the Retiree Health Plan.

Annual required contribution	\$ 443,679
Interest on net OPEB obligation	31,998
Adjustment to annual required contribution	<u>(41,631)</u>
Annual OPEB cost (expense)	434,046
Implicit subsidy made	<u>113,928</u>
Increase in net OPEB obligation	320,118
Net OPEB obligation - beginning of year	<u>639,966</u>
Net OPEB obligation - end of year	<u>\$ 960,084</u>

The City's annual OPEB cost, implicit subsidy made, percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the year ended June 30, 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Implicit Subsidy Made	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/2008	\$ 489,847	\$ 222,418	45.4%	\$ 267,429
6/30/2009	486,465	113,928	23.4%	639,966
6/30/2010	434,046	113,928	26.2%	960,084

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 13: Postemployment Benefits Other Than Pensions (Continued)**Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a)-(b)]/(c)
2007	\$ 3,787,718	\$ -	\$ 3,787,718	0.0%	\$ 63,551,511	5.96%
2009	3,187,232	-	3,187,232	0.0%	66,597,119	4.79%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2010, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 5.0% per annum, a rate of return on assets of 5.0% per annum and a healthcare cost trend rate of 9.0% initially, reduced by annual decrements of 1.0% to an ultimate rate of 7.0% after two years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over 30 years on a closed basis.

b. The PERS Health Program**Plan Description**

In connection with the retirement benefits for safety employees described in Note 13, the City provides post-retirement health care benefits to retirees belonging to the Firefighters Association (OFA) through the California Public Employees' Retirement System Health Benefits program (the PERS Health program). The program is a agent multiple-employer defined benefit health care plan that provides healthcare insurance for eligible OFA retirees and their covered dependents, through the City's group plans, which cover both active and retired OFA employees. OFA employees become eligible to retire and receive

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 13: Postemployment Benefits Other Than Pensions (Continued)

City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by qualifying disability retirement status. Retired OFA members over the age of 65 may join one of the supplemental (Medicare-coordinated) options under the PERS Health Program. Benefits are paid for the lifetime of the retiree. Benefit provisions are established by city ordinance which references state statutes (the Public Employees' Medical and Hospital Care Act). The PERS Health Program does not issue a publicly available financial report.

Funding Policy

The City's contribution on behalf of all OFA retirees is determined under the "unequal contribution method" as described in California Government Code Section 22892(c). The current rate for retirees is \$101/month for calendar year 2009 and \$105/month for calendar year 2010, increased in all future years according to the rate of medical inflation which is set at the minimum contribution required by CalPERS. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2010, the City paid \$38,030 in health care costs for its OFA retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a closed period not to exceed thirty years.

Annual required contribution	\$ 140,920
Interest on net OPEB obligation	9,503
Adjustment to annual required contribution	(12,363)
Annual OPEB cost (expense)	138,060
Contributions made	38,030
Increase in net OPEB obligation	100,030
Net OPEB obligation - beginning of year	190,055
Net OPEB obligation - end of year	\$ 290,085

The City's annual OPEB cost, actual contribution, percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the year ended June 30, 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/2008	\$ 126,018	\$ 22,431	17.8%	\$ 103,534
6/30/2009	124,708	38,187	30.6%	190,055
6/30/2010	138,060	38,030	27.5%	290,085

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010
Note 13: Postemployment Benefits Other Than Pensions (Continued)**Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a)- (b)]/(c)
2007	\$ 1,214,849	\$ -	\$ 1,214,849	0.0%	\$ 11,823,069	10.28%
2009	1,408,928	-	1,408,928	0.0%	12,563,175	11.21%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 5.0% per annum, a rate of return on assets of 5.0% per annum and a healthcare cost trend rate of 9.0% initially, reduced by annual decrements of 1.0% to an ultimate rate of 7.0% after two years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over 30 years on a closed basis.

Note 14: Commitments and Contingencies**Contingent Liabilities**

The City is involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome be realized.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 15: Transactions with the State of California

a. Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$4,215,232.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

b. Supplemental Educational Revenue Augmentation Fund (SERAF)

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies.

The payment of the SERAF was due on May 10, 2010, for fiscal year 2009-2010 and it was made in the amount of \$3,636,676. The legislation allowed this payment to be made from any available monies present in any project area(s). Subsequent legislation was passed which even allowed the funding for this payment to be borrowed from the Low and Moderate Housing Capital Projects Fund with appropriate findings from its legislative body. Any amounts borrowed from Low and Moderate Housing Capital Projects Fund (including any suspended set-aside amounts) are to be repaid by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Housing will increase from 20% to 25% for the remainder of the life of the Commission.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 15: Transactions with the State of California (Continued)

To accomplish the payment, the Commission borrowed \$1,116,968 from the Low and Moderate Housing Capital Projects Fund (after adopting appropriate findings of necessity) and used \$2,519,708 of its available resources. In the accompanying financial statements, the amount paid to the County has been reported as a use of current year resources. Borrowings and/or suspended set-aside amounts relating to the Low and Moderate Housing Capital Projects Fund have been reflected as inter-fund advances between the accounting funds of the Commission. It is estimated that the Commission's share of the SERAF shift for fiscal year 2010-2011 will amount to approximately \$747,997 and this amount will be payable in May 2011 if the appeal is not successful.

Note 16: Restatement of Net Assets/Fund Balances**a. Restatement of Net Assets - Government-wide Financial Statements**

Beginning net assets balances in the government-wide financial statements were restated as follows:

	Governmental Activities	Business-type Activities
Net assets as previously reported	\$ 401,892,942	\$ 254,298,734
Fund statements adjustments (see schedule below)		
Governmental funds	9,642,796	-
Internal service funds	79,723	-
Enterprise funds	-	195,981,518
To correct capital assets recorded in prior years	(1,064,918)	-
To correct revenue relating to loans receivable that was deferred in error	(5,600,000)	-
To correct the beginning balance of the net pension asset	3,512,407	-
Beginning net assets, as restated	<u>\$ 408,462,950</u>	<u>\$ 450,280,252</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**Note 16: Restatement of Net Assets/Fund Balances (Continued)****b. Restatement of Fund Balance/Net Assets – Fund Level Statements**

Beginning fund balances in the governmental fund financial statements were restated as follows:

	Major Funds				Other Governmental Funds
	General Fund	General Improvement Capital Projects Fund	Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	
Beginning fund balances, as previously reported	\$ 41,361,579	\$ 33,553,761	\$ 37,323,159	\$ (8,829,856)	\$ 20,538,254
To move the remaining assets of closed out funds to the General Fund	402,807	-	-	-	(402,807)
To correct deferred revenue and interest that offset a loan receivable for Shadow Way and record it as nonspendable	-	-	5,740,000	-	-
To correct deferred revenue that offset an advance receivable from the Redevelopment Agency and record it as nonspendable	6,301,503	-	-	-	-
To record the prior year matured unpaid interest on advances between the City and Commission	449,481	-	-	(449,481)	-
To correct prior year revenues	-	-	-	-	(3,002,230)
To correct various asset and liability accounts	(305,197)	798,718	-	-	110,002
Beginning fund balances, as restated	<u>\$ 48,210,173</u>	<u>\$ 34,352,479</u>	<u>\$ 43,063,159</u>	<u>\$ (9,279,337)</u>	<u>\$ 17,243,219</u>

Beginning fund balances in the proprietary fund financial statements were restated as follows:

	Enterprise Funds		Internal Service Funds
	Water	Sewer	
Beginning fund balances, as previously reported	\$ 131,068,330	\$ 106,148,513	\$ 26,388,479
To record capital assets and the related accumulated depreciation based on an infrastructure valuation	97,535,447	98,264,797	-
To correct rate stabilization transfers from the prior year	-	-	-
To correct various asset and liability accounts	181,274	-	79,723
Beginning fund balances, as restated	<u>\$ 228,785,051</u>	<u>\$ 204,413,310</u>	<u>\$ 26,468,202</u>

Note 17: Subsequent Events

On June 25, 2010, the City entered into a settlement agreement with ARB, Inc. whereby the City would pay \$750,000 as full and complete satisfaction of ARB's claims against the City. The settlement relates to change orders and other adjustments that were made to a contract that was entered into on April 9, 2008. The City paid the settlement amount of \$750,000 on July 15, 2010. This amount has been accrued as a liability in the accompanying financial statements.

On August 18, 2010, City Council approved a land purchase from the Rincon Band of Luiseno Mission Indians of the Rincon Reservation, California for \$3,154,000 as part of the mitigation requirements to complete the San Luis Rey River Flood Control Project. As of the date of this report escrow had not closed on this property.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 17: Subsequent Events (Continued)

On December 8, 2010 the Community Development Commission approved a resolution to forgive 1/5th of the loan receivable balance between the Commission and the California Surf Museum bringing the principal balance from \$606,380 to \$485,104; forgiving \$121,276. Pursuant to the agreement, 1/5th of the loan balance was to be forgiven once certain performance standards set forth in the agreement were met.

On December 22, 2010, City Council approved an amortization schedule which establishes a repayment plan for the due to/from other funds and advance between the General Fund and the Special Aviation Airport Fund. Repayment to the General Fund will be over a 25 year period with the first payment due June 30, 2019. Interest will accrue annually at a rate of 5.0569% and will begin on July 1, 2011.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- During May of each fiscal years, the City Manager submits to the City Council a proposed annual operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at City Council meetings to obtain taxpayer comments prior to and after May.
- Prior to July 1, the budget is legally adopted through passage of an appropriation resolution.

The City Manager is authorized to transfer funds appropriated within the same fund. Revisions that alter the total appropriations of any department or fund must be approved by the City Council.

Budgets are adopted for the general, special revenue and capital project funds on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted and as further amended by the City Council. All annual appropriations lapse at year-end.

Formal budgetary integration is employed as a management control device during the year for the governmental fund types other than the debt service funds. Expenditures may not legally exceed appropriations at the activity level.

