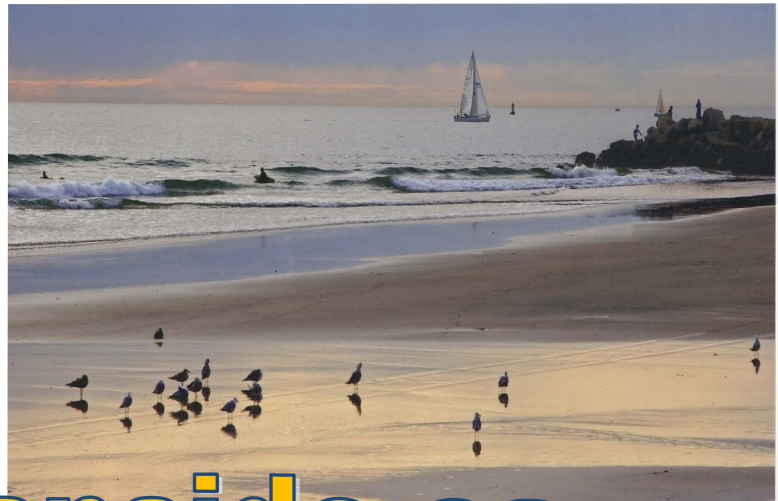


City of
Oceanside

California



www.ci.oceanside.ca.us



Comprehensive Annual Financial Report
For the year ended June 30, 2011

CITY OF OCEANSIDE
CALIFORNIA
Comprehensive Annual Financial Report
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011



City Council

Jim Wood, Mayor
Jack Feller, Council Member
Jerome Kern, Council Member
Esther Sanchez, Council Member
Gary Felien, Council Member

City Manager
Peter A. Weiss
Director of Financial Services
Teri Ferro
Accounting Manager
Jane McPherson

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CITY OF OCEANSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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City of Oceanside

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

February 13, 2012

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, 2011.

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, 2011. 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 168,173, making it the third largest city in San Diego County. The median household income for the City is \$69,044.

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 \$292,576,471.

Debt Administration – As of June 30, 2011 the City had a total of \$237,605,080 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, 2011.

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, 2011 totaled 204,593,233.

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".

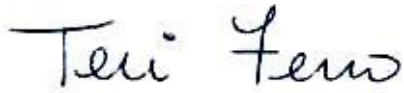
Fiscal Adversity and Healthy City Reserves – The City Council established a Healthy City Reserve Fund to maintain a stable tax and revenue structure and provide for the orderly provision of services to the citizens of Oceanside; and to establish a process for

the use of these funds in the event of fiscal adversity (defined as a five percent or greater reduction of discretionary General Fund revenues).

Acknowledgements

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 black ink that reads "Teri Ferro". The signature is written in a cursive, flowing style.

Teri Ferro
Director of Financial Services



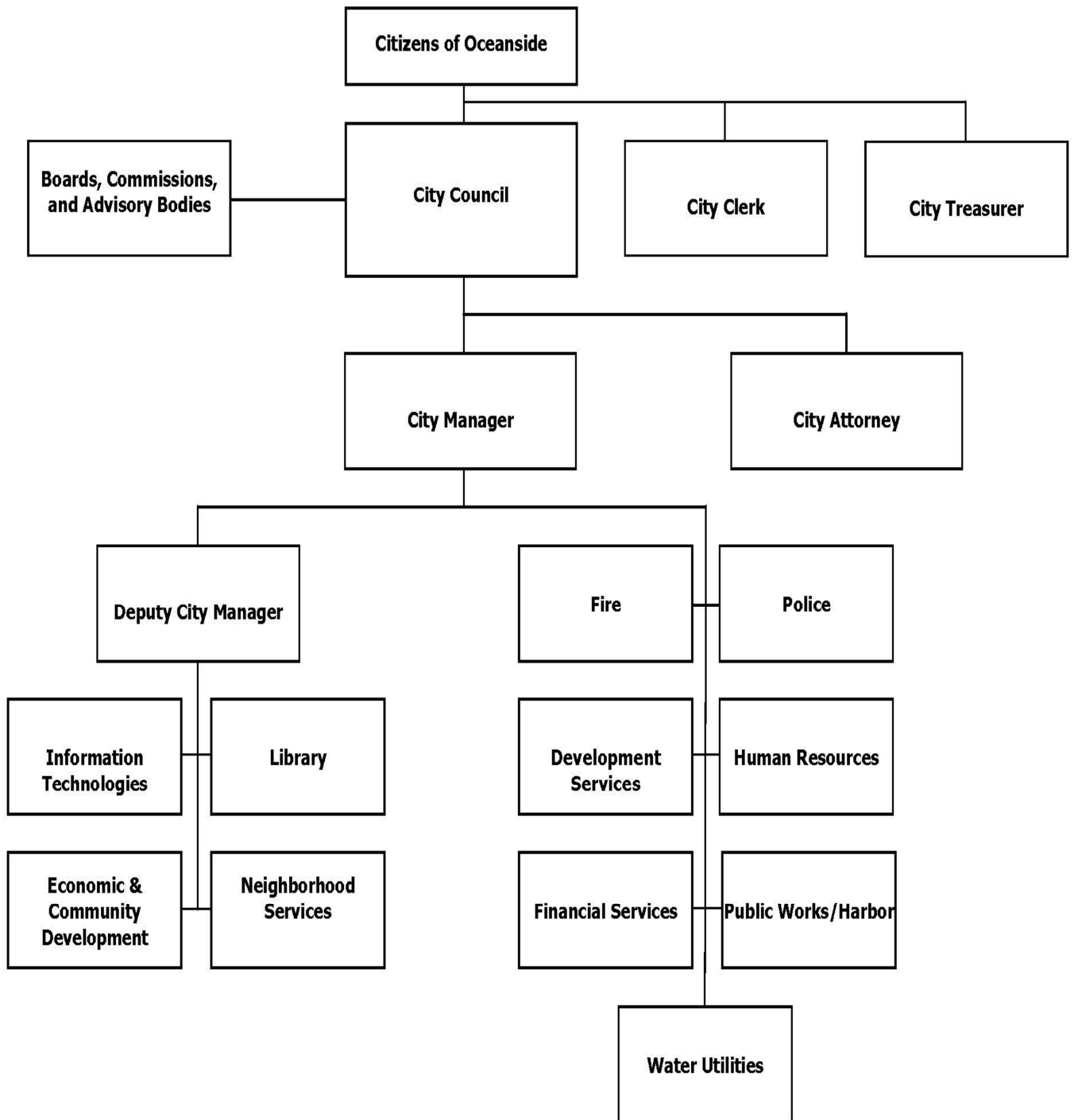
City of Oceanside List of Principal Officials As of June 30, 2011

City Council

Jim Wood, Mayor
Jack Feller, Council Member
Jerome Kern, Council Member
Esther Sanchez, Council Member
Gary Felien, Council Member

Administration and Department Heads

City Manager	Peter A. Weiss
City Attorney	John P. Mullen
City Clerk	Barbara Riegel Wayne
City Treasurer	Gary M. Ernst
Deputy City Manager	Michelle Skaggs-Lawrence
Development Services Director	George Buell
Economic and Community Development Director	Jane D. McVey
Financial Services Director	Teri Ferro
Fire Chief	Darryl Hebert
Neighborhood Services Director	Margery Pierce
Library Director	Deborah Polich
Acting Human Resources Director	Marsha Davis
Police Chief	Frank McCoy
Water Utilities Director	Cari Dale
Chief Information Officer	Michael Sherwood





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
- Deborah A. Harper, CPA

INDEPENDENT AUDITOR'S 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 (City), as of and for the year ended June 30, 2011, 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, 2011, 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.

We would like to draw the reader's attention to Note 17 – "California Redevelopment Agency Dissolution". The note provides information on two bills passed, AB1X26 and AB1X27 which dissolve redevelopment agencies and provide an option to avoid dissolution by making certain defined payments. The Note also provides further information on the California Supreme Court ruling dated December 29, 2011 in regards to these two bills.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2012, on our consideration of the City's internal control over financial reporting and on 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 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.



CERTIFIED PUBLIC ACCOUNTANTS

City Council Members
City of Oceanside
Oceanside, California

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Soll & Lughard, LLP

Brea, California
February 13, 2012



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2011

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2011. 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 \$4.4 million, due to approximately \$16.7 million increase in current and other assets (cash, investments, receivables, inventories) predominantly in Business-Type activities, which offsets the reduction in net pension assets (reduced \$5.8 million) and capital assets (reduced \$6.5 million) due to depreciation
- The City's Total Net Assets increased overall by \$14.4 million, primarily due to the Total Asset increase of \$4.4 million, offset by a reduction in Total Liabilities of \$10.0 million for long-term debt being paid down.
- Total Net Assets were restated by -\$8.7 million due to adjustments and corrections to prior year account balances and bad debt write-offs from prior years consisting of:
 - General Fund Assets restated by -\$2.8 million
 - Pension Obligation restated by -\$4.9 million
 - Other Fund Assets by -\$1.0 million
- The City's total revenues increased \$22.9 million from 2010
 - Governmental activities revenues increased \$14.8 million
 - Business-Type activities revenues increased \$8.1 million.
- The City's total expenses decreased \$18.9 million from 2010
 - Governmental activities expenses decreased \$15.8 million
 - Business-Type activities expenses decreased \$3.1 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, 2011 are compared to results for 2010 in Table 1.

Table 1
City of Oceanside Net Assets
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Current & other assets	\$ 197,411	\$ 195,257	\$ 77,501	\$ 63,000	\$ 274,912
Net pension assets	37,207	42,967	0	0	37,207	42,967
Capital assets	<u>336,695</u>	<u>332,149</u>	<u>469,216</u>	<u>480,220</u>	<u>805,911</u>	<u>812,369</u>
Total assets	<u>571,313</u>	<u>570,373</u>	<u>546,717</u>	<u>543,220</u>	<u>1,118,030</u>	<u>1,113,593</u>
Long-term debt outstanding	161,226	166,056	76,380	82,234	237,606	248,290
Other liabilities	<u>14,904</u>	<u>14,727</u>	<u>11,080</u>	<u>10,534</u>	<u>25,984</u>	<u>25,261</u>
Total liabilities	<u>176,130</u>	<u>180,783</u>	<u>87,460</u>	<u>92,768</u>	<u>263,590</u>	<u>273,551</u>
Net assets						
Invested in capital assets, net of related debt	235,574	234,789	395,087	400,341	630,661	635,130
Restricted	105,532	81,517	35,634	28,508	141,166	110,025
Unrestricted	<u>54,077</u>	<u>73,284</u>	<u>28,536</u>	<u>21,602</u>	<u>82,613</u>	<u>94,886</u>
Total net assets	<u>\$ 395,183</u>	<u>\$ 389,590</u>	<u>\$ 459,257</u>	<u>\$ 450,451</u>	<u>\$ 854,440</u>	<u>\$ 840,041</u>

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 1.67% from \$840.0 million at June 30, 2010 to \$854.4 million at June 30, 2011. The \$14.4 million increase is attributable

to overall increase in Total Assets of \$4.4 million, due to approximately \$16.7 million increase in current and other assets (cash, investments, receivables, inventories) predominantly in Business-Type activities, which offsets the reduction in net pension assets (reduced \$5.8 million) and capital assets (reduced \$6.5 million due to depreciation). Total Liabilities were reduced \$10.0 million for long-term debt being paid down. Total Net Assets were restated by -\$8.7 million as defined in Note 16. The restatements consist of the following: a) -\$2.0 million adjustment to principal of a Redevelopment Agency Loan from the General fund; b) -\$4.9 million fund restatement in Governmental activities for correction of prior year pension asset amortization; c) -\$1.1 million due to corrections of various asset and liability accounts in Governmental activities and d) -\$0.7 million due to corrections of various asset and liability accounts in Enterprise Activities.

Governmental current and other assets increased by \$2.2 million due to cash and investment increases of \$6.1 million, \$8.7 million in accounts receivable, which were offset by \$3.4 million decrease in due from other governments and prepaid costs. Pension and capital assets were reduced by \$1.2 million due to a restatement to correct the pension amortization along with capital asset depreciation. Overall Governmental Total Assets increased \$0.9 million. Governmental liabilities decreased \$4.7 million due to reduction in long-term debt. Total Net Assets for Governmental activities increased \$5.6 million, with \$0.8 million increase in capital assets and \$4.8 million increase in restricted/unrestricted net assets.

Business-Type current and other assets increased by \$14.5 million due to cash and investment increases of \$16.0 million which were offset by a reduction of \$1.5 million of receivables, internal balances and due from other governments. Capital assets were reduced by \$11 million due to depreciation. Overall Business-Type Total Assets increased \$3.5 million. Business-Type liabilities decreased \$5.3 million due to reduction in long-term debt. Total Net Assets for Business-Type activities increased \$8.8 million, with \$5.2 million reduction in capital assets and \$14.0 million increase in restricted/unrestricted net assets.

As noted above, the City's Total Net Assets increased 1.67% from 2010. As illustrated in Table 2, Total Net Assets are comprised of three categories, Invested in Capital Assets, Restricted and Unrestricted. The City's large Investment in Capital Assets (net of related debt) makes up over 73% of the City's Total Net Assets. A decline of Unrestricted Net Assets by 13.2% 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 2003 the City's Unrestricted Net Assets have been in excess of \$100 million, and this is the second year in a row that it has dropped below that level to \$82.3 million, as reflected in Table 2. Restricted Net Assets have increased \$31.1 million in part from the \$14.4 increase from the prior year, along with restricting prior "unrestricted" net assets for approved projects, special revenues, grants, and other legal constraints in accordance with GASB 34 and GASB 54.

Table 2

City of Oceanside									
Summary of Net Assets (in millions)									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Invested in Capital Assets	\$319.5	\$292.6	\$314.7	\$338.7	\$380.5	\$419.4	\$442.0	\$635.2	\$630.7
Restricted	45.5	102.1	101.3	111.6	125.8	132.5	97.4	110.0	141.1
Unrestricted	<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>	<u>82.6</u>
Total Net Assets	489.3	507.5	532.2	555.7	615.1	656.1	656.2	840.0	854.4
\$ increase from prior year	21.8	18.2	24.7	23.5	59.4	41.0	0.1	183.8	14.4
% increase from prior year	4.66%	3.72%	4.86%	4.41%	10.69%	6.67%	0.02%	28.02%	1.67%

Total City Activities - The City's combined Activities for the fiscal year ended June 30, 2011 is compared to results for 2010 in Table 3. The Statement of Activities reveals an increase of revenues of \$22.9 million from 2010 while expenses decreased \$19.0 million.

Governmental Activities increased Net Assets (including transfers) by \$13.8 million in 2011 compared to the \$18.9 million decrease in 2010 as identified in Table 3. An overall increase in Program Revenues of \$11.0 million, along with a \$3.7 million increase for General Revenues (specifically in sales and other taxes, use of money and other revenue) indicates funding resources are moving in the right direction after several years of poor economic conditions. Expenses decreased by \$15.8 million in 2011. General Government expenses increased \$0.9 million, Public Safety decreased \$6.8 million, Public Works increased \$5.2 million, Community Development decreased \$10.5 million (which includes redevelopment and housing activities), and Community/Cultural Services decreased \$2.9 million. Interest on long-term debt decreased \$1.7 million. Overall, the increase to Net Assets for Governmental Activities can be attributed to decreased operating costs, increased grant funding and charges for services.