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1, as restated	\$ 48,210,173	\$ 48,210,173	\$ 48,210,173	\$ -
Resources (Inflows):				
Taxes	82,281,200	77,133,700	73,481,564	(3,652,136)
Licenses and permits	687,500	687,500	793,903	106,403
Intergovernmental	990,000	790,000	1,408,153	618,153
Charges for services	11,172,403	11,172,403	14,206,903	3,034,500
Interest and rentals	4,718,000	4,718,000	4,575,612	(142,388)
Fines and forfeitures	1,676,200	1,676,200	1,460,860	(215,340)
Administrative and in lieu charges	14,914,400	14,914,400	14,128,858	(785,542)
Miscellaneous	3,561,300	3,708,306	3,646,695	(61,611)
Transfers in	2,686,258	5,566,375	5,024,154	(542,221)
Amounts Available for Appropriation	170,897,434	168,577,057	166,936,875	(1,640,182)
Charges to Appropriation (Outflow):				
General government				
City council	1,239,471	1,227,706	1,067,238	160,468
City clerk	834,248	1,453,956	1,279,735	174,221
City treasurer	317,134	383,134	348,483	34,651
City manager	941,097	982,749	774,437	208,312
City attorney	1,710,252	1,710,252	1,623,003	87,249
Financial services	4,898,125	4,769,885	4,597,265	172,620
Human resources	1,003,259	1,001,259	882,762	118,497
Nondepartmental	2,963,377	3,252,048	3,132,931	119,117
Public safety				
Police	48,202,298	50,690,309	50,059,133	631,176
Fire	24,151,191	24,933,681	24,777,392	156,289
Community development				
Engineering	4,728,871	4,905,187	4,098,232	806,955
Planning	1,638,822	2,007,826	1,488,364	519,462
Building	2,224,386	2,204,108	1,950,323	253,785
Community/cultural services				
Library	5,448,496	5,466,999	5,500,579	(33,580)
Harbor and beaches	2,889,221	2,067,210	2,164,358	(97,148)
Neighborhood services	6,140,198	6,383,007	5,702,467	680,540
Economic and community development	1,156,291	1,292,174	1,096,660	195,514
Public works				
Public works	6,394,583	7,895,556	6,790,157	1,105,399
Administration	858,620	855,020	713,506	141,514
Capital outlay	85,000	2,362,059	792,264	1,569,795
Debt service				
Interest and fiscal charges	-	82,012	-	82,012
Transfers out	6,067,327	9,524,385	10,606,981	(1,082,596)
Total Charges to Appropriations	123,892,267	135,450,522	129,446,270	6,004,252
Ending Fund Balance, June 30	\$ 47,005,167	\$ 33,126,535	\$ 37,490,605	\$ 4,364,070

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
HOUSING ASSISTANCE PROGRAM
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ 33,758,853	\$ 33,758,853	\$ 33,758,853	\$ -
Resources (Inflows):				
Licenses and permits	180,315	180,315	179,699	(616)
Intergovernmental	14,406,174	14,461,174	14,997,058	535,884
Charges for services	199,476	199,476	118,382	(81,094)
Interest and rentals	252,071	252,071	389,476	137,405
Developer fees	150,000	150,000	832,275	682,275
Miscellaneous	781,977	781,977	453,544	(328,433)
Transfers in	65,770	104,605	100,738	(3,867)
Amounts Available for Appropriation	49,794,636	49,888,471	50,830,025	941,554
Charges to Appropriation (Outflow):				
Community development	16,262,952	16,524,674	16,535,085	(10,411)
Capital outlay	-	3,069,649	621,000	2,448,649
Transfers out	32,300	87,300	2,721,877	(2,634,577)
Total Charges to Appropriations	16,295,252	19,681,623	19,877,962	(196,339)
Ending Fund Balance, June 30	\$ 33,499,384	\$ 30,206,848	\$ 30,952,063	\$ 745,215

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

The **Asset Seizure Fund** is used to account for funds received as a result of seizure of assets from those convicted of violations of drug laws. Funds are used to enhance law enforcement services and activities.

The **Library Fund** is used to account for grant revenues and purchases of books. The fund is required by Section 18951 of the California Education Code.

The **Gas Tax and Transportation Fund** is used to account for the maintenance and capital improvements associated with motor vehicle travel. Financing is provided primarily from the City's share of State gasoline taxes.

The **Community Development Block Grant Fund** is used to account for funds received from the Federal Government for use on federally approved projects.

The **Recreation Fund** is used to account for the operation of the City's special recreation programs. This fund was closed out to the General Fund during the 2009-2010 fiscal year.

The **Maintenance Districts Fund** is used to account for street lighting and landscape maintenance services. Financing is provided by service charges to benefiting properties.

The **Strategic Traffic Offender Program (STOP) Fund** is used to account for funds received from the impoundment of vehicles under California Vehicle Code Section 22651(h)(1), (h)(2), (o)(1), (p), 22655.3 (a) & (b), 14602.6 (a), and 14607.6 (a).

The **Grants Fund** is used to account for funds received from federal, state and county governments for use on approved projects.

Debt Service Funds

The **Oceanside Public Financing Authority Fund** is used to account for payment of interest and principal on debt of the Public Financing Authority.

The **Oceanside Building Authority Fund** is used to account for payment of interest and principal on the certificates of participation and revenue bonds of the Oceanside Building Authority.

The **Oceanside Lighting District Fund** is used to account for payment of interest and principal on the Street-Lighting Lease/Purchase Agreement of the Oceanside Lighting District.

The **Pension Obligation Bonds Fund** is used to account for the payment of interest and principal of debt of the City's Pension Obligation Bonds.

CITY OF OCEANSIDE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Special Revenue Funds			
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant
Assets:				
Cash and investments	\$ 840,386	\$ 44,310	\$ 2,752,586	\$ 4,099
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	1,500,000	-
Taxes	-	-	-	-
Notes	-	-	-	-
Other	-	-	-	-
Due from other governments	-	-	729,018	239,197
Total Assets	\$ 840,386	\$ 44,310	\$ 4,981,604	\$ 243,296
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 29,708	\$ 864,224	\$ 35,756
Accrued liabilities	-	-	45,908	5,732
Deferred revenues	-	-	1,500,000	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	662,041	201,808
Total Liabilities	-	29,708	3,072,173	243,296
Fund Balances:				
Nonspendable:				
Notes receivable	-	-	-	-
Restricted for:				
Public safety	840,386	-	-	-
Highways	-	-	1,909,431	-
Debt service	-	-	-	-
Street lighting and landscape maintenance	-	-	-	-
Assigned to:				
Debt service	-	-	-	-
Library	-	14,602	-	-
Unassigned	-	-	-	-
Total Fund Balances	840,386	14,602	1,909,431	-
Total Liabilities and Fund Balances	\$ 840,386	\$ 44,310	\$ 4,981,604	\$ 243,296

CITY OF OCEANSIDE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Recreation	Maintenance Districts	Strategic Traffic Offender Program (STOP)	Grants
Assets:				
Cash and investments	\$ -	\$ 1,524,093	\$ 355,422	\$ 954,941
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	592	-	-
Notes	-	-	-	4,055,252
Other	-	18,692	-	-
Due from other governments	-	-	-	2,180,797
Total Assets	\$ -	\$ 1,543,377	\$ 355,422	\$ 7,190,990
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 303,378	\$ 193	\$ 293,000
Accrued liabilities	-	-	30,413	7,098
Deferred revenues	-	-	-	938,906
Unearned revenues	-	-	-	460,121
Due to other funds	-	-	-	1,607,843
Total Liabilities	-	303,378	30,606	3,306,968
Fund Balances:				
Nonspendable:				
Notes receivable	-	-	-	4,051,048
Restricted for:				
Public safety	-	-	324,816	-
Highways	-	-	-	-
Debt service	-	-	-	-
Street lighting and landscape maintenance	-	1,239,999	-	-
Assigned to:				
Debt service	-	-	-	-
Library	-	-	-	-
Unassigned	-	-	-	(167,026)
Total Fund Balances	-	1,239,999	324,816	3,884,022
Total Liabilities and Fund Balances	\$ -	\$ 1,543,377	\$ 355,422	\$ 7,190,990

CITY OF OCEANSIDE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Debt Service Funds			
	Oceanside Public Financing Authority	Oceanside Building Authority	Oceanside Lighting District	Pension Obligation Bonds
Assets:				
Cash and investments	\$ 1,920,538	\$ 752,899	\$ 30,735	\$ 102,236
Restricted cash and investments	2,174,865	-	-	2
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes	-	-	-	-
Other	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 4,095,403	\$ 752,899	\$ 30,735	\$ 102,238
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Nonspendable:				
Notes receivable	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Highways	-	-	-	-
Debt service	2,174,865	-	-	2
Street lighting and landscape maintenance	-	-	-	-
Assigned to:				
Debt service	1,920,538	752,899	30,735	102,236
Library	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,095,403	752,899	30,735	102,238
Total Liabilities and Fund Balances	\$ 4,095,403	\$ 752,899	\$ 30,735	\$ 102,238

CITY OF OCEANSIDE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Total Governmental Funds
Assets:	
Cash and investments	\$ 9,282,245
Restricted cash and investments	2,174,867
Receivables:	
Accounts	1,500,000
Taxes	592
Notes	4,055,252
Other	18,692
Due from other governments	3,149,012
Total Assets	\$ 20,180,660
Liabilities and Fund Balances:	
Liabilities:	
Accounts payable	\$ 1,526,259
Accrued liabilities	89,151
Deferred revenues	2,438,906
Unearned revenues	460,121
Due to other funds	2,471,692
Total Liabilities	6,986,129
Fund Balances:	
Nonspendable:	
Notes receivable	4,051,048
Restricted for:	
Public safety	1,165,202
Highways	1,909,431
Debt service	2,174,867
Street lighting and landscape maintenance	1,239,999
Assigned to:	
Debt service	2,806,408
Library	14,602
Unassigned	(167,026)
Total Fund Balances	13,194,531
Total Liabilities and Fund Balances	\$ 20,180,660

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	93,528	63,858	4,590,121	1,822,673
Charges for services	-	125,874	-	-
Interest and rentals	17,266	-	169,114	-
Fines and forfeitures	-	-	-	-
Lease revenue	-	-	-	-
Miscellaneous	2,678	41,538	84,164	-
Total Revenues	113,472	231,270	4,843,399	1,822,673
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	1,340,624
Community/cultural services	-	363,607	-	-
Public works	-	-	5,667,016	-
Capital outlay	-	-	3,339,823	-
Debt service:				
Principal retirement	-	-	-	310,000
Interest and fiscal charges	-	-	-	170,297
Total Expenditures	-	363,607	9,006,839	1,820,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	113,472	(132,337)	(4,163,440)	1,752
Other Financing Sources (Uses):				
Transfers in	-	142,464	300,150	-
Transfers out	-	(4,007)	(826,546)	(1,752)
Total Other Financing Sources (Uses)	-	138,457	(526,396)	(1,752)
Net Change in Fund Balances	113,472	6,120	(4,689,836)	-
Fund Balances, Beginning of Year	726,914	8,482	9,489,265	-
Restatements	-	-	(2,889,998)	-
Fund Balances, Beginning of Year, as Restated	726,914	8,482	6,599,267	-
Fund Balances, End of Year	\$ 840,386	\$ 14,602	\$ 1,909,431	\$ -

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Recreation	Maintenance Districts	Strategic Traffic Offender Program (STOP)	Grants
Revenues:				
Assessments	\$ -	\$ 2,408,731	\$ -	\$ -
Intergovernmental	-	-	-	4,989,733
Charges for services	-	-	850	-
Interest and rentals	-	24,200	12,039	10,432
Fines and forfeitures	-	-	429,946	-
Lease revenue	-	-	-	-
Miscellaneous	-	762	30	219,358
Total Revenues	-	2,433,693	442,865	5,219,523
Expenditures:				
Current:				
Public safety	-	-	806,378	973,978
Community development	-	-	-	6,123,910
Community/cultural services	-	-	-	54,087
Public works	-	2,034,374	-	75,057
Capital outlay	-	-	-	623,313
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	2,034,374	806,378	7,850,345
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	399,319	(363,513)	(2,630,822)
Other Financing Sources (Uses):				
Transfers in	-	390,000	-	3,829,209
Transfers out	-	(868,035)	(30,614)	(187,242)
Total Other Financing Sources (Uses)	-	(478,035)	(30,614)	3,641,967
Net Change in Fund Balances	-	(78,716)	(394,127)	1,011,145
Fund Balances, Beginning of Year	392,975	1,318,715	718,943	2,875,107
Restatements	(392,975)	-	-	(2,230)
Fund Balances, Beginning of Year, as Restated	-	1,318,715	718,943	2,872,877
Fund Balances, End of Year	\$ -	\$ 1,239,999	\$ 324,816	\$ 3,884,022

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Debt Service Funds			
	Oceanside Public Financing Authority	Oceanside Building Authority	Oceanside Lighting District	Pension Obligation Bonds
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest and rentals	6	16,245	-	2
Fines and forfeitures	-	-	-	-
Lease revenue	2,168,103	174,480	-	-
Miscellaneous	-	600	-	-
Total Revenues	2,168,109	191,325	-	2
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Community/cultural services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	1,185,000	375,000	201,713	825,000
Interest and fiscal charges	984,352	413,988	51,721	2,092,655
Total Expenditures	2,169,352	788,988	253,434	2,917,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,243)	(597,663)	(253,434)	(2,917,653)
Other Financing Sources (Uses):				
Transfers in	-	618,611	253,434	2,916,876
Transfers out	-	(35,674)	-	-
Total Other Financing Sources (Uses)	-	582,937	253,434	2,916,876
Net Change in Fund Balances	(1,243)	(14,726)	-	(777)
Fund Balances, Beginning of Year	4,096,646	777,457	30,735	103,015
Restatements	-	(9,832)	-	-
Fund Balances, Beginning of Year, as Restated	4,096,646	767,625	30,735	103,015
Fund Balances, End of Year	\$ 4,095,403	\$ 752,899	\$ 30,735	\$ 102,238

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Total Governmental Funds
Revenues:	
Assessments	\$ 2,408,731
Intergovernmental	11,559,913
Charges for services	126,724
Interest and rentals	249,304
Fines and forfeitures	429,946
Lease revenue	2,342,583
Miscellaneous	349,130
Total Revenues	17,466,331
Expenditures:	
Current:	
Public safety	1,780,356
Community development	7,464,534
Community/cultural services	417,694
Public works	7,776,447
Capital outlay	3,963,136
Debt service:	
Principal retirement	2,896,713
Interest and fiscal charges	3,713,013
Total Expenditures	28,011,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,545,562)
Other Financing Sources (Uses):	
Transfers in	8,450,744
Transfers out	(1,953,870)
Total Other Financing Sources (Uses)	6,496,874
Net Change in Fund Balances	(4,048,688)
Fund Balances, Beginning of Year	20,538,254
Restatements	(3,295,035)
Fund Balances, Beginning of Year, as Restated	17,243,219
Fund Balances, End of Year	\$ 13,194,531

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ 726,914	\$ 726,914	\$ 726,914	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	93,528	(6,472)
Interest and rentals	20,000	20,000	17,266	(2,734)
Miscellaneous	-	-	2,678	2,678
Amounts Available for Appropriation	846,914	846,914	840,386	(6,528)
Charges to Appropriation (Outflow):				
Public safety	700,000	676,163	-	676,163
Capital outlay	-	23,837	-	23,837
Total Charges to Appropriations	700,000	700,000	-	700,000
Ending Fund Balance, June 30	\$ 146,914	\$ 146,914	\$ 840,386	\$ 693,472

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
LIBRARY
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ 8,482	\$ 8,482	\$ 8,482	\$ -
Resources (Inflows):				
Intergovernmental	50,250	50,250	63,858	13,608
Charges for services	129,000	129,000	125,874	(3,126)
Miscellaneous	41,000	41,000	41,538	538
Transfers in	142,464	142,464	142,464	-
Amounts Available for Appropriation	371,196	371,196	382,216	11,020
Charges to Appropriation (Outflow):				
Community/cultural services	362,144	351,994	363,607	(11,613)
Transfers out	4,004	4,004	4,007	(3)
Total Charges to Appropriations	366,148	355,998	367,614	(11,616)
Ending Fund Balance, June 30	\$ 5,048	\$ 15,198	\$ 14,602	\$ (596)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 GAS TAX AND TRANSPORTATION
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1, as restated	\$ 6,599,267	\$ 6,599,267	\$ 6,599,267	\$ -
Resources (Inflows):				
Taxes	3,689,743	3,689,743	-	(3,689,743)
Intergovernmental	4,801,293	4,801,293	4,590,121	(211,172)
Interest and rentals	302,000	302,000	169,114	(132,886)
Miscellaneous	-	-	84,164	84,164
Transfers in	300,000	480,000	300,150	(179,850)
Amounts Available for Appropriation	15,692,303	15,872,303	11,742,816	(4,129,487)
Charges to Appropriation (Outflow):				
Public works	3,530,625	4,987,139	5,667,016	(679,877)
Capital outlay	7,152,182	14,636,689	3,339,823	11,296,866
Transfers out	826,544	826,544	826,546	(2)
Total Charges to Appropriations	11,509,351	20,450,372	9,833,385	10,616,987
Ending Fund Balance, June 30	\$ 4,182,952	\$ (4,578,069)	\$ 1,909,431	\$ 6,487,500

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	1,987,043	1,812,948	1,822,673	9,725
Amounts Available for Appropriation	1,987,043	1,812,948	1,822,673	9,725
Charges to Appropriation (Outflow):				
Community development	1,582,352	1,330,894	1,340,624	(9,730)
Capital outlay	-	645,633	-	645,633
Debt service:				
Principal retirement	320,000	310,000	310,000	-
Interest and fiscal charges	144,652	170,297	170,297	-
Transfers out	1,757	1,757	1,752	5
Total Charges to Appropriations	2,048,761	2,458,581	1,822,673	635,908
Ending Fund Balance, June 30	\$ (61,718)	\$ (645,633)	\$ -	\$ 645,633

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 MAINTENANCE DISTRICTS
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ 1,318,715	\$ 1,318,715	\$ 1,318,715	\$ -
Resources (Inflows):				
Assessments	2,385,794	2,385,794	2,408,731	22,937
Interest and rentals	46,686	46,686	24,200	(22,486)
Miscellaneous	15,000	15,000	762	(14,238)
Transfers in	390,000	390,000	390,000	-
Amounts Available for Appropriation	4,156,195	4,156,195	4,142,408	(13,787)
Charges to Appropriation (Outflow):				
Public works	2,138,390	2,193,886	2,034,374	159,512
Transfers out	867,999	867,999	868,035	(36)
Total Charges to Appropriations	3,006,389	3,061,885	2,902,409	159,476
Ending Fund Balance, June 30	\$ 1,149,806	\$ 1,094,310	\$ 1,239,999	\$ 145,689

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
STRATEGIC TRAFFIC OFFENDER PROGRAM (STOP)
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ 718,943	\$ 718,943	\$ 718,943	\$ -
Resources (Inflows):				
Charges for services	-	-	850	850
Interest and rentals	52,000	52,000	12,039	(39,961)
Fines and forfeitures	600,000	600,000	429,946	(170,054)
Miscellaneous	25,000	25,000	30	(24,970)
Amounts Available for Appropriation	1,395,943	1,395,943	1,161,808	(234,135)
Charges to Appropriation (Outflow):				
Public safety	866,711	866,711	806,378	60,333
Transfers out	30,618	30,618	30,614	4
Total Charges to Appropriations	897,329	897,329	836,992	60,337
Ending Fund Balance, June 30	\$ 498,614	\$ 498,614	\$ 324,816	\$ (173,798)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
GRANTS
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1, as restated	\$ 2,872,877	\$ 2,872,877	\$ 2,872,877	\$ -
Resources (Inflows):				
Intergovernmental	1,299,743	7,258,097	4,989,733	(2,268,364)
Interest and rentals	11,000	11,000	10,432	(568)
Miscellaneous	101,000	110,437	219,358	108,921
Transfers in	-	-	3,829,209	3,829,209
Amounts Available for Appropriation	4,284,620	10,252,411	11,921,609	1,669,198
Charges to Appropriation (Outflow):				
Public safety	110,000	1,353,412	973,978	379,434
Community development	1,065,465	4,943,453	6,123,910	(1,180,457)
Community/cultural services	17,976	27,413	54,087	(26,674)
Public works	99,692	103,126	75,057	28,069
Capital outlay	1,100,000	8,044,947	623,313	7,421,634
Transfers out	211,967	211,967	187,242	24,725
Total Charges to Appropriations	2,605,100	14,684,318	8,037,587	6,646,731
Ending Fund Balance, June 30	\$ 1,679,520	\$ (4,431,907)	\$ 3,884,022	\$ 8,315,929

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 GENERAL IMPROVEMENT
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1, as restated	\$ 34,352,479	\$ 34,352,479	\$ 34,352,479	\$ -
Resources (Inflows):				
Intergovernmental	-	-	735,000	735,000
Charges for services	-	-	25,381	25,381
Interest and rentals	1,184,600	1,184,600	863,630	(320,970)
Developer fees	2,142,504	2,142,504	1,820,300	(322,204)
Miscellaneous	-	-	185,077	185,077
Transfers in	2,135,000	5,559,870	6,697,692	1,137,822
Amounts Available for Appropriation	39,814,583	43,239,453	44,679,559	1,440,106
Charges to Appropriation (Outflow):				
Public works	864,811	2,972,688	3,384,528	(411,840)
Capital outlay	4,744,340	17,755,303	3,576,905	14,178,398
Debt service:				
Interest and fiscal charges	1,630,089	1,630,089	1,634,836	(4,747)
Transfers out	620,482	850,482	670,484	179,998
Total Charges to Appropriations	7,859,722	23,208,562	9,266,753	13,941,809
Ending Fund Balance, June 30	\$ 31,954,861	\$ 20,030,891	\$ 35,412,806	\$ 15,381,915

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY - CAPITAL PROJECT
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1, as restated	\$ 43,063,159	\$ 43,063,159	\$ 43,063,159	\$ -
Resources (Inflows):				
Taxes	9,721,170	8,604,202	10,027,039	1,422,837
Charges for services	30,000	30,000	15,377	(14,623)
Interest and rentals	452,000	452,000	238,796	(213,204)
Developer fees	-	-	91,596	91,596
Miscellaneous	50,000	50,000	4,752	(45,248)
Amounts Available for Appropriation	53,316,329	52,199,361	53,440,719	1,241,358
Charges to Appropriation (Outflow):				
Community development	2,418,757	6,655,746	6,896,262	(240,516)
Capital outlay	8,215,000	15,087,888	-	15,087,888
Transfers out	6,309,230	6,329,230	6,353,231	(24,001)
Total Charges to Appropriations	16,942,987	28,072,864	13,249,493	14,823,371
Ending Fund Balance, June 30	\$ 36,373,342	\$ 24,126,497	\$ 40,191,226	\$ 16,064,729

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY - DEBT SERVICE
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1, as restated	\$ (9,279,337)	\$ (9,279,337)	\$ (9,279,337)	\$ -
Resources (Inflows):				
Interest and rentals	110,000	110,000	1,831	(108,169)
Transfers in	8,624,062	8,624,062	7,450,306	(1,173,756)
Amounts Available for Appropriation	(545,275)	(545,275)	(1,827,200)	(1,281,925)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	3,700,000	3,700,000	3,700,000	-
Interest and fiscal charges	4,322,085	4,320,685	4,290,364	30,321
Total Charges to Appropriations	8,022,085	8,020,685	7,990,364	30,321
Ending Fund Balance, June 30	\$ (8,567,360)	\$ (8,565,960)	\$ (9,817,564)	\$ (1,251,604)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 OCEANSIDE PUBLIC FINANCING AUTHORITY
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ 4,096,646	\$ 4,096,646	\$ 4,096,646	\$ -
Resources (Inflows):				
Interest and rentals	-	-	6	6
Lease revenue	2,171,403	2,171,403	2,168,103	(3,300)
Amounts Available for Appropriation	6,268,049	6,268,049	6,264,755	(3,294)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	1,185,000	1,185,000	1,185,000	-
Interest and fiscal charges	986,403	986,403	984,352	2,051
Total Charges to Appropriations	2,171,403	2,171,403	2,169,352	2,051
Ending Fund Balance, June 30	\$ 4,096,646	\$ 4,096,646	\$ 4,095,403	\$ (1,243)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 OCEANSIDE BUILDING AUTHORITY
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1, as restated	\$ 767,625	\$ 767,625	\$ 767,625	\$ -
Resources (Inflows):				
Interest and rentals	25,200	25,200	16,245	(8,955)
Lease revenue	174,479	174,479	174,480	1
Miscellaneous	-	-	600	600
Transfers in	618,608	618,608	618,611	3
Amounts Available for Appropriation	1,585,912	1,585,912	1,577,561	(8,351)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	375,000	375,000	375,000	-
Interest and fiscal charges	418,088	418,088	413,988	4,100
Transfers out	-	45,620	35,674	9,946
Total Charges to Appropriations	793,088	838,708	824,662	14,046
Ending Fund Balance, June 30	\$ 792,824	\$ 747,204	\$ 752,899	\$ 5,695