Table 3

City of Oceanside Activities						
(in thousands of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 23,490	\$ 22,647	\$105,969	\$ 96,405	\$ 129,459	\$ 119,052
Operating grants and contributions	45,594	38,057	385	1,788	45,979	39,845
Capital grants and contributions	7,480	4,824	0	238	7,480	5,217
<i>General Revenues</i>						
Property taxes	54,923	55,980	0	0	54,923	55,980
Sales taxes	18,141	17,327	0	0	18,141	17,327
Other taxes	11,091	10,578	0	0	11,091	10,578
Use of money and property	9,586	8,535	569	983	10,155	9,363
Other	<u>6,581</u>	<u>4,178</u>	<u>4,461</u>	<u>3,860</u>	<u>11,042</u>	<u>8,038</u>
Total Revenues	<u>176,886</u>	<u>162,126</u>	<u>111,384</u>	<u>103,274</u>	<u>288,270</u>	<u>265,400</u>
Expenses						
General government	14,899	13,967	0	0	14,899	13,967
Public safety	74,767	81,636	0	0	74,767	81,636
Public works	32,342	27,102	0	0	32,342	27,102
Community development	28,968	39,477	0	0	28,968	39,477
Community/cultural services	11,669	14,565	0	0	11,669	14,565
Interest on long-term debt	7,473	9,213	0	0	7,473	9,213
Water	0	0	43,931	44,640	43,931	44,640
Sewer	0	0	29,273	29,744	29,273	29,744
Waste disposal	0	0	20,035	19,073	20,035	19,073
Other	<u>0</u>	<u>0</u>	<u>1,762</u>	<u>4,685</u>	<u>1,762</u>	<u>4,685</u>
Total Expenses	<u>170,118</u>	<u>185,960</u>	<u>95,001</u>	<u>98,142</u>	<u>265,119</u>	<u>284,102</u>
Increase (decrease) in net assets before transfers	6,768	(23,834)	16,383	5,132	23,151	(18,702)
Transfers	<u>7,025</u>	<u>4,961</u>	<u>(7,025)</u>	<u>(4,961)</u>	<u>0</u>	<u>0</u>
Increase (decrease) in net assets	13,793	(18,873)	9,358	171	23,151	(18,702)
Beginning net assets as restated	<u>381,390</u>	<u>408,463</u>	<u>449,899</u>	<u>450,280</u>	<u>831,289</u>	<u>858,743</u>
Ending net assets	<u>\$395,183</u>	<u>\$ 389,590</u>	<u>\$ 459,257</u>	<u>\$ 450,451</u>	<u>\$ 854,440</u>	<u>\$840,041</u>

Note 16 includes additional 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 1

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

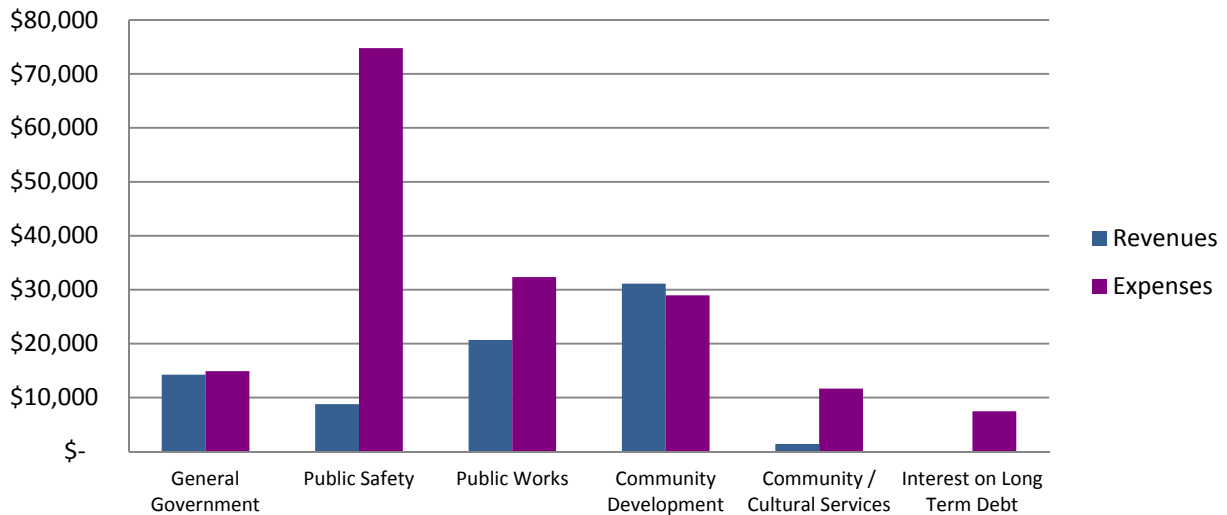
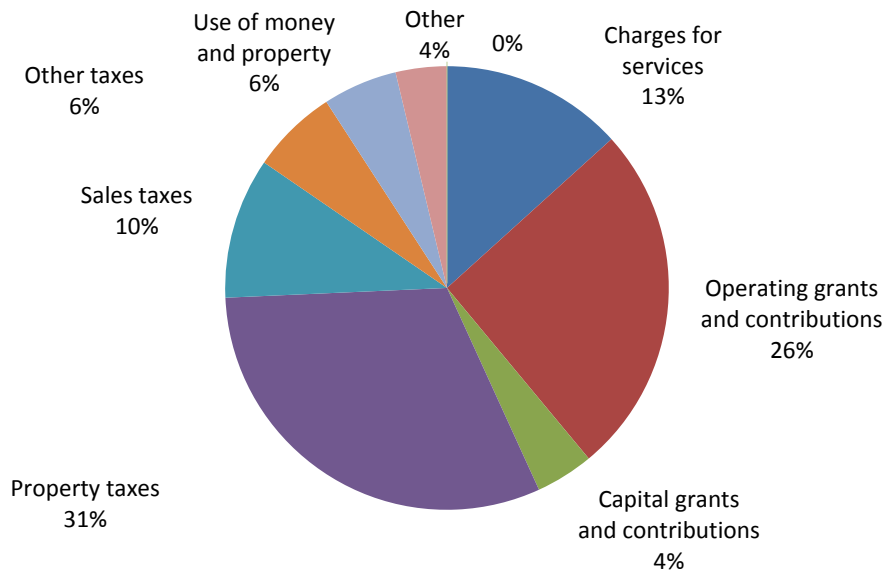


Chart 2 shows that Property Tax, Operating Grants and Contributions, Charges for Service and Sales Tax which are the top four categories of revenue and comprise 80% of funding for government activities. The *Other* category includes proceeds from the disposition of City real property, intergovernmental administrative fees, developer contributions, and miscellaneous revenues.

Chart 2

Revenue by Source - Governmental Activities



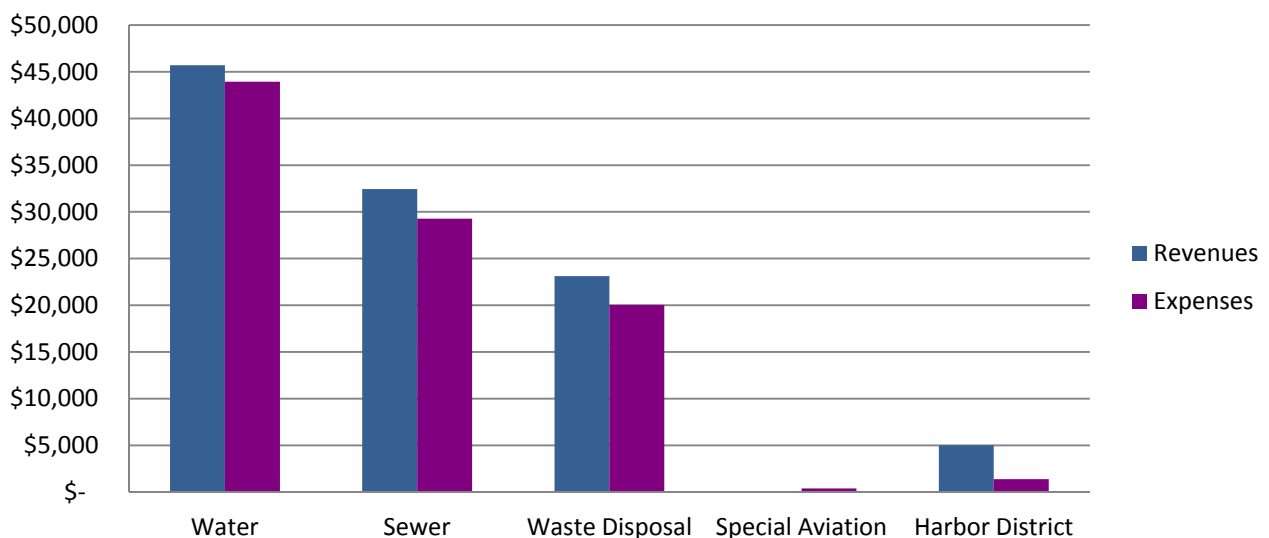
Business-Type Activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and Special Aviation. These activities increased Net Assets (including transfers) by \$9.3 million from the last fiscal year as noted on Table 3. Revenues increased \$8.1 million due to increases in service fees for water and sewer services, with the attempt to build up reserves for future capital projects. Expenditures were reduced by \$3.1 million from 2010. Transfers out (a deduction to Net Assets) increased by \$2.1 from the prior year.

The Statement of Revenues, Expenses, and Changes in Net Assets for proprietary funds indicate an increase of \$7.7 million in operating revenues. The Water and Sewer operating revenue increased \$4.0 and \$2.6 million, respectively, while the Waste Disposal funds operating revenue increased \$1.2 million. Operating expenses for Water decreased \$0.82 million and Sewer increased a minor \$0.12 million, respectively. Administrative costs were increased, along with the cost of purchased water, which was offset by reductions in maintenance and operations costs. Waste Disposal increased \$0.96 million due to an increase in administrative and operations costs. Harbor revenues were flat and operating expenses decreased \$3.1 million due to the transfer of the harbor administrative, maintenance and police functions to the City’s General Fund; (although the Harbor continues to pay for these services via a \$4.6 million transfer out to the General Fund).

Overall operating revenue exceeded operating expenses (before transfers) in 2011 with a total operating income of \$16.4 million. Operating losses in Special Aviation of \$0.3 million were offset by operating income in Water, Sewer, Waste Disposal and Harbor (\$3.8, \$5.6, \$3.1 and \$4.2 million respectively).

Chart 3 below compares program revenues from Business-Type activities to program expenses. The Water, Sewer, Waste Disposal and Harbor enterprises operated at a profit, as referenced in the Statement of Activities (with transfers-out for Harbor appearing “below the line” of program expenses).

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 \$34.9 million at year-end for the City's General Fund, as shown on the Balance Sheet, is a decrease of \$2.6 million from 2010. Of this total amount, \$13.4 million is nonspendable, \$15.7 million is committed, and \$5.8 million is assigned. There is no residual amount in unassigned funds which, if available, would be used 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 \$2.6 million reduction in the General Fund balance which is comprised of -\$2.8 million restatement further defined in Note 16 offset by a minor fund balance increase of \$0.2 million due to revenues exceeding expenditures. General Fund revenues decreased approximately \$9.4 million from 2010. General Fund expenditures decreased overall \$7.7 million or 6.4% with decreases in public safety expenses accounting for \$4.5 million, community/cultural services \$3.9 million, community development \$0.9 million, capital outlay \$0.3 million and an increase to public works of \$1.4 million and general government of \$0.5 million. Other Financing Sources includes a transfer in of \$9.0 million of which \$4.6 million came from the Harbor fund for harbor administrative, maintenance and police services, \$1.3 million from Water and Waste Disposal funds for administrative services, and \$3.1 million from other governmental funds. Other Financing Sources also includes a transfer out of \$2.7 million for housing assistance program, general improvement capital projects, internal services, and other governmental funds.

The fund balance of the Housing Assistance Program Special Revenue Fund increased \$0.5 million. Revenues remained fairly flat while expenditures decreased \$0.7 million as compared to 2010.

The fund balance of the general improvement capital projects fund decreased \$2.0 million, which reflects a restatement of \$0.4 million to correct various asset and liability accounts. Expenditures exceeded revenues by \$1.8 million, resulting in a deficit that was decreased \$0.2 by other financing sources.

The fund balance of \$43.7 million in total other governmental funds increased \$30.5 million from 2010. The significant increase is due to the redevelopment capital projects fund being combined with minor special revenue and debt service funds. Revenue in the redevelopment agency capital projects was flat as compared to 2010. Revenues in the Gas Tax & Transportation fund increased \$ 8.2 million due to increase of draw downs on TransNet funds, while expenditures increased \$1.3 million, leading to a net change in fund balance of \$2.0 million when including the \$0.7 million other financing uses (i.e. transfers).

Debt Administration

Debt of Governmental activities (including the Redevelopment Agency) realized a net decrease of \$4.8 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, 2010	Incurred or Issued	Satisfied or Matured	Balance June 30, 2011
Governmental Activities				
Bonds Payable	\$ 50,790,000	\$ 0	\$ (2,230,000)	\$ 48,560,000
Certificates of Participation	45,440,000	0	(3,295,000)	42,145,000
Capital Leases Payable	1,130,024	1,624,761	(1,006,985)	1,747,800
Notes Payable	3,400,000	0	(105,000)	3,295,000
Pension Obligation Bonds	40,325,000	0	(980,000)	39,345,000
Claims Payable	11,995,457	4,284,743	(3,707,450)	12,572,750
Compensated Absences	10,946,644	5,187,218	(4,917,325)	11,216,537
Other Post-Employment Benefits	<u>1,250,169</u>	<u>565,782</u>	<u>(199,879)</u>	<u>1,616,072</u>
Total Governmental Activities	\$ 165,277,294	\$ 11,662,504	\$ (16,441,639)	\$160,498,159

Debt of the Business-Type activities decreased in the fiscal year ending 2011 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, 2010	Incurred or Issued	Satisfied, Adjusted or Matured	Balance June 30, 2011
Business-Type Activities				
Bonds Payable	\$ 6,595,000	\$ 0	\$ (705,000)	\$ 5,890,000
Certificates of Participation	25,900,000	0	(1,970,000)	23,930,000
Notes Payable	47,601,969	0	(3,088,883)	44,513,086
Compensated Absences	<u>2,355,329</u>	<u>981,856</u>	<u>(1,087,065)</u>	<u>2,250,120</u>
Total Business-Type Activities	\$ 82,452,298	\$ 981,856	\$ (6,850,948)	\$ 76,583,206

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, 2011, net capital assets of the Governmental activities totaled \$327 million and the net capital assets of the Business-Type activities totaled \$469 million. Depreciation on capital assets is recognized in the Government-Wide financial statements.

Table 6

City of Oceanside				
Capital Assets (including Redevelopment Agency)				
Description	Governmental Activities		Business-Type Activities	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 57,918,054	\$ 59,246,921	\$ 29,309,142	\$ 29,309,142
Buildings	101,994,964	101,146,595	155,933,619	153,107,776
Improvements	26,051,497	21,836,515	529,669,172	529,669,697
Equipment	60,304,063	58,976,596	11,079,161	11,062,968
Construction in Progress	13,932,355	13,046,357	33,014,201	32,325,391
Infrastructure	<u>302,413,084</u>	<u>301,568,949</u>	<u>0</u>	<u>0</u>
Capital Assets	562,614,017	555,821,933	759,005,295	755,474,974
Accumulated Depreciation	<u>(235,411,911)</u>	<u>(223,672,448)</u>	<u>(289,789,236)</u>	<u>(275,255,079)</u>
Total Capital Assets	\$ 327,202,106	\$ 332,149,485	\$ 469,216,059	\$ 480,219,895

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. 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 \$.5 million less than the amended budget due to declines in property taxes, interest/rentals and fines/forfeitures, which were offset by an increase in licenses/permits, intergovernmental revenue and charges for services. Charges to appropriations were less than the amended budget. Overall, actual revenues exceeded expenditures and transfers by approximately \$0.2 million which increased the General Fund balance. In accordance with the City's Administrative Directive, approximately \$0.8 million was carried forward to FY 2011-2012 for continued appropriation of incomplete projects. Additional information can be found in Note 10.

Table 7

City of Oceanside			
General Fund Comparison – Actual and Budget			
	Amended Budget	Actual	Variance Pos/(Neg)
Resources (inflows)			
Taxes	\$ 74,545,100	\$ 74,223,408	\$ (321,692)
Licenses and Permits	1,778,600	2,265,608	487,008
Fines and Forfeitures	1,929,800	1,564,969	(364,831)
Interest and Rentals	4,004,684	2,790,885	(1,213,799)
Intergovernmental Revenue	1,364,423	1,697,104	332,681
Charges for Services	12,293,392	12,688,490	395,098
Other Revenue (including Transfers In)	<u>18,627,275</u>	<u>18,831,710</u>	<u>204,435</u>
Amount Available for Appropriation	<u>114,543,274</u>	<u>114,062,174</u>	<u>(481,100)</u>
Charges to Appropriations (outflows)			
General Government	13,423,117	14,204,862	(781,745)
Public Safety	69,826,415	70,313,600	(487,185)
Public Works	10,874,961	9,014,560	1,860,401
Community Development	7,486,266	6,671,724	814,542
Community/Cultural Services	10,605,563	10,513,429	92,134
Capital Outlay/Debt Service	<u>795,795</u>	<u>457,974</u>	<u>337,821</u>
Charges to Appropriations	<u>113,012,117</u>	<u>111,176,149</u>	<u>1,835,968</u>
Transfers Out	<u>2,699,294</u>	<u>2,747,233</u>	<u>47,939</u>
Total Charges to Appropriations and Transfers	\$ 115,711,411	\$ 113,923,382	\$ 1,788,029
Excess of Resources Over (Under)	\$ (1,168,137)	\$ 138,792	
Charges to Appropriations and Transfers			

Table 8 compares the General Fund original adopted budget of \$113.6 million to the final budget amount of \$115.7 million, which shows an amended increase of \$2.1 million as delineated below. The \$2.1 million variance between the adopted and amended budget is due, in large part, to various amendments to the police and fire budgets. Offsetting the increases was a decrease in transfers/capital outlay/debt service.

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	\$ 10,512,982	\$ 11,285,514	\$ 772,532
Non-Departmental	2,673,917	2,137,603	(536,314)
Public Safety			
Police	44,473,605	46,528,896	2,055,291
Fire	22,170,481	23,297,519	1,127,038
Public Works	10,306,615	10,874,961	568,346
Community Development			
Planning	1,164,556	1,194,836	30,280
Building	1,742,103	1,760,084	17,981
Engineering	4,412,364	4,531,346	118,982
Community and Cultural Services			
Economic and Community Development	877,125	1,015,072	137,947
Library	4,587,596	4,645,866	58,270
Neighborhood Services	4,914,364	4,944,625	30,261
Transfers/Capital Outlay/Debt	<u>5,738,549</u>	<u>3,495,089</u>	<u>(2,243,460)</u>
Total Budget	<u>\$ 113,574,257</u>	<u>\$ 115,711,411</u>	<u>\$ 2,137,154</u>

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.