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
OCEANSIDE LIGHTING DISTRICT
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ 30,735	\$ 30,735	\$ 30,735	\$ -
Resources (Inflows):				
Transfers in	250,666	250,666	253,434	2,768
Amounts Available for Appropriation	281,401	281,401	284,169	2,768
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	201,713	201,713	201,713	-
Interest and fiscal charges	51,697	51,697	51,721	(24)
Total Charges to Appropriations	253,410	253,410	253,434	(24)
Ending Fund Balance, June 30	\$ 27,991	\$ 27,991	\$ 30,735	\$ 2,744

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 PENSION OBLIGATION BONDS
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Fund Balance, July 1	\$ 103,015	\$ 103,015	\$ 103,015	\$ -
Resources (Inflows):				
Interest and rentals	-	-	2	2
Transfers in	2,918,461	2,918,461	2,916,876	(1,585)
Amounts Available for Appropriation	3,021,476	3,021,476	3,019,893	(1,583)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	825,000	825,000	825,000	-
Interest and fiscal charges	2,093,461	2,093,461	2,092,655	806
Total Charges to Appropriations	2,918,461	2,918,461	2,917,655	806
Ending Fund Balance, June 30	\$ 103,015	\$ 103,015	\$ 102,238	\$ (777)

THIS PAGE INTENTIONALLY LEFT BLANK

INTERNAL SERVICE FUNDS

The **Loss Prevention Fund** is used to account for the costs of the City's risk management and self-insurance programs. Funds are provided primarily from charges to programs and projects.

The **General Services Fund** is used to account for the costs of maintenance of automotive equipment, City buildings, and the costs of operating central data processing operations. Funds are provided from charges to programs and projects.

CITY OF OCEANSIDE

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010

	Governmental Activities - Internal Service Funds		
	Loss Prevention	General Services	Totals
Assets:			
Current:			
Cash and investments	\$ 14,300,747	\$ 15,561,939	\$ 29,862,686
Receivables:			
Accounts	125,692	66,734	192,426
Prepaid costs	1,175,224	6,997	1,182,221
Inventories	-	260,597	260,597
Total Current Assets	15,601,663	15,896,267	31,497,930
Noncurrent:			
Capital assets - net of accumulated depreciation	170,242	9,179,924	9,350,166
Total Noncurrent Assets	170,242	9,179,924	9,350,166
Total Assets	\$ 15,771,905	\$ 25,076,191	\$ 40,848,096
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 310,891	\$ 691,407	\$ 1,002,298
Accrued liabilities	26,259	256,146	282,405
Due to other funds	-	177,784	177,784
Compensated absences	34,594	227,281	261,875
Claims and judgments	8,237,720	-	8,237,720
Total Current Liabilities	8,609,464	1,352,618	9,962,082
Noncurrent:			
Compensated absences	24,961	510,075	535,036
Claims and judgments	3,757,737	-	3,757,737
Total Noncurrent Liabilities	3,782,698	510,075	4,292,773
Total Liabilities	12,392,162	1,862,693	14,254,855
Net Assets:			
Invested in capital assets, net of related debt	170,242	9,179,924	9,350,166
Unrestricted	3,209,501	14,033,574	17,243,075
Total Net Assets	3,379,743	23,213,498	26,593,241
Total Liabilities and Net Assets	\$ 15,771,905	\$ 25,076,191	\$ 40,848,096

CITY OF OCEANSIDE

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010**

	Governmental Activities - Internal Service Funds		
	Loss Prevention	General Services	Totals
Operating Revenues:			
Sales and service charges	\$ 3,241,644	\$ 50,600,217	\$ 53,841,861
Miscellaneous	679,113	123,467	802,580
Total Operating Revenues	3,920,757	50,723,684	54,644,441
Operating Expenses:			
Personnel services	413,606	33,496,870	33,910,476
Maintenance and operations	2,729,769	10,253,936	12,983,705
Insurance premiums and settlements	7,791,680	-	7,791,680
Depreciation	21,280	2,698,339	2,719,619
Total Operating Expenses	10,956,335	46,449,145	57,405,480
Operating Income (Loss)	(7,035,578)	4,274,539	(2,761,039)
Nonoperating Revenues (Expenses):			
Interest expense	-	(3,107)	(3,107)
Gain (loss) on disposal of capital assets	-	(58,084)	(58,084)
Total Nonoperating Revenues (Expenses)	-	(61,191)	(61,191)
Income (Loss) Before Transfers	(7,035,578)	4,213,348	(2,822,230)
Transfers in	5,469,997	85,270	5,555,267
Transfers out	19,872	(2,627,870)	(2,607,998)
Changes in Net Assets	(1,545,709)	1,670,748	125,039
Net Assets:			
Beginning of Year, as originally reported	4,900,156	21,488,323	26,388,479
Restatements	25,296	54,427	79,723
Beginning of Fiscal Year, as restated	4,925,452	21,542,750	26,468,202
End of Fiscal Year	\$ 3,379,743	\$ 23,213,498	\$ 26,593,241

CITY OF OCEANSIDE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010

	Governmental Activities - Internal Service Funds		
	Loss Prevention	General Services	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 806,329	\$ 65,385	\$ 871,714
Cash received from interfund service provided	3,241,644	50,600,217	53,841,861
Cash paid to suppliers for goods and services	(9,428,432)	(10,354,903)	(19,783,335)
Cash paid to employees for services	(441,059)	(33,519,929)	(33,960,988)
Net Cash Provided (Used) by Operating Activities	(5,821,518)	6,790,770	969,252
Cash Flows from Non-Capital Financing Activities:			
Due from			
Cash transfers in	5,469,997	85,270	5,555,267
Cash transfers out	19,872	(2,627,870)	(2,607,998)
Amounts received from other funds	-	177,784	177,784
Net Cash Provided (Used) by Non-Capital Financing Activities	5,489,869	(2,364,816)	3,125,053
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(423,000)	(423,000)
Principal paid on capital debt	-	(72,504)	(72,504)
Interest paid on capital debt	-	(3,550)	(3,550)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(499,054)	(499,054)
Net Increase (Decrease) in Cash and Cash Equivalents	(331,649)	3,926,900	3,595,251
Cash and Cash Equivalents at Beginning of Year	14,632,396	11,635,039	26,267,435
Cash and Cash Equivalents at End of Year	\$ 14,300,747	\$ 15,561,939	\$ 29,862,686
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (7,035,578)	\$ 4,274,539	\$ (2,761,039)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	21,280	2,698,339	2,719,619
(Increase) decrease in accounts receivable	127,216	(58,082)	69,134
(Increase) decrease in prepaid expense	(1,175,224)	(6,406)	(1,181,630)
(Increase) decrease in inventories	-	93,465	93,465
Increase (decrease) in accounts payable	278,686	(188,026)	90,660
Increase (decrease) in accrued liabilities	8,310	34,203	42,513
Increase (decrease) in claims and judgments	1,989,555	-	1,989,555
Increase (decrease) in compensated absences	(35,763)	(57,262)	(93,025)
Total Adjustments	1,214,060	2,516,231	3,730,291
Net Cash Provided (Used) by Operating Activities	\$ (5,821,518)	\$ 6,790,770	\$ 969,252

FIDUCIARY FUNDS

The **Special Assessment District Fund** is used to account for special assessment collections and their disbursement to bondholders.

The **Deposits Fund** is used to account for deposits received and held by the City as an agent for individuals, developers, private organizations, and other governmental agencies.

CITY OF OCEANSIDE

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2010

	Special Assessment District	Deposit	Totals
Assets:			
Cash and investments	\$ 5,872,099	\$ 4,125,269	\$ 9,997,368
Restricted cash and investments	9,365,474	-	9,365,474
Receivables:			
Accounts	-	29,759	29,759
Taxes	19,222	-	19,222
Total Assets	\$ 15,256,795	\$ 4,155,028	\$ 19,411,823
Accounts payable	\$ 7,169	\$ 41,318	\$ 48,487
Deposits payable	292,596	4,113,710	4,406,306
Due to bondholders	14,957,030	-	14,957,030
Total Liabilities	\$ 15,256,795	\$ 4,155,028	\$ 19,411,823

CITY OF OCEANSIDE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>Special Assessment District</u>				
Assets:				
Cash and investments	\$ 2,091,469	\$ 7,602,793	\$ 3,822,163	\$ 5,872,099
Restricted cash and investments	12,429,473	5,987,356	9,051,355	9,365,474
Receivables:				
Accounts	128,552	-	128,552	-
Taxes	-	19,222	-	19,222
Total Assets	\$ 14,649,494	\$ 13,609,371	\$ 13,002,070	\$ 15,256,795
Liabilities:				
Accounts payable	\$ 118,393	\$ 2,823,322	\$ 2,934,546	\$ 7,169
Deposits payable	475,423	276,818	459,645	292,596
Due to bondholders	14,055,678	1,027,663	126,311	14,957,030
Total Liabilities	\$ 14,649,494	\$ 4,127,803	\$ 3,520,502	\$ 15,256,795
<u>Deposit</u>				
Assets:				
Cash and investments	\$ 3,618,073	\$ 6,590,245	\$ 6,083,049	\$ 4,125,269
Receivables:				
Accounts	4,183	64,816	39,240	29,759
Total Assets	\$ 3,622,256	\$ 6,655,061	\$ 6,122,289	\$ 4,155,028
Liabilities:				
Accounts payable	\$ -	\$ 21,374,238	\$ 21,332,920	\$ 41,318
Deposits payable	3,622,256	1,228,048	736,594	4,113,710
Total Liabilities	\$ 3,622,256	\$ 22,602,286	\$ 22,069,514	\$ 4,155,028
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 5,709,542	\$ 14,193,038	\$ 9,905,212	\$ 9,997,368
Restricted cash and investments	12,429,473	5,987,356	9,051,355	9,365,474
Receivables:				
Accounts	132,735	64,816	167,792	29,759
Taxes	-	19,222	-	19,222
Total Assets	\$ 18,271,750	\$ 20,264,432	\$ 19,124,359	\$ 19,411,823
Liabilities:				
Accounts payable	\$ 118,393	\$ 24,197,560	\$ 24,267,466	\$ 48,487
Deposits payable	4,097,679	1,504,866	1,196,239	4,406,306
Due to bondholders	14,055,678	1,027,663	126,311	14,957,030
Total Liabilities	\$ 18,271,750	\$ 26,730,089	\$ 25,590,016	\$ 19,411,823

THIS PAGE INTENTIONALLY LEFT BLANK

DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2010

This part of the City of Oceanside's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents:

Financial Trends these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF OCEANSIDE

Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2002	2003	2004
Governmental Activities			
Invested in capital assets, net of related debt	\$ 128,824,063	\$ 131,689,993	\$ 127,949,282
Restricted for:			
Debt Service	10,973,122	16,096,883	25,485,168
Capital Projects	7,917,407	8,804,301	49,438,960
Specific Projects and Programs	9,636,988	5,551,055	15,924,959
Total Restricted	<u>28,527,517</u>	<u>30,452,239</u>	<u>90,849,087</u>
Unrestricted	<u>71,005,500</u>	<u>72,725,338</u>	<u>27,925,986</u>
Total governmental activities net assets	<u>\$ 228,357,080</u>	<u>\$ 234,867,570</u>	<u>\$ 246,724,355</u>
Business-type Activities			
Invested in capital assets, net of related debt	\$ 151,817,550	\$ 187,817,205	\$ 164,670,433
Restricted for:			
capital projects	42,923,238	15,082,800	11,275,256
debt service			
Unrestricted	<u>44,429,166</u>	<u>51,565,061</u>	<u>84,857,099</u>
Total business-type activities net assets	<u>\$ 239,169,954</u>	<u>\$ 254,465,066</u>	<u>\$ 260,802,788</u>
Primary Government			
Invested in capital assets, net of related debt	\$ 280,641,613	\$ 319,507,198	\$ 292,619,715
Restricted	71,450,755	45,535,039	102,124,343
Unrestricted	<u>115,434,666</u>	<u>124,290,399</u>	<u>112,783,085</u>
Total Primary Government net assets	<u>\$ 467,527,034</u>	<u>\$ 489,332,636</u>	<u>\$ 507,527,143</u>

Note: The City implemented GASB Statement No. 34 in the fiscal year ended June 30, 2002. Information prior to the implementation of GASB Statement 34 is not available.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 140,206,876	\$ 162,782,050	\$ 192,580,094	\$ 223,022,078	\$ 234,316,806	\$ 234,789,461
20,725,317	27,428,593	10,400,086	9,401,419	5,007,853	2,174,867
58,342,462	51,988,076	56,584,296	75,302,178	41,235,427	40,191,226
18,624,363	30,309,265	56,971,726	45,513,582	44,045,329	39,150,717
97,692,142	109,725,934	123,956,108	130,217,179	90,288,609	81,516,810
34,006,389	28,199,762	45,103,813	45,039,132	77,287,527	73,283,539
<u>\$ 271,905,407</u>	<u>\$ 300,707,746</u>	<u>\$ 361,640,015</u>	<u>\$ 398,278,389</u>	<u>\$ 401,892,942</u>	<u>\$ 389,589,810</u>
\$ 174,541,773	\$ 175,923,102	\$ 187,894,276	\$ 196,363,003	\$ 207,637,088	\$ 400,340,807
3,582,124	1,876,361	1,899,746	2,252,846	7,102,089	27,552,284
82,186,952	77,186,066	63,744,851	59,188,035	39,559,557	955,236
<u>\$ 260,310,849</u>	<u>\$ 254,985,529</u>	<u>\$ 253,538,873</u>	<u>\$ 257,803,884</u>	<u>\$ 254,298,734</u>	<u>\$ 450,451,254</u>
\$ 314,748,649	\$ 338,705,152	\$ 380,474,370	\$ 419,385,081	\$ 441,953,894	\$ 635,130,268
101,274,266	111,602,295	125,855,854	132,470,025	97,390,698	110,024,330
116,193,341	105,385,828	108,848,664	104,227,167	116,847,084	94,886,466
<u>\$ 532,216,256</u>	<u>\$ 555,693,275</u>	<u>\$ 615,178,888</u>	<u>\$ 656,082,273</u>	<u>\$ 656,191,676</u>	<u>\$ 840,041,064</u>

CITY OF OCEANSIDE

Changes in Net Assets

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year		
	2002	2003	2004
Expenses			
Governmental activities:			
General government	\$ 9,344,781	\$ 11,363,651	\$ 11,852,001
Public safety	41,142,786	44,795,800	49,876,905
Community development	17,144,538	24,282,082	23,713,393
Community/cultural services	15,550,599	9,797,438	11,784,754
Public works	10,564,747	18,482,236	23,272,166
Depreciation (unallocated)	10,380,880	12,483,792	-
Interest on long-term debt	7,693,201	8,484,102	7,598,288
Total governmental activities	<u>\$ 111,821,532</u>	<u>\$ 129,689,101</u>	<u>\$ 128,097,507</u>
Business-type activities:			
Water	30,372,348	31,795,689	34,028,999
Sewer	17,723,166	18,643,636	19,708,826
Waste disposal	14,955,237	16,839,565	18,223,894
Special aviation	225,154	207,165	259,743
Oceanside Small Craft Harbor District	4,629,071	5,031,595	4,883,873
Total business-type activities	<u>67,904,976</u>	<u>72,517,650</u>	<u>77,105,335</u>
Total primary government expenses	<u>\$ 179,726,508</u>	<u>\$ 202,206,751</u>	<u>\$ 205,202,842</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 2,290,656	\$ 2,429,359	\$ 2,315,566
Public safety	4,032,448	3,651,672	4,043,265
Community development	7,168,624	5,881,502	6,416,404
Community/cultural services	650,290	700,323	737,450
Public works	2,976,298	5,565,540	5,917,747
Operating Grants and Contributions	24,383,098	28,931,414	26,287,219
Capital Grants and Contributions	1,000,639	1,719,425	2,337,569
Total governmental activities program revenues	<u>42,502,053</u>	<u>48,879,235</u>	<u>48,055,220</u>
Business-type activities:			
Charges for services:			
Water	36,260,949	37,671,574	39,255,725
Sewer	17,280,192	23,780,852	22,457,309
Waste disposal	16,312,565	17,175,663	18,082,898
Special aviation	139,493	133,076	205,778
Oceanside Small Craft Harbor District	4,320,648	4,435,217	4,611,728
Operating Grants and Contributions	33,719	200,246	2,726,913
Capital Grants and Contributions	882,127	3,101,356	850,000
Total business-type activities program revenues	<u>75,229,693</u>	<u>86,497,984</u>	<u>88,190,351</u>
Total primary government program revenues	<u>\$ 117,731,746</u>	<u>\$ 135,377,219</u>	<u>\$ 136,245,571</u>
Net (Expense)/Revenue			
Governmental activities	\$ (69,319,479)	\$ (80,809,866)	\$ (80,042,287)
Business-type activities	7,324,717	13,980,334	11,085,016
Total primary government net expense	<u>\$ (61,994,762)</u>	<u>\$ (66,829,532)</u>	<u>\$ (68,957,271)</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 11,345,079	\$ 11,936,686	\$ 13,958,047	\$ 16,004,013	\$ 19,051,433	\$ 13,967,349
55,728,435	61,977,977	64,713,256	68,521,173	76,759,409	81,635,635
23,377,424	23,295,927	26,915,033	24,715,209	28,756,441	39,476,894
11,700,438	12,806,800	14,224,389	14,191,135	14,193,259	14,565,149
23,140,587	25,475,444	24,585,242	27,088,207	28,263,292	27,101,514
-	-	-	-	-	-
9,548,310	8,634,066	7,634,724	7,486,339	7,363,801	9,213,229
<u>\$ 134,840,273</u>	<u>\$ 144,126,900</u>	<u>\$ 152,030,691</u>	<u>\$ 158,006,076</u>	<u>\$ 174,387,635</u>	<u>\$ 185,959,770</u>
34,100,516	37,074,165	41,066,482	40,649,208	41,651,535	44,640,059
21,607,092	23,735,275	26,465,182	27,039,628	28,233,964	29,744,119
19,365,317	19,105,879	20,074,362	20,846,158	21,282,754	19,073,268
457,490	483,012	467,505	432,432	565,477	230,378
5,115,937	5,501,277	5,700,513	5,807,752	6,551,918	4,454,450
80,646,352	85,899,608	93,774,044	94,775,178	98,285,648	98,142,274
<u>\$ 215,486,625</u>	<u>\$ 230,026,508</u>	<u>\$ 245,804,735</u>	<u>\$ 252,781,254</u>	<u>\$ 272,673,283</u>	<u>\$ 284,102,044</u>
\$ 2,435,479	\$ 2,556,047	\$ 2,726,649	\$ 2,910,185	\$ 2,735,446	\$ 1,510,087
4,360,499	5,121,602	4,506,019	5,546,313	6,016,525	8,123,510
10,641,984	7,539,632	7,426,082	5,992,226	5,509,157	5,180,697
870,579	851,456	952,830	1,283,498	2,421,512	1,111,571
5,909,863	6,830,916	6,546,976	21,137,007	6,881,633	6,721,474
25,830,552	33,579,124	42,771,143	31,173,230	24,119,622	38,057,394
5,356,513	5,274,095	7,612,717	9,418,160	9,997,029	4,824,134
<u>55,405,469</u>	<u>61,752,872</u>	<u>72,542,416</u>	<u>77,460,619</u>	<u>57,680,924</u>	<u>65,528,867</u>
35,120,057	36,716,820	39,415,143	42,185,950	42,313,563	41,865,765
19,791,178	20,723,540	23,054,008	24,749,371	25,304,602	28,570,644
19,210,840	19,816,761	20,405,194	20,961,319	21,442,968	20,795,455
296,693	394,072	439,422	464,774	465,150	144,269
4,921,907	4,996,577	5,299,861	5,322,666	5,311,555	5,028,536
166,152	-	-	4,220,677	1,132,596	1,787,839
372,451	-	-	-	-	238,500
79,879,278	82,647,770	88,613,628	97,904,757	95,970,434	98,431,008
<u>\$ 135,284,747</u>	<u>\$ 144,400,642</u>	<u>\$ 161,156,044</u>	<u>\$ 175,365,376</u>	<u>\$ 153,651,358</u>	<u>\$ 163,959,875</u>
\$ (79,434,804)	\$ (82,374,028)	\$ (79,488,275)	\$ (80,545,457)	\$ (116,706,711)	\$ (120,430,903)
(767,074)	(3,251,838)	(5,160,416)	3,129,579	(2,315,214)	288,734
<u>\$ (80,201,878)</u>	<u>\$ (85,625,866)</u>	<u>\$ (84,648,691)</u>	<u>\$ (77,415,878)</u>	<u>\$ (119,021,925)</u>	<u>\$ (120,142,169)</u>

CITY OF OCEANSIDE

Changes in Net Assets (continued)

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year		
	2002	2003	2004
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes	\$ 23,928,088	\$ 25,114,104	\$ 28,536,578
Sales taxes	13,003,666	13,042,280	13,841,866
Other taxes	16,289,504	17,845,639	16,764,144
Total taxes	53,221,258	56,002,023	59,142,588
Intergovernmental unrestricted	8,998,124	9,295,765	9,792,530
Investment Earnings	13,638,035	11,914,037	8,366,058
Developer contributions	7,823,035	5,532,316	7,974,965
Miscellaneous	3,656,089	3,002,863	2,337,777
Loss on sale of assets	(44,828)	146,390	
Transfers	900,000	1,426,960	1,181,848
Total Governmental activities	88,191,713	87,320,354	88,795,766
Business-type activities:			
Investment Earnings	3,845,942	3,771,450	345,296
Miscellaneous			
Loss on sale of assets	-	(9,865)	(3,910,742)
Transfers	(900,000)	(1,426,960)	(1,181,848)
Total business-type activities:	2,945,942	2,334,625	(4,747,294)
Total primary government	\$ 91,137,655	\$ 89,654,979	\$ 84,048,472
Change in Net Assets			
Governmental activities	\$ 18,872,234	\$ 6,510,488	\$ 8,753,479
Business-type activities:	10,270,659	16,314,959	6,337,722
Total primary government	\$ 29,142,893	\$ 22,825,447	\$ 15,091,201