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CITY OF OCEANSIDE

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 134,113,450	\$ 62,324,428	\$ 196,437,878
Restricted cash and investments	6,587,602	936,607	7,524,209
Receivables:			
Accounts	1,870,847	9,227,065	11,097,912
Taxes	3,985,618	-	3,985,618
Notes	45,057,350	-	45,057,350
Interest	566,047	-	566,047
Other	6,185,756	-	6,185,756
Internal balances	(3,651,566)	3,651,566	-
Prepaid costs	45,325	917	46,242
Due from other governments	2,391,318	-	2,391,318
Inventories	259,561	1,085,504	1,345,065
Deferred charges	-	274,438	274,438
Net pension asset	37,207,105	-	37,207,105
Land held for resale	9,492,993	-	9,492,993
Capital assets not being depreciated	71,850,409	62,323,343	134,173,752
Capital assets, net of depreciation	255,351,697	406,892,716	662,244,413
Total Assets	571,313,512	546,716,584	1,118,030,096
Liabilities:			
Accounts payable	6,389,982	8,077,333	14,467,315
Accrued liabilities	4,778,653	785,344	5,563,997
Accrued interest	2,005,825	801,273	2,807,098
Unearned revenue	775,453	256,785	1,032,238
Deposits payable	833,354	1,159,447	1,992,801
Due to other governments	121,564	-	121,564
Noncurrent liabilities:			
Due within one year	16,281,627	6,529,038	22,810,665
Due in more than one year	144,943,843	69,850,572	214,794,415
Total Liabilities	176,130,301	87,459,792	263,590,093
Net Assets:			
Invested in capital assets, net of related debt	235,574,067	395,086,570	630,660,637
Restricted for:			
Public safety	962,084	-	962,084
Capital projects	58,506,349	32,998,023	91,504,372
Debt service	4,141,868	936,607	5,078,475
Lighting and landscape districts	1,395,945	-	1,395,945
Various grant programs	1,292,956	-	1,292,956
Highways	3,958,015	-	3,958,015
Housing program	35,275,236	-	35,275,236
Rate stabilization	-	1,700,000	1,700,000
Unrestricted	54,076,691	28,535,592	82,612,283
Total Net Assets	\$ 395,183,211	\$ 459,256,792	\$ 854,440,003

CITY OF OCEANSIDE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 14,899,107	\$ 1,618,641	\$ 12,633,980	\$ -
Public safety	74,767,172	6,116,702	2,665,957	-
Community development	28,968,430	6,127,879	25,273,930	-
Community/cultural services	11,669,455	1,203,242	208,779	12,669
Public works	32,341,519	8,424,047	4,810,893	7,466,866
Interest on long-term debt	7,472,655	-	-	-
Total Governmental Activities	170,118,338	23,490,511	45,593,539	7,479,535
Business-Type Activities:				
Water	43,930,562	45,307,197	384,697	-
Sewer	29,272,281	32,440,442	-	-
Waste Disposal	20,035,442	23,119,454	-	-
Special Aviation	380,711	97,633	-	-
Oceanside Small Craft Harbor District	1,382,005	5,003,985	-	-
Total Business-Type Activities	95,001,001	105,968,711	384,697	-
Total Primary Government	\$ 265,119,339	\$ 129,459,222	\$ 45,978,236	\$ 7,479,535

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
\$ (646,486)	\$ -	\$ (646,486)
(65,984,513)	-	(65,984,513)
2,433,379	-	2,433,379
(10,244,765)	-	(10,244,765)
(11,639,713)	-	(11,639,713)
(7,472,655)	-	(7,472,655)
(93,554,753)	-	(93,554,753)
-	1,761,332	1,761,332
-	3,168,161	3,168,161
-	3,084,012	3,084,012
-	(283,078)	(283,078)
-	3,621,980	3,621,980
-	11,352,407	11,352,407
(93,554,753)	11,352,407	(82,202,346)
54,923,310	-	54,923,310
3,325,825	-	3,325,825
18,141,424	-	18,141,424
4,125,808	-	4,125,808
2,303,542	-	2,303,542
1,336,271	-	1,336,271
830,682	-	830,682
9,585,836	568,677	10,154,513
5,749,504	4,461,855	10,211,359
7,025,199	(7,025,199)	-
107,347,401	(1,994,667)	105,352,734
13,792,648	9,357,740	23,150,388
389,589,810	450,451,251	840,041,061
(8,199,247)	(552,199)	(8,751,446)
\$ 395,183,211	\$ 459,256,792	\$ 854,440,003

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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 **Downtown Capital Projects Fund** is used to account for capital projects in the downtown area.

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, 2011**

	General	Special Revenue Fund	Capital Projects Funds	
		Housing Assistance Program	General Improvement	Downtown
Assets:				
Cash and investments	\$ 21,049,745	\$ 8,688,335	\$ 33,981,184	\$ 13,990,664
Restricted cash and investments	-	-	-	1,432,594
Receivables:				
Accounts	1,785,552	13,849	-	-
Taxes	3,811,451	-	-	-
Notes	-	28,913,381	-	-
Interest	473,413	-	5,196	14,655
Other	6,172,793	-	-	-
Prepaid costs	30,452	-	-	-
Due from other governments	-	41,781	-	-
Due from other funds	681,439	-	-	-
Advances to other funds	13,343,761	-	-	-
Inventories	4,638	-	-	-
Land and buildings held for resale	-	-	-	-
Total Assets	\$ 47,353,244	\$ 37,657,346	\$ 33,986,380	\$ 15,437,913
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 897,819	\$ 97,067	\$ 555,495	\$ 164,471
Accrued liabilities	4,267,284	149,625	6,630	-
Deferred revenues	6,350,060	5,337,699	-	-
Unearned revenues	238,670	-	-	-
Deposits payable	747,093	86,261	-	-
Due to other governments	-	121,564	-	-
Due to other funds	-	-	204	-
Advances from other funds	-	400,000	-	-
Total Liabilities	12,500,926	6,192,216	562,329	164,471
Fund Balances:				
Nonspendable	13,378,851	23,575,682	335,047	-
Restricted	-	7,889,448	-	1,432,594
Committed	15,667,245	-	21,030	-
Assigned	5,806,222	-	33,067,974	13,840,848
Unassigned	-	-	-	-
Total Fund Balances	34,852,318	31,465,130	33,424,051	15,273,442
Total Liabilities and Fund Balances	\$ 47,353,244	\$ 37,657,346	\$ 33,986,380	\$ 15,437,913

CITY OF OCEANSIDE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 514,110	\$ 22,011,829	\$ 100,235,867
Restricted cash and investments	2,980,153	2,174,855	6,587,602
Receivables:			
Accounts	-	34,769	1,834,170
Taxes	-	174,167	3,985,618
Notes	-	16,143,969	45,057,350
Interest	-	72,783	566,047
Other	-	12,963	6,185,756
Prepaid costs	-	-	30,452
Due from other governments	-	2,349,537	2,391,318
Due from other funds	-	-	681,439
Advances to other funds	-	3,200,117	16,543,878
Inventories	-	-	4,638
Land and buildings held for resale	-	9,492,993	9,492,993
Total Assets	\$ 3,494,263	\$ 55,667,982	\$ 193,597,128
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 3,986,241	\$ 5,701,093
Accrued liabilities	-	110,054	4,533,593
Deferred revenues	-	6,702,182	18,389,941
Unearned revenues	-	536,783	775,453
Deposits payable	-	-	833,354
Due to other governments	-	-	121,564
Due to other funds	-	681,235	681,439
Advances from other funds	15,523,637	-	15,923,637
Total Liabilities	15,523,637	12,016,495	46,960,074
Fund Balances:			
Nonspendable	-	24,176,027	61,465,607
Restricted	-	17,881,727	27,203,769
Committed	-	-	15,688,275
Assigned	-	1,967,025	54,682,069
Unassigned	(12,029,374)	(373,292)	(12,402,666)
Total Fund Balances	(12,029,374)	43,651,487	146,637,054
Total Liabilities and Fund Balances	\$ 3,494,263	\$ 55,667,982	\$ 193,597,128

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CITY OF OCEANSIDE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Fund balances of governmental funds		\$ 146,637,054
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.		319,349,499
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Tax allocation bonds	\$ (66,555,000)	
Certificates of participation	(24,150,000)	
Pension obligation bonds	(39,345,000)	
Capital leases payable	(1,747,800)	
Notes payable	(3,295,000)	
Bond premiums	(727,311)	
Compensated Absences	<u>(10,392,629)</u>	
		(146,212,740)
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.		(1,616,072)
Pension contributions were expenditures in the fund financial statements but are deferred and subject to capitalization and amortization on the Statement of Net Assets.		37,207,105
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(2,005,825)
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.		18,389,941
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.		<u>23,434,249</u>
Net assets of governmental activities		<u>\$ 395,183,211</u>

CITY OF OCEANSIDE

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	General	Special	Capital Projects Funds	
		Revenue Fund	General	Downtown
		Housing Assistance Program	Improvement	
Revenues:				
Taxes	\$ 74,223,408	\$ -	\$ -	\$ -
Licenses and permits	2,265,608	235,875	-	-
Intergovernmental	1,697,104	14,964,007	2,382,262	-
Charges for services	12,688,490	131,422	69,685	-
Interest and rentals	2,790,885	232,789	412,911	57,586
Fines and forfeitures	1,564,969	-	-	-
Lease revenue	-	-	-	-
Developer fees	-	965,850	1,799,803	-
Administrative and in lieu charges	8,472,390	-	-	-
Miscellaneous	550,069	435,528	1,833,600	-
Total Revenues	104,252,923	16,965,471	6,498,261	57,586
Expenditures:				
Current:				
General government	14,204,862	-	-	-
Public safety	70,313,600	-	-	-
Community development	6,671,724	16,409,991	-	-
Community/cultural services	10,513,429	-	-	-
Public works	9,014,560	-	2,157,802	445,956
Capital outlay	457,974	-	5,360,673	216,783
Debt service:				
Principal retirement	-	-	800,000	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	111,176,149	16,409,991	8,318,475	662,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,923,226)	555,480	(1,820,214)	(605,153)
Other Financing Sources (Uses):				
Transfers in	8,984,490	24,834	621,788	15,878,595
Transfers out	(2,747,233)	(24,987)	(1,177,955)	-
Long-term debt issued	824,761	-	800,000	-
Total Other Financing Sources (Uses)	7,062,018	(153)	243,833	15,878,595
Net Change in Fund Balances	\$ 138,792	\$ 555,327	\$ (1,576,381)	\$ 15,273,442
Fund Balances:				
Beginning of year, as originally reported	\$ 37,490,605	\$ 30,952,063	\$ 35,412,806	\$ -
Restatements	(2,777,079)	(42,260)	(412,374)	-
Beginning of year, as restated	34,713,526	30,909,803	35,000,432	-
Net change in fund balances	138,792	555,327	(1,576,381)	-
End of Year	\$ 34,852,318	\$ 31,465,130	\$ 33,424,051	\$ 15,273,442

CITY OF OCEANSIDE

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ 10,028,701	\$ 84,252,109
Licenses and permits	-	-	2,501,483
Intergovernmental	-	19,238,132	38,281,505
Charges for services	-	109,869	12,999,466
Interest and rentals	10,094	125,716	3,629,981
Fines and forfeitures	-	384,201	1,949,170
Lease revenue	-	2,348,728	2,348,728
Developer fees	-	16,705	2,782,358
Administrative and in lieu charges	-	2,439,583	10,911,973
Miscellaneous	-	5,439,000	8,258,197
Total Revenues	10,094	40,130,635	167,914,970
Expenditures:			
Current:			
General government	-	-	14,204,862
Public safety	-	1,795,825	72,109,425
Community development	-	4,573,675	27,655,390
Community/cultural services	-	329,805	10,843,234
Public works	-	5,512,083	17,130,401
Capital outlay	-	8,477,579	14,513,009
Debt service:			
Principal retirement	3,880,000	2,936,985	7,616,985
Interest and fiscal charges	4,186,914	3,421,178	7,608,092
Total Expenditures	8,066,914	27,047,130	171,681,398
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,056,820)	13,083,505	(3,766,428)
Other Financing Sources (Uses):			
Transfers in	5,845,010	1,621,542	32,976,259
Transfers out	-	(24,487,012)	(28,437,187)
Long-term debt issued	-	-	1,624,761
Total Other Financing Sources (Uses)	5,845,010	(22,865,470)	6,163,833
Net Change in Fund Balances	\$ (2,211,810)	\$ (9,781,965)	\$ 2,397,405
Fund Balances:			
Beginning of year, as originally reported	\$ (9,817,564)	\$ 53,385,757	\$ 147,423,667
Restatements	-	47,695	(3,184,018)
Beginning of year, as restated	(9,817,564)	53,433,452	144,239,649
Net change in fund balances	(2,211,810)	(9,781,965)	2,397,405
End of Year	\$ (12,029,374)	\$ 43,651,487	\$ 146,637,054

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, 2011**

Net change in fund balances - total governmental funds \$ 2,397,405

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	\$ 14,584,108	
Disposal of capital assets	(7,662,260)	
Depreciation expense	<u>(10,371,668)</u>	(3,449,820)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 7,616,985

Issuance of long-term liabilities (e.g. bonds, leases and loans) provides current financial resources to governmental funds, the the issuance of debt increase long-term liabilities in the Statement of Net Assets. (1,624,761)

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	83,793	
Amortization of bond premium	<u>51,644</u>	135,437

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. (242,896)

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. (1,547,896)

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. 357,268

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. 8,970,817

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.

1,180,109

Change in net assets of governmental activities \$ 13,792,648

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, 2011

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Assets:			
Current:			
Cash and investments	\$ 40,737,026	\$ 9,624,693	\$ 6,339,483
Restricted cash and investments	-	936,607	-
Receivables:			
Accounts	5,501,894	3,322,851	367,350
Prepaid costs	-	917	-
Inventories	465,124	620,380	-
Deferred charges	86,607	187,831	-
Total Current Assets	46,790,651	14,693,279	6,706,833
Noncurrent:			
Advances to other funds	4,758,259	-	-
Capital assets - net of accumulated depreciation	195,613,705	258,960,366	49,533
Total Noncurrent Assets	200,371,964	258,960,366	49,533
Total Assets	\$ 247,162,615	\$ 6,756,366	\$
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 4,929,392	\$ 732,188	\$ 1,390,491
Accrued liabilities	373,845	354,904	56,595
Accrued interest	185,510	485,591	-
Unearned revenues	101,417	-	-
Deposits payable	869,648	-	-
Compensated absences	456,960	418,798	101,242
Claims and judgments	-	-	-
Bonds, notes, and capital leases	1,265,000	3,769,430	-
Total Current Liabilities	8,181,772	5,760,911	1,548,328
Noncurrent:			
Advances from other funds	-	4,193,500	-
Compensated absences	322,208	559,832	53,356
Claims and judgments	-	-	-
Bonds, notes, and capital leases	11,731,203	54,053,214	-
Total Noncurrent Liabilities	12,053,411	58,806,546	53,356
Total Liabilities	20,235,183	64,567,457	1,601,684
Net Assets:			
Invested in capital assets, net of related debt	182,617,502	201,137,722	49,533
Restricted for capital projects	29,773,023	2,296,848	-
Restricted for debt service	-	936,607	-
Restricted for rate stabilization	-	-	1,700,000
Unrestricted	14,536,907	4,715,011	3,405,149
Total Net Assets	226,927,432	209,086,188	5,154,682
Total Liabilities and Net Assets	\$ 247,162,615	\$ 273,653,645	\$ 6,756,366

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 funds
 Current 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, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Assets:				
Current:				
Cash and investments	\$ 557,771	\$ 5,065,455	\$ 62,324,428	\$ 33,877,583
Restricted cash and investments	-	-	936,607	-
Receivables:				
Accounts	28,046	6,924	9,227,065	36,677
Prepaid costs	-	-	917	14,873
Inventories	-	-	1,085,504	254,923
Deferred charges	-	-	274,438	-
Total Current Assets	585,817	5,072,379	73,848,959	34,184,056
Noncurrent:				
Advances to other funds	-	-	4,758,259	-
Capital assets - net of accumulated depreciation	4,849,454	9,743,001	469,216,059	7,852,608
Total Noncurrent Assets	4,849,454	9,743,001	473,974,318	7,852,608
Total Assets	\$ 5,435,271	\$ 14,815,380	\$ 547,823,277	\$ 42,036,664
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 316,445	\$ 708,817	\$ 8,077,333	\$ 688,889
Accrued liabilities	-	-	785,344	245,060
Accrued interest	16,048	114,124	801,273	-
Unearned revenues	-	155,368	256,785	-
Deposits payable	4,580	285,219	1,159,447	-
Compensated absences	-	172,240	1,149,240	370,108
Claims and judgments	-	-	-	3,885,875
Bonds, notes, and capital leases	58,556	286,812	5,379,798	-
Total Current Liabilities	395,629	1,722,580	17,609,220	5,189,932
Noncurrent:				
Advances from other funds	1,185,000	-	5,378,500	-
Compensated absences	-	165,485	1,100,881	453,802
Claims and judgments	-	-	-	8,686,875
Bonds, notes, and capital leases	485,444	2,479,830	68,749,691	-
Total Noncurrent Liabilities	1,670,444	2,645,315	75,229,072	9,140,677
Total Liabilities	2,066,073	4,367,895	92,838,292	14,330,609
Net Assets:				
Invested in capital assets, net of related debt	4,305,454	6,976,359	395,086,570	7,852,608
Restricted for capital projects	-	3,225,000	35,294,871	-
Restricted for debt service	-	-	936,607	-
Restricted for rate stabilization	-	-	1,700,000	-
Unrestricted	(936,256)	246,126	21,966,937	19,853,447
Total Net Assets	3,369,198	10,447,485	454,984,985	27,706,055
Total Liabilities and Net Assets	\$ 5,435,271	\$ 14,815,380	\$ 547,823,277	\$ 42,036,664
			\$ 454,984,985	
			4,259,378	
			12,429	
			\$ 459,256,792	

CITY OF OCEANSIDE

**STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Operating Revenues:			
Charges for services	\$ 45,307,197	\$ 32,440,442	\$ 23,119,454
License and permits	513,336	-	-
Developer fees	560,831	707,045	-
Slip rentals and other related fees	-	-	-
Parking	-	-	-
Miscellaneous	804,127	579,699	3,123
Total Operating Revenues	47,185,491	33,727,186	23,122,577
Operating Expenses:			
Administration and general	5,012,297	4,693,442	1,218,701
Maintenance and operations	11,455,563	15,515,621	18,812,005
Cost of purchased water	21,028,509	-	-
Insurance premiums and settlements	-	-	-
Depreciation expense	5,851,353	7,926,984	4,736
Total Operating Expenses	43,347,722	28,136,047	20,035,442
Operating Income (Loss)	3,837,769	5,591,139	3,087,135
Nonoperating Revenues (Expenses):			
Intergovernmental	384,697	-	-
Interest revenue	494,116	37,677	-
Interest expense	(593,795)	(1,137,708)	-
Settlement	876,149	-	-
Total Nonoperating Revenues (Expenses)	1,161,167	(1,100,031)	-
Income (Loss) Before Transfers	4,998,936	4,491,108	3,087,135
Transfers in	339,852	5,348	-
Transfers out	(1,470,699)	(587,160)	(716,673)
Changes in Net Assets	<u>\$ 3,868,089</u>	<u>\$ 3,909,296</u>	<u>\$ 2,370,462</u>
Net Assets:			
Beginning of fiscal year, as originally reported	\$ 223,663,928	\$ 205,252,143	\$ 2,784,220
Restatements	(604,585)	(75,251)	-
Beginning of fiscal year, as restated	223,059,343	205,176,892	2,784,220
Changes in net assets	<u>3,868,089</u>	<u>3,909,296</u>	<u>2,370,462</u>
End of Fiscal Year	<u>\$ 226,927,432</u>	<u>\$ 209,086,188</u>	<u>\$ 5,154,682</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 REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011**

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Operating Revenues:				
Charges for services	\$ 97,633	\$ -	\$ 100,964,726	\$ 47,860,972
License and permits	-	-	513,336	-
Developer fees	-	-	1,267,876	-
Slip rentals and other related fees	-	5,003,985	5,003,985	-
Parking	-	417,545	417,545	-
Miscellaneous	-	-	1,386,949	246,425
Total Operating Revenues	97,633	5,421,530	109,554,417	48,107,397
Operating Expenses:				
Administration and general	-	8,739	10,933,179	32,780,613
Maintenance and operations	300,000	547,800	46,630,989	13,469,942
Cost of purchased water	-	-	21,028,509	-
Insurance premiums and settlements	-	-	-	714,284
Depreciation expense	52,047	699,938	14,535,058	2,436,149
Total Operating Expenses	352,047	1,256,477	93,127,735	49,400,988
Operating Income (Loss)	(254,414)	4,165,053	16,426,682	(1,293,591)
Nonoperating Revenues (Expenses):				
Intergovernmental	-	-	384,697	-
Interest revenue	(92)	36,976	568,677	-
Interest expense	(28,664)	(125,528)	(1,885,695)	-
Settlement	-	-	876,149	-
Total Nonoperating Revenues (Expenses)	(28,756)	(88,552)	(56,172)	-
Income (Loss) Before Transfers	(283,170)	4,076,501	16,370,510	(1,293,591)
Transfers in	-	8,336	353,536	3,206,790
Transfers out	(20,000)	(4,584,203)	(7,378,735)	(720,663)
Changes in Net Assets	\$ (303,170)	\$ (499,366)	\$ 9,345,311	\$ 1,192,536
Net Assets:				
Beginning of fiscal year, as originally reported	\$ 3,423,246	\$ 11,068,336	\$ 446,191,873	\$ 26,593,241
Restatements	249,122	(121,485)	(552,199)	(79,722)
Beginning of fiscal year, as restated	3,672,368	10,946,851	445,639,674	26,513,519
Changes in net assets	(303,170)	(499,366)	9,345,311	1,192,536
End of Fiscal Year	\$ 3,369,198	\$ 10,447,485	\$ 454,984,985	\$ 27,706,055
			\$ 9,345,311	
			12,429	
			\$ 9,357,740	

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Waste Disposal</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 46,556,265	\$ 33,523,151	\$ 23,969,895
Cash received from/(paid to) interfund service provided	-	-	-
Cash paid to suppliers for goods and services	(32,090,788)	(15,670,752)	(19,483,637)
Cash paid to employees for services	(4,947,267)	(4,649,784)	(1,223,820)
Net Cash Provided (Used) by Operating Activities	<u>9,518,210</u>	<u>13,202,615</u>	<u>3,262,438</u>
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	339,852	5,348	-
Cash transfers out	(1,470,699)	(587,160)	(716,673)
Amounts received from other funds	-	-	-
Advance from other funds	-	(106,500)	-
Advance to other funds	131,672	-	-
Intergovernmental	730,807	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(268,368)</u>	<u>(688,312)</u>	<u>(716,673)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,985,021)	(564,181)	-
Principal paid on capital debt	(1,746,878)	(3,673,479)	-
Interest paid on capital debt	(592,210)	(1,158,311)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,324,109)</u>	<u>(5,395,971)</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest received	494,116	37,677	-
Settlement	876,149	-	-
Net Cash Provided (Used) by Investing Activities	<u>1,370,265</u>	<u>37,677</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>6,295,998</u>	<u>7,156,009</u>	<u>2,545,765</u>
Cash and Cash Equivalents at Beginning of Year	<u>34,441,028</u>	<u>3,405,291</u>	<u>3,793,718</u>
Cash and Cash Equivalents at End of Year	<u>\$ 40,737,026</u>	<u>\$ 10,561,300</u>	<u>\$ 6,339,483</u>

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 351,709	\$ 5,300,414	\$109,701,434	\$ 322,452
Cash received from/(paid to) interfund service provided	-	-	-	47,860,972
Cash paid to suppliers for goods and services	16,445	156,576	(67,072,156)	(12,747,320)
Cash paid to employees for services	(5,671)	(122,365)	(10,948,907)	(32,790,959)
Net Cash Provided (Used) by Operating Activities	362,483	5,334,625	31,680,371	2,645,145
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	8,336	353,536	3,206,790
Cash transfers out	(20,000)	(4,584,203)	(7,378,735)	(720,663)
Amounts received from other funds	(635,441)	-	(635,441)	(177,784)
Advance from other funds	935,878	-	829,378	-
Advance to other funds	-	-	131,672	-
Intergovernmental	-	-	730,807	-
Net Cash Provided (Used) by Non-Capital Financing Activities	280,437	(4,575,867)	(5,968,783)	2,308,343
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(982,020)	(3,531,222)	(938,591)
Principal paid on capital debt	(54,778)	(274,464)	(5,749,599)	-
Interest paid on capital debt	(30,279)	(136,849)	(1,917,649)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(85,057)	(1,393,333)	(11,198,470)	(938,591)
Cash Flows from Investing Activities:				
Interest received	(92)	36,975	568,676	-
Settlement	-	-	876,149	-
Net Cash Provided (Used) by Investing Activities	(92)	36,975	1,444,825	-
Net Increase (Decrease) in Cash and Cash Equivalents	557,771	(597,600)	15,957,943	4,014,897
Cash and Cash Equivalents at Beginning of Year	-	5,663,055	47,303,092	29,862,686
Cash and Cash Equivalents at End of Year	\$ 557,771	\$ 5,065,455	\$ 63,261,035	\$ 33,877,583

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Waste Disposal</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 3,837,769	\$ 5,591,139	\$ 3,087,135
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	5,851,353	7,926,984	4,736
Net Asset Restatement	(604,585)	(75,251)	-
(Increase) decrease in accounts receivable	(24,641)	(128,784)	847,318
(Increase) decrease in deposits receivable	-	-	-
(Increase) decrease in prepaid expense	-	(57)	1,168
(Increase) decrease in inventory	60,564	5,769	-
Increase (decrease) in accounts payable	140,755	(160,843)	(3,292)
Increase (decrease) in accrued liabilities	44,730	48,214	2,207
Increase (decrease) in deposits payable	200,879	-	-
Increase (decrease) in unearned revenue	(8,914)	-	(669,508)
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	20,300	(4,556)	(7,326)
Total Adjustments	5,680,441	7,611,476	175,303
Net Cash Provided by Operating Activities	\$ 9,518,210	\$ 13,202,615	\$ 3,262,438
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of deferred charges	\$ 19,590	\$ 11,546	\$ -
Amortization of discount on long-term debt	3,122	189,798	-

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Special Aviation</u>	<u>Oceanside Small Craft Harbor District</u>	<u>Totals</u>	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (254,414)	\$ 4,165,053	\$ 16,426,682	\$ (1,293,591)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	52,047	699,938	14,535,058	2,436,149
Net Asset Restatement	249,122	(121,484)	(552,198)	-
(Increase) decrease in accounts receivable	4,954	368	699,215	76,027
(Increase) decrease in deposits receivable	-	-	-	-
(Increase) decrease in prepaid expense	-	-	1,111	1,167,348
(Increase) decrease in inventory	-	-	66,333	5,674
Increase (decrease) in accounts payable	316,445	692,048	985,113	(313,409)
Increase (decrease) in accrued liabilities	(5,671)	-	89,480	(37,345)
Increase (decrease) in deposits payable	-	10,480	211,359	-
Increase (decrease) in unearned revenue	-	1,848	(676,574)	-
Increase (decrease) in claims and judgments	-	-	-	577,293
Increase (decrease) in compensated absences	-	(113,626)	(105,208)	26,999
Total Adjustments	616,897	1,169,572	15,253,689	3,938,736
Net Cash Provided by Operating Activities	\$ 362,483	\$ 5,334,625	\$ 31,680,371	\$ 2,645,145
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of deferred charges	\$ -	\$ -	\$ 31,136	\$ -
Amortization of discount on long-term debt	-	-	192,920	-

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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, 2011

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 8,927,251
Restricted cash and investments	8,434,645
Receivables:	
Accounts	29,138
Taxes	4,177
	<hr/>
Total Assets	<u>\$ 17,395,211</u>
Liabilities:	
Accounts payable	\$ 53,100
Deposits payable	3,517,139
Due to bondholders	13,824,972
	<hr/>
Total Liabilities	<u>\$ 17,395,211</u>

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 governmental 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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) 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:

Note 1: Summary of Significant Accounting Policies (Continued)

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

The Capital Projects Downtown Fund used to account for capital projects in the downtown area.

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.

The City reports the following major enterprise funds:

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The Oceanside Small Craft Harbor District Fund 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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.

I. 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.

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, 2011:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 133,486,221	\$ 62,951,657	\$ 8,927,251	\$ 205,365,129
Restricted cash and investments	6,587,602	936,607	8,434,645	15,958,854
Total cash and investments	\$ 140,073,823	\$ 63,888,264	\$ 17,361,896	\$ 221,323,983

Cash and investments at June 30, 2011 consisted of the following:

Demand deposits	\$ 760,996
Petty Cash	10,900
Investments	220,552,087
Total cash and investments	\$ 221,323,983

Demand Deposits

At June 30, 2011, the carrying amount of the City's deposits was \$760,996 and the bank balance was \$1,078,992. The \$317,996 difference represents outstanding checks and other reconciling items.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011
Note 2: Cash and Investments (Continued)

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are insured by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

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

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.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 2: Cash and Investments (Continued)

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	\$ 2,015,870	\$ 2,022,754	\$ 148,626,875	\$ 152,665,499
Local Agency Investment Fund (LAIF)	51,927,734	-	-	51,927,734
Held by Bond Trustees:				
Money Market Mutual Funds	15,958,854	-	-	15,958,854
	\$ 69,902,458	\$ 2,022,754	\$ 148,626,875	\$ 220,552,087

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, 2011, is \$191,883,721 or 93.79% of the City's portfolio (excluding held by bond trustees).

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 2: Cash and Investments (Continued)

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, 2011	Minimum Legal Rating	A3/A-	AA2/AA+	AAA/Aaa	Unrated
United States Government Sponsored Enterprise Securities	152,665,499	N/A	957,254	1,510,601	\$ 144,080,520	\$ 6,117,124
Local Agency Investment Fund (LAIF)	51,927,734	N/A	-	-	-	51,927,734
Held by Bond Trustees: Money Market Mutual Funds	15,958,854	AAA/Aaa	-	-	15,958,854	-
	<u>\$ 220,552,087</u>		<u>\$ 957,254</u>	<u>\$ 1,510,601</u>	<u>\$ 160,039,374</u>	<u>\$ 58,044,858</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	\$ 32,984,623	21.61%
Federal Home Loan Bank	United States Government Sponsored Enterprise Securities	42,430,272	27.79%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	37,583,466	24.62%
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	34,137,946	22.36%

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, 2011, none of the City's deposits or investments were exposed to custodial credit risk.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 2: Cash and Investments (Continued)

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, 2011, the City had notes receivable reported in the following funds:

Housing Assistance Program Special Revenue Fund	\$ 28,913,381
Redevelopment Area Capital Projects Fund	8,702,404
Grants Special Revenue Fund	<u>7,441,565</u>
Total	<u>\$ 45,057,350</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, 2011, the outstanding balance including accrued interest of \$2,111,766 is \$28,913,381.

At June 30, 2011, the Commission 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, 2011, the outstanding balance including accrued interest of \$489,566 is \$6,089,566.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 4: Notes Receivable (Continued)

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, 2011, the outstanding balance is \$363,828.

The Commission entered into various loan agreements with Mission Grove Housing, L.P, dated December 21, 2001 totaling \$1,385,000 at a rate of 0% interest during the construction phase and 3% simple interest thereafter. The note is secured by a deed of trust. At June 30, 2011, the outstanding balance with accrued interest is \$1,696,625.

On February 11, 2003, the Commission entered into another agreement with Mission Grove Housing, L.P, for \$718,000 at a rate of 3%. The term of the note is for 20 years. The note is secured by a deed of trust. At June 30, 2011, the outstanding balance is \$497,575.

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, 2011, the outstanding balance including accrued interest of \$2,736,592 is \$7,441,565.

Note 5: Interfund Transactions

a. Due To/From Other Funds

At June 30, 2011, the City had the following short-term interfund receivables and payables:

Due from Other Funds	Due to Other Funds		Total
	General Improvement Fund	Non-Major Governmental Funds	
General Fund	\$ 204	\$ 681,235	\$ 681,439

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

b. Advances To/From Other Funds

At June 30, 2011, the City had the following long-term interfund receivables and payables:

Advances to Other Funds	Advances from Other Funds				Total
	Housing Assistance Program	Redevelopment Agency Debt Service Fund	Sewer Enterprise Fund	Special Aviation Enterprise Fund	
General Fund	\$ 400,000	\$ 11,758,761	\$ -	\$ 1,185,000	13,343,761
Non-major Governmental Fund	-	3,200,117	-	-	3,200,117
Water Enterprise Fund		564,759	4,193,500		4,758,259
Total	\$ 400,000	\$ 15,523,637	\$ 4,193,500	\$ 1,185,000	\$ 21,302,137

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 5: Interfund Transactions (Continued)

The Redevelopment Agency Debt Service Fund 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, 2011, the outstanding balance of the loan was \$11,758,761.

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, 2011, the outstanding balance of the loan was \$3,200,117.

The Water Fund advanced funds to the Redevelopment Agency Debt Service Fund and the *Sewer Enterprise Fund* for operational purposes. As of June 30, 2011, the outstanding balance of the loan was \$564,759 and \$4,193,500 respectively.

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, 2011, the outstanding balance of the loan was \$400,000 and \$1,185,000, respectively.

The Water Fund advanced funds to the Sewer Fund to provide funding for a legal settlement. As of June 30, 2011, the outstanding balance of the loan was \$4,193,500.

c. Transfers In/Out

Transfers in and out for the year ended June 30, 2011, are as follows:

Transfers Out	Transfers In										Total
	General Fund	Housing Assistance Program	General Improvement	Downtown	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Small Craft Harbor District Enterprise Fund	Internal Service Funds	
General Fund	\$ -	\$ 24,834	\$ 515,000	\$ -	\$ -	\$ 102,936	\$ -	\$ -	\$ 8,336	\$ 2,096,127	\$ 2,747,233
Housing Assistance Program	-	-	-	-	-	-	-	-	-	24,987	24,987
General Improvement	555,300	-	-	-	-	622,655	-	-	-	-	1,177,955
Other Governmental Funds	1,998,887	-	-	15,878,595	5,845,010	739,000	20,500	-	-	5,020	24,487,012
Water Enterprise Fund	872,962	-	-	-	-	-	-	-	-	597,737	1,470,699
Sewer Enterprise Fund	-	-	-	-	-	-	300,000	-	-	287,160	587,160
Waste Disposal Enterprise Fund	397,227	-	-	-	-	150,000	-	-	-	169,446	716,673
Special Aviation Enterprise Fund	18,436	-	-	-	-	-	-	-	-	1,564	20,000
Small Craft Harbor District Enterprise Fund	4,559,454	-	-	-	-	-	-	-	-	24,749	4,584,203
Internal Service Funds	582,224	-	106,788	-	-	6,951	19,352	5,348	-	-	720,663
Total	\$ 8,984,490	\$ 24,834	\$ 621,788	\$ 15,878,595	\$ 5,845,010	\$ 1,621,542	\$ 339,852	\$ 5,348	\$ 8,336	\$ 3,206,790	\$ 36,536,585

The General Fund transferred \$515,000 to the General Improvement Capital Projects Fund for capital improvement projects and \$2,096,127 to the Risk Management Internal Service Fund for payment of claims.