Note: The City implemented GASB Statement No. 34 in the fiscal year ended June 30, 2002. Information prior to the implementation of GASB Statement 34 is not available.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 40,004,828	\$ 48,001,309	\$ 54,785,119	\$ 58,663,948	\$ 61,239,407	\$ 55,979,593
15,198,456	15,675,218	17,814,047	18,734,655	16,914,344	17,326,635
10,796,296	14,027,416	11,437,735	11,746,323	12,424,966	10,577,615
65,999,580	77,703,943	84,036,901	89,144,926	90,578,717	83,883,843
11,339,407	11,981,723	12,682,555	13,633,572	14,083,346	504,448
9,153,835	9,711,778	14,095,895	13,343,619	9,861,241	8,380,289
6,368,599	10,663,038	-	-	-	-
1,651,856	329,321	1,072,547	563,443	423,227	3,673,334
9,604,277	61,726	219,935	157,154	-	-
1,395,108	2,391,713	1,408,380	1,883,945	8,214,295	4,961,121
105,512,662	112,843,242	113,516,213	118,726,659	123,160,826	101,403,035
2,520,243	2,274,912	3,945,045	3,017,902	2,109,687	982,961
-	-	-	-	-	3,860,425
-	-	5,599	1,475	4,964,630	-
(1,395,108)	(2,391,713)	(1,408,380)	(1,883,945)	(8,214,295)	(4,961,121)
1,125,135	(116,801)	2,542,264	1,135,432	(1,139,978)	(117,735)
\$ 106,637,797	\$ 112,726,441	\$ 116,058,477	\$ 119,862,091	\$ 122,020,848	\$ 101,285,300
\$ 26,077,858	\$ 30,469,214	\$ 34,027,938	\$ 38,181,202	6,454,115	(19,027,868)
358,061	(3,368,639)	(2,618,152)	4,265,011	(3,455,192)	170,999
\$ 26,435,919	\$ 27,100,575	\$ 31,409,786	\$ 42,446,213	\$ 2,998,923	\$ (18,856,869)

CITY OF OCEANSIDE

Fund Balances, Governmental Funds

Last Eight Fiscal Years

(modified accrual basis of accounting)

	2003	2004	2005
General Fund			
Reserved	\$ 25,330,173	\$ 7,111,978	\$ 3,700,253
Unreserved, designated	-	-	-
Unreserved, undesignated	11,359,926	24,706,920	37,879,006
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total General Fund	<u>\$ 36,690,099</u>	<u>\$ 31,818,898</u>	<u>\$ 41,579,259</u>
All Other Governmental Funds			
Reserved:			
Special revenue funds	\$ 2,611,628	\$ 2,429,146	\$ 3,224,903
Debt service funds	7,168,681	14,727,685	16,572,344
Capital projects funds	15,097,680	24,380,725	-
Unreserved, designated:			
Special revenue funds	64,926	-	-
Debt service funds	-	-	-
Capital projects funds	349,671	-	-
Unreserved, undesignated, reported in:			
Special revenue funds	14,554,605	13,047,258	12,607,488
Debt service funds	-	29,524,502	7,689,118
Capital projects funds	29,721,530	-	47,606,317
Nonspendable			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Other Governmental Funds	-	-	-
Restricted			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Other Governmental Funds	-	-	-
Committed			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Other Governmental Funds	-	-	-
Assigned			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Other Governmental Funds	-	-	-
Unassigned			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Other Governmental Funds	-	-	-
Total all other Governmental Funds	<u>\$ 69,568,721</u>	<u>\$ 84,109,316</u>	<u>\$ 87,700,170</u>
All Governmental Funds	<u>\$ 106,258,820</u>	<u>\$ 115,928,214</u>	<u>\$ 129,279,429</u>

Note: The City implemented GASB Statement No. 34 in the fiscal year ended June 30, 2002. Information prior to the implementation of GASB Statement 34 is not available.

Fiscal Year				
2006	2007	2008	2009	2010
\$ 3,701,873	\$ 3,740,229	\$ 3,607,416	\$ -	\$ -
-	-	35,804,645	-	-
41,657,973	46,202,605	4,711,757	-	-
-	-	-	3,680,434	11,693,612
-	-	-	-	-
-	-	-	15,442,512	15,737,602
-	-	-	15,680,540	9,051,338
-	-	-	6,558,093	1,008,053
<u>\$ 45,359,846</u>	<u>\$ 49,942,834</u>	<u>\$ 44,123,818</u>	<u>\$ 41,361,579</u>	<u>\$ 37,490,605</u>
\$ 9,014,958	\$ 9,179,056	\$ 22,373,194	\$ -	\$ -
13,514,019	9,721,949	9,401,419	-	-
14,807,661	13,727,570	13,525,685		
-	-	21,812,104	-	-
-	-	-	-	-
-	-	-	-	-
17,875,218	45,615,179	14,808,283	-	-
-	(12,434,455)	(12,669,680)	-	-
41,465,183	61,608,352	61,776,493	-	-
-	-	-	214	23,597,506
-	-	-	-	-
-	-	-	13,285,070	18,949,270
-	-	-	-	4,051,048
-	-	-	1,790,736	7,354,557
-	-	-	4,412,804	-
-	-	-	2,645,521	-
-	-	-	17,306,801	6,489,499
-	-	-	-	-
-	-	-	-	412,349
-	-	-	206,462	-
-	-	-	-	-
-	-	-	31,967,903	-
-	-	-	-	-
-	-	-	54,739,867	56,242,413
-	-	-	3,231,453	2,821,010
-	-	-	-	-
-	-	-	(13,242,660)	(9,817,564)
-	-	-	-	-
-	-	-	-	(167,026)
<u>\$ 96,677,039</u>	<u>\$ 127,417,651</u>	<u>\$ 131,027,498</u>	<u>\$ 116,344,171</u>	<u>\$ 109,933,062</u>
<u>\$ 142,036,885</u>	<u>\$ 177,360,485</u>	<u>\$ 175,151,316</u>	<u>\$ 157,705,750</u>	<u>\$ 147,423,667</u>

CITY OF OCEANSIDE

Changes in Fund Balances, Governmental Funds Last Eight Fiscal Years (modified accrual basis of accounting)

	Fiscal Year		
	2002	2003	2004
Revenues:			
Taxes	\$ 44,249,811	\$ 46,115,955	\$ 51,579,405
Licenses and permits	2,776,858	2,467,648	2,747,218
Intergovernmental	31,485,240	36,426,546	34,397,718
Charges for services	10,945,780	10,494,390	11,067,922
Interest and rentals	10,643,668	9,752,164	6,095,994
Fines and forfeitures	2,871,536	3,058,767	3,397,840
Lease revenue	2,868,446	1,218,150	2,193,296
Developer fees	7,868,050	6,433,319	8,195,886
Special assessments	5,613,928	6,077,472	4,005,577
Administrative and in lieu charges	8,998,124	9,295,765	9,792,530
Other	1,145,984	3,106,787	2,195,752
Total Revenues	129,467,425	134,446,963	135,669,138
Expenditures:			
General government	10,837,924	11,940,876	11,240,628
Public safety	43,729,924	44,493,491	50,307,345
Community development	18,632,934	24,376,852	20,071,741
Community/cultural services	17,483,458	10,121,335	10,560,829
Public works	11,515,892	11,465,976	12,497,077
Capital outlay	15,897,171	21,496,691	24,946,758
Debt service			
Principal	6,937,400	29,582,600	3,620,000
Interest	7,306,270	7,746,132	7,495,816
Total Expenditures	132,340,973	161,223,953	140,740,194
Excess of Revenues over (under) expenditures	(2,873,548)	(26,776,990)	(5,071,056)
Other Financing Sources (Uses)			
Issuance of long-term debt	25,580,000	25,185,000	17,800,000
Issuance of refunding debt	-	-	7,740,000
Bond premium	-	-	-
Payment of unfunded pension liability	-	-	-
Redemption of refunded debt	-	-	(7,725,000)
Loan proceeds	-	-	-
Proceed from sale of real property	-	-	-
Transfers in	9,016,036	52,371,476	24,877,011
Transfers out	(8,665,262)	(51,481,976)	(29,640,481)
Total other financing sources (uses)	25,930,774	26,074,500	13,051,530
Net change in fund balances	\$ 23,057,226	\$ (702,490)	\$ 7,980,474

Debt Service as a percentage of noncapital expenditures. 12.62 % 25.40 % 9.05 %

Note: The City implemented GASB Statement No. 34 in the fiscal year ended June 30, 2002. Information prior to the implementation of GASB Statement 34 is not available.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 65,421,689	\$ 75,175,577	\$ 84,150,853	\$ 88,632,073	\$ 91,340,010	\$ 83,508,603
2,264,692	2,640,136	2,296,979	1,899,169	1,877,798	973,602
28,032,701	37,417,423	28,451,602	42,765,760	27,941,755	28,700,124
11,762,268	13,174,726	10,842,358	10,554,651	10,366,112	14,492,767
8,970,023	5,600,963	12,375,093	12,166,634	8,673,200	6,318,649
3,821,194	4,320,726	4,299,450	4,974,638	4,770,065	1,890,806
2,319,107	2,262,236	4,644,958	4,656,346	4,738,281	2,342,583
6,358,585	10,855,028	10,997,445	4,026,658	4,439,021	2,744,171
7,253,902	7,605,943	12,453,958	8,286,857	2,351,621	-
11,339,407	11,981,723	12,682,555	13,633,572	14,083,346	16,537,589
1,815,169	596,106	1,140,081	1,486,331	770,811	4,639,198
149,358,737	171,630,587	184,335,332	193,082,689	171,352,020	162,148,092
11,252,291	11,675,141	12,913,269	14,588,366	16,229,297	13,705,854
55,421,998	59,977,872	65,460,131	69,336,877	73,479,724	76,616,881
22,786,226	22,569,033	33,913,454	24,861,865	33,420,647	38,432,800
10,388,449	11,482,495	12,381,047	13,852,218	12,898,183	14,881,758
16,400,288	15,198,022	15,746,646	15,669,045	17,813,964	18,664,638
16,354,681	22,492,632	25,540,153	46,019,219	22,067,047	8,953,305
5,685,000	4,760,780	6,252,146	5,724,192	6,100,728	6,596,713
9,150,912	8,021,110	8,526,638	7,964,401	8,152,267	9,638,213
147,439,845	156,177,085	180,733,484	198,016,183	190,161,857	187,490,162
1,918,892	15,453,502	3,601,848	(4,933,494)	(18,809,837)	(25,342,070)
-	42,780,000	-	-	-	-
35,744,583	-	-	-	-	-
-	1,032,871	-	-	-	-
-	(42,072,326)	-	-	-	-
(33,650,000)	-	-	-	-	-
-	-	-	3,500,000	-	-
9,434,809	228,100	1,663,000	1,560	7,905	-
12,410,052	16,750,522	37,997,067	25,040,614	24,680,835	27,723,634
(11,610,315)	(21,587,024)	(36,697,390)	(24,377,845)	(20,484,907)	(22,306,443)
12,329,129	(2,867,857)	2,962,677	4,164,329	4,203,833	5,417,191
\$ 14,248,021	\$ 12,585,645	\$ 6,564,525	\$ (769,165)	\$ (14,606,004)	\$ (19,924,879)