The Other Governmental Funds transferred \$1,998,887 to the General Fund for operating expenses, \$15,878,595 to the Downtown Capital Projects Fund for capital projects and \$5,845,010 to the Redevelopment Agency Debt Service Fund for debt service payments.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 5: Interfund Transactions (Continued)

The Water Enterprise Fund, Waste Disposal Enterprise Fund and Oceanside Small Craft Harbor District Enterprise Fund transferred \$872,962, \$397,227 and \$4,559,454, respectively, to the General Fund for operating expenses.

The Water Enterprise Fund transferred \$169,446 to the Risk Management Internal Service Fund for payment of claims.

Note 6: Capital Assets

a. Governmental Activities Capital Assets

A summary of changes in the governmental activities capital assets at June 30, 2011, is as follows:

	Balance at July 1, 2010	Transfers	Additions	Deletions	Balance at June 30, 2011
Capital assets not being depreciated:					
Land	\$ 59,246,921	\$ -	\$ -	1,328,867	\$ 57,918,054
Construction in progress	13,046,357	-	7,127,258	6,241,260	13,932,355
Total Capital Assets, Not Being Depreciated	72,293,278	-	7,127,258	7,570,127	71,850,409
Capital assets being depreciated:					
Buildings and improvements	101,146,595	69,351	779,018	-	101,994,964
Improvements other than buildings	21,836,515	(69,351)	4,284,333	-	26,051,497
Machinery and equipment	58,976,596	-	2,487,954	1,160,487	60,304,063
Infrastructure	301,568,949	-	844,135	-	302,413,084
Total Capital Assets, Being Depreciated	483,528,655	-	8,395,440	1,160,487	490,763,608
Less accumulated depreciation for:					
Buildings and improvements	26,310,739	-	2,098,545	-	28,409,284
Improvements other than buildings	4,851,923	-	1,143,650	-	5,995,573
Machinery and equipment	42,558,474	-	2,345,718	1,068,354	43,835,838
Infrastructure	149,951,312	-	7,219,904	-	157,171,216
Total Accumulated Depreciation	223,672,448	-	12,807,817	1,068,354	235,411,911
Total Capital Assets, Being Depreciated, Net	259,856,207	-	(4,412,377)	92,133	255,351,697
Governmental Activities Capital Assets, Net	\$ 332,149,485	\$ -	\$ 2,714,881	\$ 7,662,260	\$ 327,202,106

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

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 6: Capital Assets (Continued)

General government	\$ 184,558
Public safety	923,372
Public works	7,278,920
Community development	653,782
Community/culture services	1,331,036
Internal service funds	<u>2,436,149</u>
Total depreciation expense-governmental activities	<u>\$ 12,807,817</u>

b. Business-Type Activities Capital Assets

A summary of changes in the business-type activities capital assets at June 30, 2011, is as follows:

	Balance at July 1, 2010	Transfers	Additions	Deletions	Balance at June 30, 2011
Capital assets not being depreciated:					
Land	\$ 29,309,142	\$ -	\$ -	\$ -	\$ 29,309,142
Construction in progress	32,325,391	(2,559,578)	3,303,073	54,685	33,014,201
Total Capital Assets, Not Being Depreciated	<u>61,634,533</u>	<u>(2,559,578)</u>	<u>3,303,073</u>	<u>54,685</u>	<u>62,323,343</u>
Capital assets being depreciated:					
Buildings and improvements	153,107,776	2,559,578	266,265	-	155,933,619
Improvements other than buildings	529,669,697	(525)	-	-	529,669,172
Machinery and equipment	11,062,968	525	16,569	901	11,079,161
Total Capital Assets, Being Depreciated	<u>693,840,441</u>	<u>2,559,578</u>	<u>282,834</u>	<u>901</u>	<u>696,681,952</u>
Less accumulated depreciation for:					
Buildings and improvements	37,891,165	-	3,138,613	-	41,029,778
Improvements other than buildings	232,393,320	(525)	10,581,885	-	242,974,680
Machinery and equipment	4,970,594	525	814,560	901	5,784,778
Total Accumulated Depreciation	<u>275,255,079</u>	<u>-</u>	<u>14,535,058</u>	<u>901</u>	<u>289,789,236</u>
Total Capital Assets, Being Depreciated, Net	<u>418,585,362</u>	<u>2,559,578</u>	<u>(14,252,224)</u>	<u>-</u>	<u>406,892,716</u>
Business-Type Activities Capital Assets, Net	<u>\$ 480,219,895</u>	<u>\$ -</u>	<u>\$ (10,949,151)</u>	<u>\$ 54,685</u>	<u>\$ 469,216,059</u>

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

Water	\$ 5,851,353
Sewer	7,926,984
Waste Disposal	4,736
Special Aviation	52,047
Oceanside Small Craft Harbor District	<u>699,938</u>
Total depreciation expense-business type activities	<u>\$ 14,535,058</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

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 at June 30, 2011, was \$9,492,993.

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, 2011:

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011	Due Within One Year	Due in More Than One Year
Tax Allocation Bonds:						
2002 Tax Allocation Refunding Bonds	\$ 18,030,000	\$ -	\$ (750,000)	\$ 17,280,000	\$ 785,000	\$ 16,495,000
2003 Tax Allocation Refunding Bonds	5,150,000	-	(485,000)	4,665,000	505,000	4,160,000
Subordinate 2003 Tax Allocation Bonds	15,725,000	-	(655,000)	15,070,000	685,000	14,385,000
2004 Tax Allocation Refunding Bonds	11,885,000	-	(340,000)	11,545,000	355,000	11,190,000
Total Tax Allocation Bonds	50,790,000	-	(2,230,000)	48,560,000	2,330,000	46,230,000
Certificate of Participation:						
1998 COP	7,970,000	-	(400,000)	7,570,000	430,000	7,140,000
2003 COP	17,825,000	-	(1,245,000)	16,580,000	1,310,000	15,270,000
2005 Refunding COP	19,645,000	-	(1,650,000)	17,995,000	1,705,000	16,290,000
Total COPs	45,440,000	-	(3,295,000)	42,145,000	3,445,000	38,700,000
Capital Leases:						
2004 Streetlight Lease/Purchase Agreement	1,130,024	-	(206,985)	923,039	216,608	706,431
2011 Fire Apparatus	-	1,624,761	(800,000)	824,761	104,581	720,180
Total Capital Leases	1,130,024	1,624,761	(1,006,985)	1,747,800	321,189	1,426,611
Notes Payable:						
2008 HUD 108 Loans	3,400,000	-	(105,000)	3,295,000	111,000	3,184,000
Total Notes Payable	3,400,000	-	(105,000)	3,295,000	111,000	3,184,000
Pension Obligation Bonds	40,325,000	-	(980,000)	39,345,000	1,150,000	38,195,000
Claims Payable	11,995,457	4,284,743	(3,707,450)	12,572,750	3,885,875	8,686,875
Compensated Absences	10,946,644	5,187,218	(4,917,325)	11,216,537	5,038,563	6,177,974
Other post-employment benefit obligation	1,250,169	565,782	(199,879)	1,616,072	-	1,616,072
Subtotal	\$ 165,277,294	\$ 11,662,504	\$ (16,441,639)	160,498,159	\$ 16,281,627	\$ 144,216,532
				Add: Unamortized Bond Premium	727,311	
				Total	\$ 161,225,470	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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 2026, 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, 2011, the outstanding balance of these bonds was \$17,280,000.

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

Year Ending June 30	Principal	Interest	Total
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	955,000	752,631	1,707,631
2017-2021	5,590,000	2,912,944	8,502,944
2022-2026	7,350,000	1,104,000	8,454,000
Totals	<u>\$ 17,280,000</u>	<u>\$ 8,233,233</u>	<u>\$ 25,513,233</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, 2011, the outstanding balance of these bonds was \$4,665,000.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8: Long-Term Liabilities (Continued)

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

Year Ending June 30	Principal	Interest	Total
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	590,000	88,263	678,263
2017-2019	1,930,000	118,000	2,048,000
Totals	<u>\$ 4,665,000</u>	<u>\$ 762,676</u>	<u>\$ 5,427,676</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, 2011, the outstanding balance of these bonds was \$15,070,000.

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 685,000	\$ 801,220	\$ 1,486,220
2013	720,000	766,058	1,486,058
2014	755,000	728,798	1,483,798
2015	790,000	689,590	1,479,590
2016	835,000	648,205	1,483,205
2017-2021	4,880,000	2,514,478	7,394,478
2022-2026	6,405,000	946,534	7,351,534
Totals	<u>\$ 15,070,000</u>	<u>\$ 7,094,883</u>	<u>\$ 22,164,883</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, 2011
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, 2011, the outstanding balance of these bonds was \$11,545,000.

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

Year Ending June 30	Principal	Interest	Total
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	400,000	432,341	832,341
2017-2021	3,840,000	1,832,566	5,672,566
2022-2024	5,820,000	537,068	6,357,068
Totals	<u>\$ 11,545,000</u>	<u>\$ 4,678,922</u>	<u>\$ 16,223,922</u>

Certificate of Participation1998 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, 2011, the outstanding balance of these certificates was \$7,570,000.

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

Year Ending June 30	Principal	Interest	Total
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	560,000	278,165	838,165
2017-2021	3,410,000	904,258	4,314,258
2022-2023	1,695,000	89,570	1,784,570
Totals	<u>\$ 7,570,000</u>	<u>\$ 2,639,028</u>	<u>\$ 10,209,028</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8: Long-Term Liabilities (Continued)

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, 2011, the outstanding balance of these certificates was \$16,580,000.

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

Year Ending June 30	Principal	Interest	Total
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	1,600,000	571,690	2,171,690
2017-2021	7,085,000	1,586,605	8,671,605
2022-2023	2,245,000	176,540	2,421,540
Totals	<u>\$ 16,580,000</u>	<u>\$ 5,371,384</u>	<u>\$ 21,951,384</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 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, 2011, the outstanding balance of these certificates was \$17,995,000.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8: Long-Term Liabilities (Continued)

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

Year Ending June 30	Principal	Interest	Total
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	1,990,000	434,963	2,424,963
2017-2021	8,795,000	860,825	9,655,825
Totals	<u>\$ 17,995,000</u>	<u>\$ 3,758,259</u>	<u>\$ 21,753,259</u>

Capital Lease Obligations

2004 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, 2011, the outstanding balance of this lease was \$923,039.

The future minimum lease payments are as follows:

Year Ending June 30	Annual Payment
2012	\$ 250,827
2013	250,563
2014	249,307
2015	<u>251,954</u>
	Less Interest Portion <u>(79,612)</u>
	Total Future Minimum Lease Payments <u>\$ 923,039</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.

2011 Fire Apparatus Lease/Purchase Agreement

On February 4, 2011, the City entered into a lease/purchase agreement with Oshkosh Capital in the amount of \$1,624,761 for the purchase of one 2011 Pierce PUC Tiller and one 2011 Pierce PUC Pumper. The lease is due in annual installments of \$137,159. The lease bears an interest rate of 3.95% and is payable annually on February 4. At June 30, 2011, the outstanding balance of this lease was \$824,761.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8: Long-Term Liabilities (Continued)

The future minimum lease payments are as follows:

Year Ending June 30	Annual Payment
2012	\$ 137,159
2013	137,159
2014	137,159
2015	137,159
2016	137,159
2017-2022	<u>274,318</u>
Less Interest Portion	<u>(135,352)</u>
Total Future Minimum Lease Payments	<u>\$ 824,761</u>

The gross amount of assets acquired under capital leases is \$1,624,761 and is classified as machinery and equipment within capital assets. The amortization of the leased assets is included as part of depreciation expense.

Notes Payable

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 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, 2011, the outstanding balance of the loans was \$3,295,000.

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

Year Ending June 30	Principal	Interest	Total
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	138,000	139,452	277,452
2017-2021	814,000	592,618	1,406,618
2022-2026	1,068,000	359,247	1,427,247
2031-2035	<u>793,000</u>	<u>65,784</u>	<u>858,784</u>
Totals	<u>\$ 3,295,000</u>	<u>\$ 1,766,710</u>	<u>\$ 5,061,710</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011
Note 8: Long-Term Liabilities (Continued)**Pension Obligation Bonds**2005 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 current unamortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System (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, 2011, the outstanding balance of the bonds was \$39,345,000 and the unamortized bond premium was \$727,311.

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

Year Ending June 30	Principal	Interest	Total
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	1,975,000	1,703,112	3,678,112
2017-2021	13,920,000	6,661,988	20,581,988
2022-2026	17,685,000	2,028,117	19,713,117
Totals	<u>\$ 39,345,000</u>	<u>\$ 17,997,917</u>	<u>\$ 57,342,917</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, 2011, was \$12,572,750.

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 \$11,216,537 at June 30, 2011. 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 \$69,329,714 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 \$10,028,701 and the debt service obligation on the bonds was \$4,711,504.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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, 2011, the outstanding balance of these bonds was \$5,890,000. The unamortized bond discount at June 30, 2011 was \$13,799.

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

Year Ending June 30	Principal	Interest	Total
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	880,000	115,590	995,590
2017-2018	1,885,000	95,375	1,980,375
Totals	<u>\$ 5,890,000</u>	<u>\$ 1,067,125</u>	<u>\$ 6,957,125</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, 2011, the outstanding balance of these certificates was \$7,120,000.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8: Long-Term Liabilities (Continued)

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

Year Ending June 30	Principal	Interest	Total
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	615,000	183,400	798,400
2017-2021	3,455,000	519,934	3,974,934
2022-2026	775,000	15,984	790,984
Totals	<u>\$ 7,120,000</u>	<u>\$ 1,649,463</u>	<u>\$ 8,769,463</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, 2011, the outstanding balance of these certificates was \$7,100,000.

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

Year Ending June 30	Principal	Interest	Total
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	680,000	223,950	903,950
2017-2021	3,935,000	609,500	4,544,500
Totals	<u>\$ 7,100,000</u>	<u>\$ 1,982,850</u>	<u>\$ 9,082,850</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, 2011, the

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8: Long-Term Liabilities (Continued)

outstanding balance of these certificates was \$9,710,000. The unamortized bond discount at June 30, 2011 was \$189,798.

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

Year Ending June 30	Principal	Interest	Total
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	440,000	494,406	934,406
2017-2021	2,565,000	2,105,125	4,670,125
2022-2026	3,425,000	1,243,288	4,668,288
2027-2031	1,700,000	167,375	1,867,375
Totals	<u>\$ 9,710,000</u>	<u>\$ 6,164,681</u>	<u>\$ 15,874,681</u>

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, 2011, the outstanding balance of these notes was \$38,162,128.

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

Year Ending June 30	Principal	Interest	Total
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	2,404,175	522,216	2,926,391
2017-2021	12,686,928	1,945,028	14,631,956
2022-2026	13,872,646	759,309	14,631,955
Totals	<u>\$ 38,162,128</u>	<u>\$ 5,733,739</u>	<u>\$ 43,895,867</u>

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, 2011

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, 2011, the outstanding balance of this note was \$3,040,316.