11.32 %

9.29 %

9.78 %

8.77 %

8.32 %

6.15 %

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF OCEANSIDE

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property	Sales and Use	Property Transfer	Transient Occupancy	Franchises	Licenses	Total
2001	16,209,212	13,276,435	688,450	1,612,339	2,679,821	1,993,464	36,459,721
2002	17,553,721	14,278,918	814,524	1,759,862	3,404,165	2,156,102	39,967,292
2003	19,022,047	14,377,600	933,209	2,057,390	2,869,643	2,205,215	41,465,104
2004	21,166,344	15,298,955	1,351,548	2,239,271	3,155,125	2,871,865	46,083,109
2005	32,063,276	16,802,110	1,525,040	2,473,674	3,519,787	3,171,676	59,555,564
2006	38,983,217	17,404,797	1,451,267	2,908,792	3,711,531	3,671,388	68,130,992
2007	44,484,217	19,548,981	897,005	2,938,174	3,882,369	3,627,323	75,378,069
2008	48,002,987	19,355,845	760,351	3,389,739	3,932,716	3,687,900	79,129,538
2009	49,112,892	18,610,365	666,349	3,889,238	4,130,601	4,064,677	80,474,123
2010	41,072,836	17,045,656	664,486	3,184,613	3,912,710	2,590,262	68,470,562
Change 2001-2010	19.6%	9.2%	0.3%	22.1%	5.6%	56.9%	17.5%

Source: Financial Services Department, Financial Management Division

CITY OF OCEANSIDE**Schedule of Assessed Valuation
Last Ten Fiscal Years**

Fiscal Year	ASSESSED VALUATIONS			
	Land	Improvements	Personal Property	Total
2001	3,216,269,785	5,224,785,198	200,931,968	8,641,986,951
2002	3,546,963,968	5,634,397,700	211,583,030	9,392,944,698
2003	3,952,597,283	6,021,996,378	210,635,332	10,185,228,993
2004	4,606,106,935	6,527,429,835	230,249,013	11,363,785,783
2005	5,446,445,740	7,111,669,686	322,243,551	12,880,358,977
2006	6,676,968,166	7,920,412,950	341,089,785	14,938,470,901
2007	8,052,273,214	8,424,362,316	453,725,069	16,930,360,599
2008	8,946,406,079	9,080,678,149	424,946,166	18,452,030,394
2009	9,024,067,353	9,438,343,330	455,685,518	18,918,096,201
2010	8,134,265,718	9,032,754,746	156,958,673	17,323,979,137

Source: County of San Diego

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is equal to the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Homeowner's	EXEMPTIONS		Net Taxable Value	Direct Tax Rate	Property Tax Revenue
	Tax Increment	All Other			
199,230,182	338,559,438	120,131,739	7,984,065,592	0.203 %	16,209,212
206,633,730	388,111,963	120,936,174	8,677,262,831	0.202 %	17,553,721
207,976,179	452,051,202	126,357,701	9,398,843,911	0.202 %	19,022,047
214,520,710	523,768,158	150,502,216	10,474,994,699	0.202 %	21,166,344
216,130,116	584,103,912	190,068,080	11,890,056,869	0.270 %	32,063,276
222,311,284	697,018,563	202,450,936	13,816,690,118	0.282 %	38,983,217
223,131,924	832,836,578	216,620,223	15,657,771,874	0.284 %	44,484,217
223,068,966	931,606,219	223,594,652	17,073,760,557	0.281 %	48,002,987
223,598,913	1,089,025,866	248,883,479	17,356,587,943	0.283 %	49,112,892
221,666,443	1,105,792,566	249,819,005	15,746,701,123	0.261 %	41,072,836

CITY OF OCEANSIDE

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Fiscal Year	Education	Special Districts Improvements	City of Oceanside	Basic County/ City Rate	Total Tax Rate (1)
2001	0.07010%	0.06230%	0.00216%	1.00000%	1.13456%
2002	0.04883%	0.05948%	0.00191%	1.00000%	1.11022%
2003	0.12456%	0.06215%	0.00075%	1.00000%	1.18746%
2004	0.11032%	0.05932%	0.00067%	1.00000%	1.17031%
2005	0.12550%	0.04989%	0.00000%	1.00000%	1.17539%
2006	0.13498%	0.03393%	0.00000%	1.00000%	1.16891%
2007	0.15597%	0.03022%	0.00000%	1.00000%	1.18619%
2008	0.19334%	0.02793%	0.00000%	1.00000%	1.22127%
2009	0.19342%	0.02075%	0.00000%	1.00000%	1.21417%
2010	0.21311%	0.02318%	0.00000%	1.00000%	1.23629%

(1) In previous years, the report represented a typical tax rate. The report was modified to represent overlapping rates are those of local and county governments that apply to owners within the City. Not all overlapping rates apply to all city property owners.

Source: San Diego County Assessor and HdL Coren & Cone

CITY OF OCEANSIDE

Principal Property Owners
Current Year and Nine Years Ago

Principal Tax Payers	2010			2001		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Genentech Inc.	\$ 493,663,172	1	2.822%			
P K II El Camino North Limited Partnership	116,016,483	2	0.663%			
Daley Family Trust	101,235,214	3	0.579%			
A M B D F S Pacific Coast LLC	75,139,602	4	0.430%			
W2005 M R D Realty LLC	74,921,284	5	0.428%			
Lakeridge Island Club Apartments Partners	61,278,048	6	0.350%			
Essex C A L - W A Limited Partnership	53,143,836	7	0.304%			
Walmart Real Estate Business Trust	44,768,108	8	0.256%			
Pacific Coast Plaza Investments Limited Partnership	43,738,040	9	0.250%			
Prime Mesa	43,250,081	10	0.247%			
C T Operating Partnership LP				\$ 52,600,687	1	0.616%
Lakeridge Associates				38,359,140	2	0.449%
Pacific Coast Plaza Investments Limited Partnership				37,670,984	3	0.441%
Northwestern Mutual Life Ins. Company				37,290,989	4	0.437%
Southridge Oxford Limited Partnership				36,237,000	5	0.424%
Sumitomo Metal Mining U.S.A. Inc.				29,578,594	6	0.346%
Cox Communications San Diego				27,560,067	7	0.323%
Riverview Springs Limited				27,194,808	8	0.319%
Concourse Joint Venture				23,449,555	9	0.275%
				20,024,807	10	0.235%
	<u>\$ 1,107,153,868</u>		<u>6.329%</u>	<u>\$329,966,631</u>		<u>3.865%</u>

Source: HdL Coren & Cone

CITY OF OCEANSIDE**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Penalties Interest and Other Years Collections (2)
		Amount (2)	% of Levy	
2001	16,445,369	15,185,325	92.3%	234,060
2002	17,746,985	16,513,511	93.0%	189,895
2003	19,078,758	17,850,457	93.6%	215,738
2004	21,027,106	19,772,652	94.0%	204,803
2005	23,664,948	22,246,003	94.0%	192,902
2006	27,527,769	25,724,882	93.5%	264,784
2007	31,383,881	28,910,129	92.1%	183,106
2008	34,633,156	31,292,435	90.4%	700,023
2009	35,775,425	32,112,699	89.8%	1,091,106
2010	33,609,099	25,917,944	77.1%	847,183

Source: County of San Diego

(1) Taxes Levied does not include Supplemental Assessments, Adjustments/Corrections or Prior Year Escapes.

(2) Collections do not include Current or Prior Year collections of Supplemental Assessments.

Total Collections		Delinquent Taxes Receivable	
Amount	% of Current Levy	Amount	% of Current Levy
16,209,200	98.6%	805,436	4.9%
17,553,721	98.9%	708,983	4.0%
19,022,047	99.7%	753,324	3.9%
19,977,454	95.0%	852,186	4.1%
22,438,905	94.8%	1,407,404	5.9%
25,989,665	94.4%	1,669,035	6.1%
29,093,235	92.7%	2,133,102	6.8%
31,992,458	92.4%	2,800,859	8.1%
33,203,804	92.8%	2,595,185	7.3%
26,765,127	79.6%	2,363,983	7.0%

CITY OF OCEANSIDE

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Pension Obligation Bonds	Redevelopment Bonds	Capital Leases & Notes Payable	Certificates of Participation	Special Assessment Bonds
2000	\$ -	\$ -	\$ 21,975,000	\$ -	\$ 73,660,000	\$ 7,390,000
2001	-	-	21,575,000	-	71,515,000	4,800,000
2002	-	-	43,185,000	-	69,250,000	4,097,600
2003	-	-	42,745,000	6,939,000	63,585,000	5,805,000
2004	-	-	60,220,000	7,613,133	63,585,000	2,740,000
2005	-	-	59,895,000	8,816,880	59,450,000	1,760,000
2006	-	42,780,000	58,420,000	3,015,944	57,020,000	1,300,000
2007	-	42,365,000	56,950,000	2,554,195	54,345,000	-
2008	-	41,825,000	54,975,000	5,589,096	51,535,000	-
2009	-	41,150,000	52,925,000	5,114,241	48,565,000	-
2010	-	40,325,000	50,790,000	4,530,024	45,440,000	-

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ These ratios are calculated using personal income and population for the prior calendar year.
Prior Year numbers were updated to reflect dollar values at inflation. Fiscal Year 2009 Personal Income was estimated using the Price and Population information received from the State of California Department of Finance.

Source: San Diego Association of Governments
State of California Department of Finance

Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
Revenue Bonds	Certificates of Participation	Loans Payable			
\$ 11,325,000	\$ 29,515,000	\$ 72,410,087	\$ 216,275,087	3.22 %	1,343
11,225,000	27,740,000	71,527,063	208,382,063	3.09 %	1,267
11,120,000	26,310,000	75,734,559	229,697,159	3.40 %	1,371
11,015,000	26,935,000	71,862,641	228,886,641	3.37 %	1,341
10,365,000	26,520,000	78,781,943	249,825,076	3.53 %	1,444
9,690,000	24,795,000	75,605,497	240,012,377	3.42 %	1,374
9,115,000	23,035,000	74,369,260	269,055,204	3.74 %	1,538
8,525,000	21,215,000	72,763,761	258,717,956	3.50 %	1,468
7,905,000	19,335,000	69,208,463	250,372,559	3.41 %	1,406
7,265,000	27,800,000	50,621,564	233,440,805	3.00 %	1,299
6,595,000	25,900,000	47,601,969	221,181,993	5.07 %	1,226

CITY OF OCEANSIDE

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities						Percent of Assessed Value ¹	Per Capita
	General Obligation Bonds	Pension Obligation Bonds	Redevelopment Bonds	Certificates of Participation	Special Assessment Bonds	Total		
2000 \$	- \$	-	\$ 21,975,000	\$ 73,660,000	\$ 7,390,000	\$ 103,025,000	1.29%	640
2001	-	-	21,575,000	71,515,000	4,800,000	97,890,000	1.13%	595
2002	-	-	43,185,000	69,250,000	4,097,600	116,532,600	1.24%	696
2003	-	-	42,745,000	38,400,000	30,990,000	112,135,000	1.10%	657
2004	-	-	60,220,000	63,585,000	2,740,000	126,545,000	1.11%	731
2005	-	-	59,895,000	59,450,000	1,760,000	121,105,000	0.94%	693
2006	-	42,780,000	58,420,000	57,020,000	1,300,000	159,520,000	1.07%	912
2007	-	42,365,000	56,950,000	54,345,000	-	153,660,000	0.91%	872
2008	-	41,825,000	54,975,000	51,535,000	-	148,335,000	0.80%	833
2009	-	41,150,000	52,925,000	48,565,000	-	142,640,000	0.75%	794
2010	-	40,325,000	50,790,000	45,440,000	-	136,555,000	0.78%	757

¹ Assessed value has been used because the actual value of taxable property is not readily available in California.