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

Year Ending June 30	Principal	Interest	Total
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	640,887	17,304	658,191
Totals	<u>\$ 3,040,316</u>	<u>\$ 250,639</u>	<u>\$ 3,290,955</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
2012	\$ 286,812	\$ 124,499	\$ 411,311
2013	299,719	111,593	411,312
2014	313,206	98,106	411,312
2015	327,300	84,011	411,311
2016	342,029	69,282	411,311
2017-2021	878,579	163,192	1,041,771
2022-2026	318,997	29,131	348,128
Totals	<u>\$ 2,766,642</u>	<u>\$ 679,814</u>	<u>\$ 3,446,456</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, 2011, the outstanding balance of this note was \$544,000.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 8: Long-Term Liabilities (Continued)

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

Year Ending June 30	Principal	Interest	Total
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	73,667	14,519	88,186
2017-2021	213,444	20,441	233,885
Totals	<u>\$ 544,000</u>	<u>\$ 126,466</u>	<u>\$ 670,466</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, 2011
1990 Residential Mortgage Revenue Bonds	July 1, 1990	\$ 21,000,000	\$ 13,270,000
2001 Multi-Family Housing Housing Refunding Revenue Bonds Vista Del Oro	March 1, 2001	13,325,000	13,325,000
2002 Multi Family Housing Revenue Bonds Vintage Point II Senior Apartments	December 1, 2002	11,300,000	10,287,845
2008 Multi Family Housing Revenue Bonds Country Club apartments	June 12, 2008	11,707,272	3,228,245
Ocean Ranch CFD 2000-1 Ocean Ranch Corporate Centre	December 30, 2002	12,265,000	11,915,000
Morro Hill CFD 2002	December 1, 2002	16,085,000	7,755,000
Ocean Ranch CFD 2004	February 1, 2004	12,735,000	12,665,000
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	8,505,000
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, 2011

Note 9: Fund Balances

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

	General	Housing Assistance Program	General Improvement	Downtown	Debt Service Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Inventories	\$ 4,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,638
Prepaid costs	30,452	-	-	-	-	-	30,452
Land held for resale	-	-	-	-	-	9,492,993	9,492,993
Notes and loans	-	23,575,682	-	-	-	10,365,949	33,941,631
Advances to other funds	13,343,761	-	-	-	-	4,317,085	17,660,846
Escrow cash deposits	-	-	335,047	-	-	-	335,047
Restricted							
Community development projects	-	-	-	-	-	163,199	163,199
Public safety	-	-	-	-	-	961,081	961,081
Highways	-	-	-	-	-	3,958,015	3,958,015
Debt service	-	-	-	1,432,594	-	2,174,855	3,607,449
Street lighting and landscape maintenance	-	-	-	-	-	1,395,945	1,395,945
Housing assistance program	-	7,889,448	-	-	-	5,443,585	13,333,033
Capital projects	-	-	-	-	-	3,785,047	3,785,047
Committed							
Community development projects	894,222	-	-	-	-	-	894,222
Capital projects	-	-	21,030	-	-	-	21,030
Healthy city policy	14,500,000	-	-	-	-	-	14,500,000
Continuing appropriations	273,023	-	-	-	-	-	273,023
Assigned							
Economic stabilization	3,494,849	-	-	-	-	-	3,494,849
Parks and recreation	319,340	-	-	-	-	-	319,340
Capital projects	-	-	33,067,974	13,840,848	-	-	46,908,822
Debt service	-	-	-	-	-	1,967,013	1,967,013
Library	-	-	-	-	-	12	12
Infrastructure	1,992,033	-	-	-	-	-	1,992,033
Unassigned							
	-	-	-	-	(12,029,374)	(373,292)	(12,402,666)
Total Fund Balances	\$ 34,852,318	\$ 31,465,130	\$ 33,424,051	\$ 15,273,442	\$ (12,029,374)	\$ 43,651,487	\$ 146,637,054

Note 10: Other Required Individual Fund Disclosures

a. Deficit Fund Balances

The following funds reported deficit in fund balance at June 30, 2011:

Major Funds:

Redevelopment Agency Debt Service Fund \$ 12,029,374

Nonmajor Funds:

Storm Damage 373,292

The deficit in the Redevelopment Agency Debt Service Fund will be eliminated with collection of tax increments and the deficit in the Storm Damage Fund will be eliminated with future reimbursements.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 10: Other Required Individual Fund Disclosures (Continued)

b. Excess of Expenditures over Appropriations

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
City treasurer	\$ 768,147	\$ 807,762	\$ (39,615)
Human resources	811,103	922,149	(111,046)
Nondepartmental	2,137,603	3,087,404	(949,801)
Fire	23,297,519	23,874,159	(576,640)
Library	4,645,866	4,755,689	(109,823)

The City treasurer exceeded the budget by \$39,615 due to higher than expected bank fees. Human resources was over budget \$111,046 due to employee retirement pay out. Nondepartmental exceeded budget due to bad debt write off. Fire was over budget \$576,640 due to employee over time expense. The Library was over budget \$109,823 due to higher than planned remodeling expense.

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 \$9,208,000 and \$3,364,750, respectively, reported at June 30, 2011, 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:

Year Ended June 30	Claims Payable July 1	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
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
2011	11,995,457	4,284,743	3,707,450	12,572,750

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.

Note 11: Risk Management (Continued)

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.

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 \$6,439,490 for the year ended June 30, 2011. Employees are currently contributing from 4 percent to 8 percent depending on their bargaining group memorandum of understanding. The City employer is required to contribute at an actuarially determined rates, the rates for fiscal year 2010-2011, were 15.190% and 22.269% of annual covered payroll for the miscellaneous and safety employees, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011
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:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Annual required contribution	\$ 6,273,388	\$ 7,133,548	\$ 13,406,936
Interest on net pension asset	(686,475)	(1,120,037)	(1,806,512)
Adjustment to annual required contribution	<u>999,870</u>	<u>1,631,367</u>	<u>2,631,237</u>
Annual pension cost	6,586,783	7,644,878	14,231,661
Contributions made	<u>6,273,388</u>	<u>7,133,548</u>	<u>13,406,936</u>
Decrease in net pension asset	<u>\$ 313,395</u>	<u>\$ 511,330</u>	<u>\$ 824,725</u>
Net pension asset-beginning of year, as originally reported	\$ 16,327,587	\$ 26,639,749	\$ 42,967,336
Restatement	<u>(1,875,492)</u>	<u>(3,060,014)</u>	<u>(4,935,506)</u>
Net pension asset-beginning of year, as restated	14,452,095	23,579,735	38,031,830
Decrease in net pension asset	<u>(313,395)</u>	<u>(511,330)</u>	<u>(824,725)</u>
Net pension asset- end of year	<u>\$ 14,138,700</u>	<u>\$ 23,068,405</u>	<u>\$ 37,207,105</u>

The required contribution for the fiscal year 2010-2011 was determined as part of the June 30, 2009 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 3.25% to 14.45% for miscellaneous and 3.55% to 13.15% for safety employees, and (c) 3% 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, 2009, was 29 years for both miscellaneous and safety employees.

<u>Three-Year Trend Information for CalPERS - Miscellaneous</u>				
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Assets</u>
2009	\$ 3,845,814	\$ 3,707,443	96%	\$ 14,835,727
2010	6,386,554	6,229,408	98%	14,452,095
2011	6,586,783	6,273,388	95%	14,138,700

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 12: Retirement Plans (Continued)

Three-Year Trend Information for CalPERS - Safety					
Fiscal Year	Annual Pension Cost (APC)	Actual Contribution	Percentage of		
			APC Contributed	Net Pension Assets	
2009	\$ 7,273,101	\$ 7,047,337	97%	\$ 24,205,661	
2010	7,310,996	7,054,601	96%	23,579,735	
2011	7,644,878	7,133,548	93%	23,068,405	

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the miscellaneous and safety plans were funded as follows:

Schedule of Funding Progress for PERS						
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>						
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%
2010	287,838,678	236,506,447	51,332,231	82.2%	41,587,082	123.4%
<i>Safety</i>						
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%
2010	332,133,576	292,822,752	39,310,824	88.2%	31,919,649	123.2%

Note 13: Post-Employment 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 13: Post-Employment Benefits Other Than Pensions (Continued)**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 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 another post employment benefit (OPEB) obligation of the City. For the year ended June 30, 2011, the City estimated that the implicit subsidy amounted to \$153,223 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	48,004
Adjustment to annual required contribution	<u>(62,455)</u>
Annual OPEB cost (expense)	429,228
Implicit subsidy made	<u>(153,223)</u>
Increase in net OPEB obligation	276,005
Net OPEB obligation - beginning of year	<u>960,084</u>
Net OPEB obligation - end of year	<u><u>\$ 1,236,089</u></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, 2011 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
6/30/2009	\$ 486,465	\$ 113,928	23.4%	\$ 639,966
6/30/2010	434,046	113,928	26.2%	960,084
6/30/2011	429,228	153,223	35.7%	1,236,089

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 13: Post-Employment 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%
2011	4,563,531	-	4,563,531	0.0%	55,600,000	8.21%

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, 2011, 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 7.0%. 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, 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 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011
Note 13: Postemployment Benefits Other Than Pensions (Continued)

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 2010 and \$108/month for calendar year 2011, 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, 2011, the City paid \$42,603 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	14,504
Adjustment to annual required contribution	<u>(18,870)</u>
Annual OPEB cost (expense)	136,554
Contributions made, including subsidy	<u>(46,656)</u>
Increase in net OPEB obligation	89,898
Net OPEB obligation - beginning of year	<u>290,085</u>
Net OPEB obligation - end of year	<u><u>\$ 379,983</u></u>

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, 2011 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
6/30/2009	\$ 124,708	\$ 38,187	30.6%	\$ 190,055
6/30/2010	138,060	38,030	27.5%	290,085
6/30/2011	136,554	46,656	34.2%	384,036

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

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%
2011	1,494,098	-	1,494,098	0.0%	7,656,472	19.51%

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, 2011 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 7.0% initially. 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.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 15: Transactions with the State of California

SERAF Shift for fiscal year 2009-2010 and 2010-2011

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.

The payment of the SERAF was due on May 10, 2011, for fiscal year 2010-2011 and it was made in the amount of \$748,727 using available resources.

To accomplish the payment for 2009-2010, 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.

Note 16: Restatement of Fund Balances and Net Assets

Beginning fund balances of governmental funds and beginning net assets of governmental activities were restated as follows:

	Governmental Funds				
	General Fund	Housing Assistance Program Special Fund	General Improvement Capital Projects Fund	Other Governmental Funds	Governmental Activities
To move the remaining assets of closed out funds to the General Fund	\$ 11,306	\$ -	\$ -	\$ (11,306)	\$ -
To record an advance from the General Fund to the Oceanside Municipal Airport which occurred in the previous year	(249,122)	-	-	-	(249,122)
To adjust the annual Tideland lease payment from the General Fund to the Oceanside Small Craft Harbor District	148,297	-	-	-	148,297
To adjust loans receivable which were forgiven in prior years	-	(42,260)	-	-	(42,260)
To adjust for project retention reserves that should have been removed in prior years at the end of the project	-	-	17,248	136,766	154,014
To adjust 'The Environmental Trust' (TET) funds back to the trust account from the General Fund	(154,728)	-	-	-	(154,728)
To adjust a Redevelopment Agency loan from the General Fund to reflect principal for 2010-2011	(1,969,445)	-	-	-	(1,969,445)
To correct various asset and liability accounts	(563,387)	-	(429,622)	(77,765)	(1,070,774)
To correct prior year pension asset amortization	-	-	-	-	(4,935,506)
To adjust claims liability for prior year non-reimbursable claims	-	-	-	-	(79,723)
Restatements	\$ (2,777,079)	\$ (42,260)	\$ (412,374)	\$ 47,695	\$ (8,199,247)

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2011

Note 16: Restatement of Fund Balances and Net Assets (Continued)

Beginning fund balances of proprietary funds and beginning net assets of business-type activities were restated as follows:

	Enterprise Funds					
	Water	Sewer	Special Aviation	Oceanside Small Craft Harbor District	Internal Service Funds	Business-Type Activities Net Assets
To record an advance from the General Fund to the Oceanside Municipal Airport which occurred in the previous year	\$ -	\$ -	\$ 249,122	\$ -	\$ -	\$ 249,122
To adjust the annual Tideland lease payment from the General Fund to the Oceanside Small Craft Harbor District	-	-	-	(148,297)	-	(148,297)
To write-off the compensated absences balance which should have been removed as of 2009-2010 when the City of Oceanside took over personnel services	-	-	-	113,626	-	113,626
To adjust unassigned fund balance for claims that will not be available for reimbursement	-	-	-	-	(79,722)	-
To correct prior year revenues	(22,198)	-	-	-	-	(22,198)
To correct various asset and liability accounts	(582,387)	(75,251)	-	(86,814)	-	(744,452)
Restatements	<u>\$ (604,585)</u>	<u>\$ (75,251)</u>	<u>\$ 249,122</u>	<u>\$ (121,485)</u>	<u>\$ (79,722)</u>	<u>\$ (552,199)</u>

Note 17: California Redevelopment Agency Dissolution

On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27 (*California Redevelopment Association v. Matosantos*). AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county’s share of these payments was determined based on its proportionate share of state-wide tax increment.

On August 17, 2011 the Supreme Court issued a stay of the implementation of AB1X 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB1X 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in (*California Redevelopment Association v. Matosantos*). The court upheld AB1X 26 which eliminates redevelopment agencies, but invalidated in its entirety AB1X 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB1X 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The Court extended certain deadlines of AB1X 26 in its ruling by four months. The full text of AB1X 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 18: Subsequent Events

On May 25, 2011, the City Council and Oceanside Public Financing Authority approved and adopted resolutions authorizing the execution and delivery of documents relating to the sale and delivery of, not to exceed \$8,000,000, the 2011 Certificates of Participation (1998 Police and Library Facilities refunding) and approved a lease/purchase agreement relating to the sale and delivery of the 2011 Certificates of Participation. The 2011 Certificates of Participation were issued on July 1, 2011 in the amount of \$7,725,000.

CITY OF OCEANSIDE

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

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, 2011**

	<u>Budget Amounts</u>		<u>Final</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative) *</u>
Beginning Fund Balance, July 1, as restated	\$ 34,713,526	\$ 34,713,526	\$ 34,713,526	\$ -
Resources (Inflows):				
Taxes	74,545,100	74,545,100	74,223,408	(321,692)
Licenses and permits	778,600	1,778,600	2,265,608	487,008
Intergovernmental	1,290,000	1,364,423	1,697,104	332,681
Charges for services	12,190,892	12,293,392	12,688,490	395,098
Interest and rentals	4,004,684	4,004,684	2,790,885	(1,213,799)
Fines and forfeitures	1,929,800	1,929,800	1,564,969	(364,831)
Administrative and in lieu charges	8,402,647	8,402,647	8,472,390	69,743
Miscellaneous	411,400	453,550	550,069	96,519
Transfers in	9,472,651	9,771,078	8,984,490	(786,588)
Long-term debt issued	-	-	824,761	824,761
Amounts Available for Appropriations	147,739,300	148,756,800		(481,100)
Charges to Appropriations (Outflow):				
General government				
City council	1,131,809	1,048,067	1,035,924	12,143
City clerk	806,603	927,920	871,084	56,836
City treasurer	765,854	768,147	807,762	(39,615)
City manager	713,803	792,746	662,596	130,150
City attorney	1,510,535	1,522,054	1,459,493	62,561
Financial services	4,778,935	5,415,477	5,358,450	57,027
Human resources	805,443	811,103	922,149	(111,046)
Nondepartmental	2,673,917	2,137,603	3,087,404	(949,801)
Public safety				
Police	44,473,605	46,528,896	46,439,441	89,455
Fire	22,170,481	23,297,519	23,874,159	(576,640)
Community development				
Engineering	4,412,364	4,531,346	3,819,047	712,299
Planning and Development Services	1,164,556	1,194,836	1,117,299	77,537
Building	1,742,103	1,760,084	1,735,378	24,706
Community/cultural services				
Library	4,587,596	4,645,866	4,755,689	(109,823)
Neighborhood services	4,914,364	4,944,625	4,797,628	146,997
Economic and community development	877,125	1,015,072	960,112	54,960
Public works				
Public works	9,744,844	10,454,439	8,645,000	1,809,439
Administration	561,771	420,522	369,560	50,962
Capital outlay	371,585	795,795	457,974	337,821
Transfers out	5,366,964	2,699,294	2,747,233	(47,939)
Total Charges to Appropriations	113,574,257	115,923,482		1,788,029
Ending Fund Balance, June 30	\$ 33,565,089	\$	\$ 34,852,318	\$ 1,306,929

* Variance of budget to actual is not intended to be comparative to actual fund balance results.

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
HOUSING ASSISTANCE PROGRAM
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1, as restated	\$ 30,909,803	\$ 30,909,803	\$ 30,909,803	\$ -
Resources (Inflows):				
Licenses and permits	233,728	233,728	235,875	2,147
Intergovernmental	15,361,006	15,361,006	14,964,007	(396,999)
Charges for services	158,942	158,942	131,422	(27,520)
Interest and rentals	170,345	170,345	232,789	62,444
Developer fees	150,000	150,000	965,850	815,850
Miscellaneous	822,713	2,202,713	435,528	(1,767,185)
Transfers in	84,834	91,834	24,834	(67,000)
Amounts Available for Appropriations	47,891,371	49,278,371	47,900,108	(1,378,263)
Charges to Appropriations (Outflow):				
Community development	17,220,117	18,625,216	16,409,991	2,215,225
Capital outlay	100,000	100,000	-	100,000
Transfers out	103,086	91,987	24,987	67,000
Total Charges to Appropriations	17,423,203	18,817,203	16,434,978	2,382,225
Ending Fund Balance, June 30	\$ 30,468,168	\$ 30,461,168	\$ 31,465,130	\$ 1,003,962

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OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

The **Asset Seizure Fund** is used to account for funds received from the federal government 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 **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.

The **State & Local Asset Seizure Fund** is used to account for funds received from state and local governments 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 **Storm Damage Fund** is used to account for the damage from the storm of December 2010 and the reimbursement from FEMA.

Capital Project Fund

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.

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.

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CITY OF OCEANSIDE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds			
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant
Assets:				
Cash and investments	\$ 713,039	\$ 4,949	\$ 5,201,700	\$ -
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Due from other governments	-	-	535,241	125,931
Advances to other funds	-	-	-	-
Land and buildings held for resale	-	-	-	-
Total Assets	\$ 713,039	\$ 4,949	\$ 5,736,941	\$ 125,931
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 4,937	\$ 1,732,094	\$ 29,897
Accrued liabilities	-	-	46,832	6,437
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	89,597
Advances from other funds	-	-	-	-
Total Liabilities	-	4,937	1,778,926	125,931
Fund Balances:				
Nonspendable:				
Land held for resale	-	-	-	-
Notes receivable	-	-	-	-
Advances to other funds	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	713,039	-	-	-
Highways	-	-	3,958,015	-
Debt service	-	-	-	-
Street lighting and landscape maintenance	-	-	-	-
Low and moderate income housing	-	-	-	-
Capital projects	-	-	-	-
Assigned to:				
Debt service	-	-	-	-
Library	-	12	-	-
Unassigned	-	-	-	-
Total Fund Balances	713,039	12	3,958,015	-
Total Liabilities and Fund Balances	\$ 713,039	\$ 4,949	\$ 5,736,941	\$ 125,931

CITY OF OCEANSIDE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Maintenance Districts	Strategic Traffic Offender Program (STOP)	Grants	State & Local Asset Seizure
Assets:				
Cash and investments	\$ 1,474,418	\$ 265,574	\$ 865,997	\$ 9,080
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	324	-	-	-
Notes	-	-	7,441,565	-
Interest	-	-	-	-
Other	12,963	-	-	-
Due from other governments	-	-	1,315,073	-
Advances to other funds	-	-	-	-
Land and buildings held for resale	-	-	-	-
Total Assets	\$ 1,487,705	\$ 265,574	\$ 9,622,635	\$ 9,080
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 91,760	\$ -	\$ 698,014	\$ -
Accrued liabilities	-	26,612	5,050	-
Deferred revenues	-	-	3,342,370	-
Unearned revenues	-	-	536,783	-
Due to other funds	-	-	166,080	-
Advances from other funds	-	-	-	-
Total Liabilities	91,760	26,612	4,748,297	-
Fund Balances:				
Nonspendable:				
Land held for resale	-	-	-	-
Notes receivable	-	-	4,711,139	-
Advances to other funds	-	-	-	-
Restricted for:				
Community development projects	-	-	163,199	-
Public safety	-	238,962	-	9,080
Highways	-	-	-	-
Debt service	-	-	-	-
Street lighting and landscape maintenance	1,395,945	-	-	-
Low and moderate income housing	-	-	-	-
Capital projects	-	-	-	-
Assigned to:				
Debt service	-	-	-	-
Library	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,395,945	238,962	4,874,338	9,080
Total Liabilities and Fund Balances	\$ 1,487,705	\$ 265,574	\$ 9,622,635	\$ 9,080

CITY OF OCEANSIDE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Fund	Capital Projects Fund	Debt Service Funds	
	Storm Damage	Redevelopment Agency	Oceanside Public Financing Authority	Oceanside Building Authority
Assets:				
Cash and investments	\$ -	\$ 11,509,272	\$ 1,920,572	\$ 16,493
Restricted cash and investments	-	-	2,174,853	-
Receivables:				
Accounts	-	34,769	-	-
Taxes	-	173,843	-	-
Notes	-	8,702,404	-	-
Interest	-	72,783	-	-
Other	-	-	-	-
Due from other governments	373,292	-	-	-
Advances to other funds	-	3,200,117	-	-
Land and buildings held for resale	-	9,492,993	-	-
Total Assets	\$ 373,292	\$ 33,186,181	\$ 4,095,425	\$ 16,493
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 8,808	\$ 1,419,944	\$ -	\$ 787
Accrued liabilities	-	25,123	-	-
Deferred revenues	312,218	3,047,594	-	-
Unearned revenues	-	-	-	-
Due to other funds	425,558	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	746,584	4,492,661	-	787
Fund Balances:				
Nonspendable:				
Land held for resale	-	9,492,993	-	-
Notes receivable	-	5,654,810	-	-
Advances to other funds	-	4,317,085	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Highways	-	-	-	-
Debt service	-	-	2,174,853	-
Street lighting and landscape maintenance	-	-	-	-
Low and moderate income housing	-	5,443,585	-	-
Capital projects	-	3,785,047	-	-
Assigned to:				
Debt service	-	-	1,920,572	15,706
Library	-	-	-	-
Unassigned	(373,292)	-	-	-
Total Fund Balances	(373,292)	28,693,520	4,095,425	15,706
Total Liabilities and Fund Balances	\$ 373,292	\$ 33,186,181	\$ 4,095,425	\$ 16,493

CITY OF OCEANSIDE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Debt Service Funds</u>		
	<u>Oceanside Lighting District</u>	<u>Pension Obligation Bonds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Cash and investments	\$ 30,735	\$ -	\$ 22,011,829
Restricted cash and investments	-	2	2,174,855
Receivables:			
Accounts	-	-	34,769
Taxes	-	-	174,167
Notes	-	-	16,143,969
Interest	-	-	72,783
Other	-	-	12,963
Due from other governments	-	-	2,349,537
Advances to other funds	-	-	3,200,117
Land and buildings held for resale	-	-	9,492,993
Total Assets	<u>\$ 30,735</u>	<u>\$ 2</u>	<u>\$ 55,667,982</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 3,986,241
Accrued liabilities	-	-	110,054
Deferred revenues	-	-	6,702,182
Unearned revenues	-	-	536,783
Due to other funds	-	-	681,235
Advances from other funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>12,016,495</u>
Fund Balances:			
Nonspendable:			
Land held for resale	-	-	9,492,993
Notes receivable	-	-	10,365,949
Advances to other funds	-	-	4,317,085
Restricted for:			
Community development projects	-	-	163,199
Public safety	-	-	961,081
Highways	-	-	3,958,015
Debt service	-	2	2,174,855
Street lighting and landscape maintenance	-	-	1,395,945
Low and moderate income housing	-	-	5,443,585
Capital projects	-	-	3,785,047
Assigned to:			
Debt service	30,735	-	1,967,013
Library	-	-	12
Unassigned	<u>-</u>	<u>-</u>	<u>(373,292)</u>
Total Fund Balances	<u>30,735</u>	<u>2</u>	<u>43,651,487</u>
Total Liabilities and Fund Balances	<u>\$ 30,735</u>	<u>\$ 2</u>	<u>\$ 55,667,982</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds			
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Intergovernmental	104,583	62,916	12,962,981	1,363,045
Charges for services	-	98,063	-	-
Interest and rentals	5,711	-	16,961	-
Fines and forfeitures	-	-	-	-
Lease revenue	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	42,735	24,886	-
Total Revenues	110,294	203,714	13,004,828	1,363,045
Expenditures:				
Current:				
Public safety	13,738	-	-	-
Community development	-	-	-	1,258,045
Community/cultural services	-	304,939	-	-
Public works	-	-	3,222,416	-
Capital outlay	23,903	-	7,103,391	-
Debt service:				
Principal retirement	-	-	-	105,000
Interest and fiscal charges	-	-	-	-
Total Expenditures	37,641	304,939	10,325,807	1,363,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,653	(101,225)	2,679,021	-
Other Financing Sources (Uses):				
Transfers in	-	91,168	156,062	-
Transfers out	(200,000)	(4,533)	(845,500)	-
Total Other Financing Sources (Uses)	(200,000)	86,635	(689,438)	-
Net Change in Fund Balances	<u>\$ (127,347)</u>	<u>\$ (14,590)</u>	<u>\$ 1,989,583</u>	<u>\$ -</u>
Fund Balances:				
Beginning of year, as originally reported	\$ 840,386	\$ 14,602	\$ 1,909,431	\$ -
Restatements	-	-	59,001	-
Beginning of year, as restated	840,386	14,602	1,968,432	-
Net change in fund balances	<u>(127,347)</u>	<u>(14,590)</u>	<u>1,989,583</u>	<u>-</u>
End of Year	<u>\$ 713,039</u>	<u>\$ 12</u>	<u>\$ 3,958,015</u>	<u>\$ -</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

(Continued)

	Special Revenue Funds			
	Maintenance Districts	Strategic Traffic Offender Program (STOP)	Grants	State & Local Asset Seizure
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	2,439,583	-	-	-
Intergovernmental	-	-	4,636,963	9,080
Charges for services	-	-	-	-
Interest and rentals	6,558	2,473	6,197	-
Fines and forfeitures	-	384,201	-	-
Lease revenue	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	3,020	3,392	-	-
Total Revenues	2,449,161	390,066	4,643,160	9,080
Expenditures:				
Current:				
Public safety	-	675,920	1,106,167	-
Community development	-	-	1,015,710	-
Community/cultural services	-	-	24,866	-
Public works	1,799,507	-	18,304	-
Capital outlay	-	-	1,350,285	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,799,507	675,920	3,515,332	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	649,654	(285,854)	1,127,828	9,080
Other Financing Sources (Uses):				
Transfers in	890	200,000	-	-
Transfers out	(494,598)	-	(137,512)	-
Total Other Financing Sources (Uses)	(493,708)	200,000	(137,512)	-
Net Change in Fund Balances	<u>\$ 155,946</u>	<u>\$ (85,854)</u>	<u>\$ 990,316</u>	<u>\$ 9,080</u>
Fund Balances:				
Beginning of year, as originally reported	\$ 1,239,999	\$ 324,816	\$ 3,884,022	\$ -
Restatements	-	-	-	-
Beginning of year, as restated	1,239,999	324,816	3,884,022	-
Net change in fund balances	<u>155,946</u>	<u>(85,854)</u>	<u>990,316</u>	<u>9,080</u>
End of Year	<u>\$ 1,395,945</u>	<u>\$ 238,962</u>	<u>\$ 4,874,338</u>	<u>\$ 9,080</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	
	<u>Storm Damage</u>	<u>Redevelopment Agency</u>	<u>Oceanside Public Financing Authority</u>	<u>Oceanside Building Authority</u>
Revenues:				
Taxes	\$ -	\$ 10,028,701	\$ -	\$ -
Assessments	-	-	-	-
Intergovernmental	98,564	-	-	-
Charges for services	-	11,806	-	-
Interest and rentals	-	83,359	6	4,451
Fines and forfeitures	-	-	-	-
Lease revenue	-	-	2,173,108	175,620
Developer participation	-	16,705	-	-
Miscellaneous	-	14,653	-	-
Total Revenues	98,564	10,155,224	2,173,114	180,071
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	2,299,920	-	-
Community/cultural services	-	-	-	-
Public works	471,856	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	1,245,000	400,000
Interest and fiscal charges	-	-	928,092	399,079
Total Expenditures	471,856	2,299,920	2,173,092	799,079
Excess (Deficiency) of Revenues Over (Under) Expenditures	(373,292)	7,855,304	22	(619,008)
Other Financing Sources (Uses):				
Transfers in	-	288,900	-	634,423
Transfers out	-	(19,641,910)	-	(741,302)
Total Other Financing Sources (Uses)	-	(19,353,010)	-	(106,879)
Net Change in Fund Balances	<u>\$ (373,292)</u>	<u>\$ (11,497,706)</u>	<u>\$ 22</u>	<u>\$ (725,887)</u>
Fund Balances:				
Beginning of year, as originally reported	\$ -	\$ 40,191,226	\$ 4,095,403	\$ 752,899
Restatements	-	-	-	(11,306)
Beginning of year, as restated	-	40,191,226	4,095,403	741,593
Net change in fund balances	<u>(373,292)</u>	<u>(11,497,706)</u>	<u>22</u>	<u>(725,887)</u>
End of Year	<u>\$ (373,292)</u>	<u>\$ 28,693,520</u>	<u>\$ 4,095,425</u>	<u>\$ 15,706</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Debt Service Funds</u>		
	<u>Oceanside Lighting District</u>	<u>Pension Obligation Bonds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 10,028,701
Assessments	-	-	2,439,583
Intergovernmental	-	-	19,238,132
Charges for services	-	-	109,869
Interest and rentals	-	-	125,716
Fines and forfeitures	-	-	384,201
Lease revenue	-	-	2,348,728
Developer participation	-	-	16,705
Miscellaneous	-	5,350,314	5,439,000
Total Revenues	-	5,350,314	40,130,635
Expenditures:			
Current:			
Public safety	-	-	1,795,825
Community development	-	-	4,573,675
Community/cultural services	-	-	329,805
Public works	-	-	5,512,083
Capital outlay	-	-	8,477,579
Debt service:			
Principal retirement	206,985	980,000	2,936,985
Interest and fiscal charges	43,114	2,050,893	3,421,178
Total Expenditures	250,099	3,030,893	27,047,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	(250,099)	2,319,421	13,083,505
Other Financing Sources (Uses):			
Transfers in	250,099	-	1,621,542
Transfers out	-	(2,421,657)	(24,487,012)
Total Other Financing Sources (Uses)	250,099	(2,421,657)	(22,865,470)
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (102,236)</u>	<u>\$ (9,781,965)</u>
Fund Balances:			
Beginning of year, as originally reported	\$ 30,735	\$ 102,238	\$ 53,385,757
Restatements	-	-	47,695
Beginning of year, as restated	30,735	102,238	53,433,452
Net change in fund balances	-	(102,236)	(9,781,965)
End of Year	<u>\$ 30,735</u>	<u>\$ 2</u>	<u>\$ 43,651,487</u>

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 ASSET SEIZURE
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ 840,386	\$ 840,386	\$ 840,386	\$ -
Resources (Inflows):				
Intergovernmental	100,000	-	104,583	104,583
Interest and rentals	20,000	-	5,711	5,711
Amounts Available for Appropriations	960,386	840,386	950,680	110,294
Charges to Appropriations (Outflow):				
Public safety	570,000	546,163	13,738	532,425
Capital outlay	-	23,837	23,903	(66)
Transfers out	200,000	200,000	200,000	-
Total Charges to Appropriations	770,000	770,000	237,641	532,359
Ending Fund Balance, June 30	\$ 190,386	\$ 70,386	\$ 713,039	\$ 642,653

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ 14,602	\$ 14,602	\$ 14,602	\$ -
Resources (Inflows):				
Intergovernmental	63,200	63,200	62,916	(284)
Charges for services	125,000	125,000	98,063	(26,937)
Miscellaneous	41,000	41,000	42,735	1,735
Transfers in	63,333	63,333	91,168	27,835
Amounts Available for Appropriations	307,135	307,135	309,484	2,349
Charges to Appropriations (Outflow):				
Community/cultural services	288,000	288,000	304,939	(16,939)
Transfers out	4,533	4,533	4,533	-
Total Charges to Appropriations	292,533	292,533	309,472	(16,939)
Ending Fund Balance, June 30	\$ 14,602	\$ 14,602	\$ 12	\$ (14,590)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
GAS TAX AND TRANSPORTATION
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1, as restated	\$ 1,968,432	\$ 1,968,432	\$ 1,968,432	\$ -
Resources (Inflows):				
Intergovernmental	11,695,470	11,695,470	12,962,981	1,267,511
Interest and rentals	145,300	145,300	16,961	(128,339)
Miscellaneous	25,584	25,584	24,886	(698)
Transfers in	150,000	150,000	156,062	6,062
Amounts Available for Appropriations	13,984,786	13,984,786	15,129,322	1,144,536
Charges to Appropriations (Outflow):				
Public works	4,038,228	4,231,848	3,222,416	1,009,432
Capital outlay	8,486,948	9,801,089	7,103,391	2,697,698
Transfers out	853,905	845,500	845,500	-
Total Charges to Appropriations	13,379,081	14,878,437	11,171,307	3,707,130
Ending Fund Balance, June 30	\$ 605,705	\$ (893,651)	\$ 3,958,015	\$ 4,851,666

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	1,960,623	3,630,005	1,363,045	(2,266,960)
Amounts Available for Appropriations	1,960,623	3,630,005	1,363,045	(2,266,960)
Charges to Appropriations (Outflow):				
Community development	1,689,021	3,525,005	1,258,045	2,266,960
Debt service:				
Principal retirement	105,000	105,000	105,000	-
Interest and fiscal charges	162,703	-	-	-
Transfers out	3,899	-	-	-
Total Charges to Appropriations	1,960,623	3,630,005	1,363,045	2,266,960
Ending Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
MAINTENANCE DISTRICTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ 1,239,999	\$ 1,239,999	\$ 1,239,999	\$ -
Resources (Inflows):				
Assessments	2,582,277	2,596,277	2,439,583	(156,694)
Interest and rentals	44,466	44,466	6,558	(37,908)
Miscellaneous	10,000	10,000	3,020	(6,980)
Transfers in	-	-	890	890
Amounts Available for Appropriations	3,876,742	3,890,742	3,690,050	(200,692)
Charges to Appropriations (Outflow):				
Public works	2,141,269	2,155,741	1,799,507	356,234
Transfers out	495,070	494,598	494,598	-
Total Charges to Appropriations	2,636,339	2,650,339	2,294,105	356,234
Ending Fund Balance, June 30	\$ 1,240,403	\$ 1,240,403	\$ 1,395,945	\$ 155,542