CITY OF OCEANSIDE

Direct and Overlapping Governmental Activities Debt As of June 30, 2010

	Total Debt Debt 6/30/10	% Applicable (1)	City's Share of Debt 6/30/10
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 264,220,000	0.903%	\$ 2,385,907
Palomar Community College District	149,845,000	5.895%	8,833,363
Carlsbad Unified School District	128,461,518	2.277%	2,925,069
Oceanside Unified School District	194,985,045	99.887%	194,764,712
Vista Unified School District	134,914,882	35.716%	48,186,199
Fallbrook Union High School district	16,005,071	6.650%	1,064,337
Bonsall Unified School District	16,704,680	19.255%	3,216,486
City of Oceanside Community Facilities District No. 2000-1	24,725,000	100.000%	24,725,000
City of Oceanside Community Facilities District No. 2001-1	22,355,000	100.000%	22,355,000
City of Oceanside Community Facilities District No. 2001-1, Improvement Area No. 1	9,230,000	100.000%	9,230,000
City of Oceanside Community Facilities District No. 2006-1	8,880,000	100.000%	8,880,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 326,566,074
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Diego County General Fund Obligations	\$ 415,240,000	4.707%	\$ 19,545,347
San Diego County Pension Obligations	853,514,739	4.707%	40,174,939
San Diego County Superintendent of Schools Certificates of Participation	21,187,500	4.707%	997,296
Mira Costa Community College District Certificates of Participation	3,675,000	15.255%	560,621
Palomar Community College District Certificates of Participation	6,890,000	5.895%	406,166
Carlsbad Unified School District Certificates of Participation	50,710,000	2.277%	1,154,667
Oceanside Unified School District Certificates of Participation	625,000	99.887%	624,294
Vista Unified School District Certificates of Participation	6,170,000	35.716%	2,203,677
Bonsall Union School District Certificates of Participation	2,020,000	19.255%	388,951
City of Oceanside General Fund Obligations	45,440,000	100.000%	45,440,000
City of Oceanside Pension Obligations	40,325,000	100.000%	40,325,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 151,820,958
GROSS COMBINED TOTAL DEBT (2)			\$ 478,387,031 (2)

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.87%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$85,765,000) 0.52%

Combined Total Debt 2.92%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc

CITY OF OCEANSIDE

**Legal Debt Margin Information
Last Ten Years**

	2001	2002	2003	2004
Assessed valuation	\$ 7,984,065,592	\$ 8,677,262,831	\$ 9,398,843,911	\$ 10,474,994,699
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,996,016,398	2,169,315,708	2,349,710,978	2,618,748,675
Debt limit percentage	15%	15%	15%	15%
Debt limit	299,402,460	325,397,356	352,456,647	392,812,301
Total net debt applicable to limit: General & Pension Obligation Bonds	-	-	-	-
Legal debt margin	299,402,460	325,397,356	352,456,647	392,812,301
Total debt applicable to the limit as a percentage of the debt limit	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the state.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 11,890,056,869	\$ 13,816,690,118	\$ 15,657,771,874	\$ 17,073,760,557	\$ 17,356,587,943	\$ 17,493,006,303
25%	25%	25%	25%	25%	25%
2,972,514,217	3,454,172,530	3,914,442,969	4,268,440,139	4,339,146,986	4,373,251,576
15%	15%	15%	15%	15%	15%
445,877,133	518,125,879	587,166,445	640,266,021	650,872,048	655,987,736
-	42,780,000	42,365,000	41,825,000	41,150,000	40,325,000
445,877,133	475,345,879	544,801,445	598,441,021	609,722,048	615,662,736
0.0%	8.3%	7.2%	6.5%	6.3%	6.1%

CITY OF OCEANSIDE

**Pledged-Revenue Coverage
Last Ten Years**

Fiscal Year	Water Revenue Bonds						Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Total	
2001	\$ 33,150,474	\$ 25,965,987	\$ 7,184,487	\$ 100,000	\$ 511,136	\$ 611,136	11.76
2002	37,143,076	25,133,970	12,009,106	105,000	507,240	612,240	19.62
2003	37,671,574	24,185,489	13,486,085	105,000	502,147	607,147	22.21
2004	39,255,729	25,928,705	13,327,024	650,000	488,286	1,138,286	11.71
2005	33,147,648	28,772,741	4,374,907	675,000	461,949	1,136,949	3.85
2006	38,067,319	36,127,676	1,939,643	575,000	436,661	1,011,661	1.92
2007	39,415,143	40,413,262	(998,119)	590,000	412,631	1,002,631	(1.00)
2008	42,185,950	40,190,946	1,995,004	620,000	387,214	1,007,214	1.98
2009	42,247,961	40,651,984	1,595,977	640,000	360,279	1,000,279	1.60
2010*	43,225,444	44,170,890	(945,446)	670,000	331,779	1,001,779	(0.94)

* Debt coverage will be improved in future years by increase in Water Revenue from rate increases approved by City November of 2010.

CITY OF OCEANSIDE

Demographic and Economic Statistics Last Ten Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (Millions \$)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2001	164,404	\$ 6,747	\$ 41,040	3.7%
2002	167,508	6,759	40,350	4.0%
2003	170,734	6,786	39,750	4.9%
2004	173,021	7,083	40,940	4.9%
2005	174,741	7,011	40,120	4.5%
2006	174,953	7,186	41,070	4.1%
2007	176,271	7,387	41,910	3.8%
2008	178,102	7,335	41,180	4.3%
2009	179,681	7,789	43,352	5.7%
2010	183,095	7,987	43,621	9.3%

Note: Fiscal Year 2009 and 2010 Personal Income was estimated using the Price and Population information received from the State of California.

Sources: State of California Department of Finance, California Economic Development Department and San Diego Association of Governments Service Bureau

CITY OF OCEANSIDE

Principal Employers Current Year and Nine Years Ago

Principal Employers	2010		2001	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Tri-City Hospital	2,000	n/a	2,000	n/a
Mira Costa Community College	1,100	n/a	500	n/a
City of Oceanside	1,000	n/a	1,200	n/a
Select Staffing	600	n/a		n/a
Genentech	500	n/a		n/a
North County Transit District	500	n/a	600	n/a
Ocean's Eleven Casino	400	n/a	300	n/a
Oceanside Unified School District	400	n/a		n/a
Hydranautics	300	n/a	300	n/a
Registry Network Inc.	300	n/a	500	n/a
T.E.R.I., Inc.	300	n/a		n/a
US Postal Service	300	n/a	200	n/a
Fishel Company, The	200	n/a		n/a
Genica Corporation	200	n/a		n/a
Milagro Ranch, LLC	200	n/a		n/a
Native Bouquet, L.L.C.	200	n/a		n/a

Source: City of Oceanside Economic & Community Development Department

CITY OF OCEANSIDE

Full-time Equivalent City Government Employees by Function/Program Last Seven Years

Function	2004	2005	2006	2007	2008	2009	2010
General Government	118	114	114	117	116	117	105
Public Safety							
Police	272	281	287	298	323	319	321
Fire	145	149	149	129	131	129	114
Public Works	163	167	167	165	119	119	109
Development Services	33	30	31	32	75	68	51
Neighborhood Services	48	47	47	79	82	78	71
Economic & Community Development	13	15	12	14	14	14	14
Library	76	76	76	44	37	36	35
Water Utilities	141	141	141	142	141	143	144
Harbor	41	40	40	39	37	37	26
Total	1,050	1,060	1,064	1,059	1,075	1,059	990

Note: The City implemented GASB Statement No. 44 in the fiscal year ended June 30, 2006.
Information prior to fiscal year 2004 is not available.

Source: Financial Services Department - Budgeted Positions

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF OCEANSIDE**Operating Indicators by Function/Program
Last Five Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police					
Arrests	9,296	10,646	9,139	8,391	7,245
Citations	24,502	25,233	22,514	19,697	17,491
Fire					
Number of Emergency Calls	11,256	14,090	15,678	15,553	16,692
Inspections	5,722	6,135	1,702	1,854	2,000
Public Works					
Street Resurfacing (lane miles)	25	25	65	43	54
Water					
Average Daily Consumption (million Gallons)	30	30	30	30	24
Wastewater					
Average Daily Sewage Treatment (million gallons)	14	13	13	13	12
Recreation					
Number of Recreation Classes (quarterly)	55	55	157	98	140
Library					
Total Volumes in Collection	354,105	353,464	298,976	338,773	305,346
Total Volumes Loaned	488,848	480,406	516,222	553,323	561,182

Note: The City implemented GASB Statement No. 44 in the fiscal year ended June 30, 2006.
Information prior to the implementation of GASB Statement 44 is not available.

Source: Various City Departments

CITY OF OCEANSIDE

Capital Asset Statistics by Function Last Ten Fiscal Years

	2001	2002	2003	2004
Police				
Number of Police Stations	n/a	1	1	1
Fire				
Number of Fire Stations	n/a	7	7	7
Number of Engine Companies	n/a	5	5	5
Number of Truck/Rescue Companies	n/a	2	2	2
Number of Ambulances	n/a	4	4	4
Public Works				
Miles of Streets:	n/a	396	392	394
Number of Street Lights (City Owned):	n/a	7,600	7,749	7,823
Utilities:				
Miles of Lines and Mains	n/a	500	500	500
Number of Wastewater Treatment Plants	n/a	2	2	2
Miles of Sewers	n/a	450	450	450
Recreation and Cultural:				
Number of Parks (Improved and Unimproved)	n/a	34	38	38
Area of Parks (In Acres)	n/a	371	592	600
Recreation & Senior Centers	n/a	5	5	5
Pools	n/a	2	2	2
Number of Libraries	n/a	2	2	2
Number of Library Outlets	n/a	n/a	n/a	n/a
Number of Bookmobiles	n/a	2	2	2
Computer Terminals for Internet Access (Public)	n/a	143	94	100
Number of Visitors to Library	n/a	n/a	n/a	n/a

Source: Various City Departments

^a Estimated

^b Does not include El Corazon

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
7	8	8	8	8	8
5	7	6	6	6	6
2	1	2	2	2	2
4	4	4	4	4	4
394	400	400	400	400	400
8,002	8,002	8,000	10,000 ^a	9,345	8,345
500	550	550	600	600	600
2	2	2	2	2	2
450	500	500	450	450	500
38	38	38	34	40	33
600	600	670	375 ^b	594	810
5	5	5	8	9	6
2	2	2	2	2	2
2	3	2	2	2	2
n/a	n/a	2	6	6	4
2	2	2	2	2	1
100	103	106	107	107	76
n/a	570,560	609,497	679,120	716,957	576,223

THIS PAGE INTENTIONALLY LEFT BLANK