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
STRATEGIC TRAFFIC OFFENDER PROGRAM (STOP)
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ 324,816	\$ 324,816	\$ 324,816	\$ -
Resources (Inflows):				
Interest and rentals	52,000	52,000	2,473	(49,527)
Fines and forfeitures	612,989	612,989	384,201	(228,788)
Miscellaneous	-	-	3,392	3,392
Transfers in	200,000	200,000	200,000	-
Amounts Available for Appropriations	1,189,805	1,189,805	914,882	(274,923)
Charges to Appropriations (Outflow):				
Public safety	833,828	763,075	675,920	87,155
Transfers out	31,161	-	-	-
Total Charges to Appropriations	864,989	763,075	675,920	87,155
Ending Fund Balance, June 30	\$ 324,816	\$ 426,730	\$ 238,962	\$ (187,768)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
GRANTS
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ 3,884,022	\$ 3,884,022	\$ 3,884,022	\$ -
Resources (Inflows):				
Intergovernmental	3,442,314	9,516,530	4,636,963	(4,879,567)
Interest and rentals	2,935	6,286	6,197	(89)
Miscellaneous	68,000	68,000	-	(68,000)
Amounts Available for Appropriations	7,397,271	13,474,838	8,527,182	(4,947,656)
Charges to Appropriations (Outflow):				
Public safety	587,548	1,598,209	1,106,167	492,042
Community development	908,589	5,350,502	1,015,710	4,334,792
Community/cultural services	15,405	15,500	24,866	(9,366)
Public works	93,928	93,928	18,304	75,624
Capital outlay	1,602,041	2,401,386	1,350,285	1,051,101
Transfers out	305,738	137,512	137,512	-
Total Charges to Appropriations	3,513,249	9,597,037	3,652,844	5,944,193
Ending Fund Balance, June 30	\$ 3,884,022	\$ 3,877,801	\$ 4,874,338	\$ 996,537

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
GENERAL IMPROVEMENT
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Fund Balance, July 1, as restated	\$ 35,000,432	\$ 35,000,432	\$ 35,000,432	\$ -
Resources (Inflows):				
Intergovernmental	2,323,213	2,323,213	2,382,262	59,049
Charges for services	-	-	69,685	69,685
Interest and rentals	700,280	700,280	412,911	(287,369)
Developer fees	883,210	883,210	1,799,803	916,593
Miscellaneous	-	1,843,716	1,833,600	(10,116)
Transfers in	515,000	515,000	621,788	106,788
Long-term debt issued	-	-	800,000	800,000
Amounts Available for Appropriations	<u>39,422,135</u>	<u>41,265,851</u>	<u>42,920,481</u>	<u>1,654,630</u>
Charges to Appropriations (Outflow):				
Public works	4,288,565	5,170,571	2,157,802	3,012,769
Capital outlay	7,001,770	9,299,804	5,360,673	3,939,131
Debt service:				
Principal retirement	-	800,000	800,000	-
Transfers out	963,647	1,871,167	1,177,955	693,212
Total Charges to Appropriations	<u>12,253,982</u>	<u>17,141,542</u>	<u>9,496,430</u>	<u>7,645,112</u>
Ending Fund Balance, June 30	<u>\$ 27,168,153</u>	<u>\$ 24,124,309</u>	<u>\$ 33,424,051</u>	<u>\$ 9,299,742</u>

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 DOWNTOWN
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	-	-	57,586	57,586
Transfers in	-	-	15,878,595	15,878,595
Amounts Available for Appropriations	-	-	15,936,181	15,936,181
Charges to Appropriations (Outflow):				
Public works	-	3,050,000	445,956	2,604,044
Capital outlay	-	2,208,704	216,783	1,991,921
Total Charges to Appropriations	-	5,258,704	662,739	4,595,965
Budgetary Fund Balance, June 30	\$ -	\$ (5,258,704)	\$ 15,273,442	\$ 20,532,146

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY - CAPITAL PROJECT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ 40,191,226	\$ 40,191,226	\$ 40,191,226	\$ -
Resources (Inflows):				
Taxes	9,898,222	9,898,222	10,028,701	130,479
Charges for services	13,000	13,000	11,806	(1,194)
Interest and rentals	382,660	382,660	83,359	(299,301)
Developer fees	-	-	16,705	16,705
Miscellaneous	40,000	40,000	14,653	(25,347)
Transfers in	288,900	288,900	288,900	-
Amounts Available for Appropriations	50,814,008	50,814,008	50,635,350	(178,658)
Charges to Appropriations (Outflow):				
Community development	3,995,970	3,420,268	2,299,920	1,120,348
Capital outlay	3,908,704	-	-	-
Transfers out	5,148,746	5,140,612	19,641,910	(14,501,298)
Total Charges to Appropriations	13,053,420	8,560,880	21,941,830	(13,380,950)
Ending Fund Balance, June 30	\$ 37,760,588	\$ 42,253,128	\$ 28,693,520	\$ (13,559,608)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY - DEBT SERVICE
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Fund Balance, July 1	\$ (9,817,564)	\$ (9,817,564)	\$ (9,817,564)	\$ -
Resources (Inflows):				
Interest and rentals	-	-	10,094	10,094
Transfers in	5,089,550	5,089,550	5,845,010	755,460
Amounts Available for Appropriations	<u>(4,728,014)</u>	<u>(4,728,014)</u>	<u>(3,962,460)</u>	<u>765,554</u>
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	2,230,000	2,230,000	3,880,000	(1,650,000)
Interest and fiscal charges	2,570,650	3,402,835	4,186,914	(784,079)
Transfers out	288,900	288,900	-	288,900
Total Charges to Appropriations	<u>5,089,550</u>	<u>5,921,735</u>	<u>8,066,914</u>	<u>(2,145,179)</u>
Ending Fund Balance, June 30	<u>\$ (9,817,564)</u>	<u>\$ (10,649,749)</u>	<u>\$ (12,029,374)</u>	<u>\$ (1,379,625)</u>

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 OCEANSIDE PUBLIC FINANCING AUTHORITY
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ 4,095,403	\$ 4,095,403	\$ 4,095,403	\$ -
Resources (Inflows):				
Interest and rentals	-	-	6	6
Lease revenue	2,173,103	2,173,103	2,173,108	5
Amounts Available for Appropriations	6,268,506	6,268,506	6,268,517	11
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	1,245,000	1,245,000	1,245,000	-
Interest and fiscal charges	928,103	928,103	928,092	11
Total Charges to Appropriations	2,173,103	2,173,103	2,173,092	11
Ending Fund Balance, June 30	\$ 4,095,403	\$ 4,095,403	\$ 4,095,425	\$ 22

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
OCEANSIDE BUILDING AUTHORITY
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Fund Balance, July 1, as restated	\$ 741,593	\$ 741,593	\$ 741,593	\$ -
Resources (Inflows):				
Interest and rentals	-	-	4,451	4,451
Lease revenue	175,620	175,620	175,620	-
Transfers in	622,655	622,655	634,423	11,768
Amounts Available for Appropriations	1,539,868	1,539,868	1,556,087	16,219
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	400,000	400,000	400,000	-
Interest and fiscal charges	398,275	398,275	399,079	(804)
Transfers out	730,000	730,000	741,302	(11,302)
Total Charges to Appropriations	1,528,275	1,528,275	1,540,381	(12,106)
Ending Fund Balance, June 30	\$ 11,593	\$ 11,593	\$ 15,706	\$ 4,113

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 OCEANSIDE LIGHTING DISTRICT
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Fund Balance, July 1	\$ 30,735	\$ 30,735	\$ 30,735	\$ -
Resources (Inflows):				
Transfers in	250,099	250,099	250,099	-
Amounts Available for Appropriations	280,834	280,834	280,834	-
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	206,985	206,985	206,985	-
Interest and fiscal charges	43,114	43,114	43,114	-
Total Charges to Appropriations	250,099	250,099	250,099	-
Ending Fund Balance, June 30	\$ 30,735	\$ 30,735	\$ 30,735	\$ -

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
PENSION OBLIGATION BONDS
YEAR ENDED JUNE 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Fund Balance, July 1	\$ 102,238	\$ 102,238	\$ 102,238	\$ -
Resources (Inflows):				
Miscellaneous	5,455,464	5,455,464	5,350,314	(105,150)
Amounts Available for Appropriations	5,557,702	5,557,702	5,452,552	(105,150)
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	980,000	2,630,000	980,000	1,650,000
Interest and fiscal charges	4,475,464	2,825,464	2,050,893	774,571
Transfers out	-	-	2,421,657	(2,421,657)
Total Charges to Appropriations	5,455,464	5,455,464	5,452,550	2,914
Ending Fund Balance, June 30	\$ 102,238	\$ 102,238	\$ 2	\$ (102,236)

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, 2011**

	<u>Loss Prevention</u>	<u>General Services</u>	<u>Total</u>
Assets:			
Current:			
Cash and investments	\$ 16,741,183	\$ 17,136,400	\$ 33,877,583
Receivables:			
Accounts	36,112	565	36,677
Prepaid costs	-	14,873	14,873
Inventories	-	254,923	254,923
Total Current Assets	<u>16,777,295</u>	<u>17,406,761</u>	<u>34,184,056</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	148,961	7,703,647	7,852,608
Total Noncurrent Assets	<u>148,961</u>	<u>7,703,647</u>	<u>7,852,608</u>
Total Assets	<u>\$ 16,926,256</u>	<u>\$ 25,110,408</u>	<u>\$ 42,036,664</u>
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 10,198	\$ 678,691	\$ 688,889
Accrued liabilities	29,584	215,476	245,060
Compensated absences	43,969	326,139	370,108
Claims and judgments	3,885,875	-	3,885,875
Total Current Liabilities	<u>3,969,626</u>	<u>1,220,306</u>	<u>5,189,932</u>
Noncurrent:			
Compensated absences	21,019	432,783	453,802
Claims and judgments	8,686,875	-	8,686,875
Total Noncurrent Liabilities	<u>8,707,894</u>	<u>432,783</u>	<u>9,140,677</u>
Total Liabilities	<u>12,677,520</u>	<u>1,653,089</u>	<u>14,330,609</u>
Net Assets:			
Invested in capital assets, net of related debt	148,961	7,703,647	7,852,608
Unrestricted	4,099,775	15,753,672	19,853,447
Total Net Assets	<u>4,248,736</u>	<u>23,457,319</u>	<u>27,706,055</u>
Total Liabilities and Net Assets	<u>\$ 16,926,256</u>	<u>\$ 25,110,408</u>	<u>\$ 42,036,664</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Loss Prevention	General Services	Total
Operating Revenues:			
Sales and service charges	\$ 2,797,004	\$ 45,063,968	\$ 47,860,972
Miscellaneous	170,572	75,853	246,425
Total Operating Revenues	2,967,576	45,139,821	48,107,397
Operating Expenses:			
Personnel services	578,555	32,202,058	32,780,613
Maintenance and operations	3,719,656	9,750,286	13,469,942
Insurance premiums and settlements	714,284	-	714,284
Depreciation	21,281	2,414,868	2,436,149
Total Operating Expenses	5,033,776	44,367,212	49,400,988
Operating Income (Loss)	(2,066,200)	772,609	(1,293,591)
Income (Loss) Before Transfers	(2,066,200)	772,609	(1,293,591)
Transfers in	3,096,790	110,000	3,206,790
Transfers out	(81,875)	(638,788)	(720,663)
Changes in Net Assets	<u>\$ 948,715</u>	<u>\$ 243,821</u>	<u>\$ 1,192,536</u>
Net Assets:			
Beginning of fiscal year, as originally reported	\$ 3,379,743	\$ 23,213,498	\$ 26,593,241
Restatements	(79,722)	-	(79,722)
Beginning of fiscal year, as restated	3,300,021	23,213,498	26,513,519
Changes in net assets	948,715	243,821	1,192,536
End of Fiscal Year	<u>\$ 4,248,736</u>	<u>\$ 23,457,319</u>	<u>\$ 27,706,055</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	Loss Prevention	General Services	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 180,430	\$ 142,022	\$ 322,452
Cash received from interfund service provided	2,797,004	45,063,968	47,860,972
Cash paid to suppliers for goods and services	(2,982,116)	(9,765,204)	(12,747,320)
Cash paid to employees for services	(569,797)	(32,221,162)	(32,790,959)
Net Cash Provided (Used) by Operating Activities	(574,479)	3,219,624	2,645,145
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	3,096,790	110,000	3,206,790
Cash transfers out	(81,875)	(638,788)	(720,663)
Amounts received from other funds	-	(177,784)	(177,784)
Net Cash Provided (Used) by Non-Capital Financing Activities	3,014,915	(706,572)	2,308,343
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(938,591)	(938,591)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(938,591)	(938,591)
Net Increase (Decrease) in Cash and Cash Equivalents	2,440,436	1,574,461	4,014,897
Cash and Cash Equivalents at Beginning of Year	14,300,747	15,561,939	29,862,686
Cash and Cash Equivalents at End of Year	\$ 16,741,183	\$ 17,136,400	\$ 33,877,583
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (2,066,200)	\$ 772,609	\$ (1,293,591)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	21,281	2,414,868	2,436,149
(Increase) decrease in accounts receivable	9,858	66,169	76,027
(Increase) decrease in prepaid expense	1,175,224	(7,876)	1,167,348
(Increase) decrease in inventories	-	5,674	5,674
Increase (decrease) in accounts payable	(300,693)	(12,716)	(313,409)
Increase (decrease) in accrued liabilities	3,325	(40,670)	(37,345)
Increase (decrease) in claims and judgments	577,293	-	577,293
Increase (decrease) in compensated absences	5,433	21,566	26,999
Total Adjustments	1,491,721	2,447,015	3,938,736
Net Cash Provided (Used) by Operating Activities	\$ (574,479)	\$ 3,219,624	\$ 2,645,145

Non-Cash Investing, Capital, and Financing Activities:

There was no non-cash investing, financing or capital activity during the current fiscal year.

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, 2011

	<u>Special Assessment District</u>	<u>Deposit</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 5,683,279	\$ 3,243,972	\$ 8,927,251
Restricted cash and investments	8,434,645	-	8,434,645
Receivables:			
Accounts	9,415	19,723	29,138
Taxes	4,177	-	4,177
Total Assets	<u>\$ 14,131,516</u>	<u>\$ 3,263,695</u>	<u>\$ 17,395,211</u>
 Liabilities:			
Accounts payable	\$ 13,946	\$ 39,154	\$ 53,100
Deposits payable	292,598	3,224,541	3,517,139
Due to bondholders	13,824,972	-	13,824,972
Total Liabilities	<u>\$ 14,131,516</u>	<u>\$ 3,263,695</u>	<u>\$ 17,395,211</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>Special Assessment District</u>				
Assets:				
Cash and investments	\$ 5,872,099	\$ 8,575,200	\$ 8,764,020	\$ 5,683,279
Restricted cash and investments	9,365,474	221,023	1,151,852	8,434,645
Receivables:				
Accounts	-	9,415	-	9,415
Taxes	19,222	23,399	38,444	4,177
Total Assets	\$ 15,256,795	\$ 8,829,037	\$ 9,954,316	\$ 14,131,516
Liabilities:				
Accounts payable	\$ 7,169	\$ 3,267,469	\$ 3,260,692	\$ 13,946
Deposits payable	292,596	2	-	292,598
Due to bondholders	14,957,030	4,919,967	6,052,025	13,824,972
Total Liabilities	\$ 15,256,795	\$ 8,187,438	\$ 9,312,717	\$ 14,131,516
<u>Deposit</u>				
Assets:				
Cash and investments	\$ 4,125,269	\$ 1,077,599	\$ 1,958,896	\$ 3,243,972
Receivables:				
Accounts	29,759	69,329	79,365	19,723
Total Assets	\$ 4,155,028	\$ 1,146,928	\$ 2,038,261	\$ 3,263,695
Liabilities:				
Accounts payable	\$ 41,318	\$ 1,117,734	\$ 1,119,898	\$ 39,154
Deposits payable	4,113,710	3,398,513	4,287,682	3,224,541
Total Liabilities	\$ 4,155,028	\$ 4,516,247	\$ 5,407,580	\$ 3,263,695
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 9,997,368	\$ 9,652,799	\$ 10,722,916	\$ 8,927,251
Restricted cash and investments	9,365,474	221,023	1,151,852	8,434,645
Receivables:				
Accounts	29,759	78,744	79,365	29,138
Taxes	19,222	23,399	38,444	4,177
Total Assets	\$ 19,411,823	\$ 9,975,965	\$ 11,992,577	\$ 17,395,211
Liabilities:				
Accounts payable	\$ 48,487	\$ 4,385,203	\$ 4,380,590	\$ 53,100
Deposits payable	4,406,306	3,398,515	4,287,682	3,517,139
Due to bondholders	14,957,030	4,919,967	6,052,025	13,824,972
Total Liabilities	\$ 19,411,823	\$ 12,703,685	\$ 14,720,297	\$ 17,395,211

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2011

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 Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities				
Invested in capital assets, net of related debt	\$ 128,824,063	\$ 131,689,993	\$ 127,949,282	\$ 140,206,876
Restricted for:				
Debt Service	10,973,122	16,096,883	25,485,168	20,725,317
Capital Projects	7,917,407	8,804,301	49,438,960	58,342,462
Specific Projects and Programs	9,636,988	5,551,055	15,924,959	18,624,363
Total Restricted	<u>28,527,517</u>	<u>30,452,239</u>	<u>90,849,087</u>	<u>97,692,142</u>
Unrestricted	<u>71,005,500</u>	<u>72,725,338</u>	<u>27,925,986</u>	<u>34,006,389</u>
Total governmental activities net assets	\$ 228,357,080	\$ 234,867,570	\$ 246,724,355	\$ 271,905,407
Business-type Activities				
Invested in capital assets, net of related debt	\$ 151,817,550	\$ 187,817,205	\$ 164,670,433	\$ 174,541,773
Restricted for:				
capital projects	42,923,238	15,082,800	11,275,256	3,582,124
debt service				
rate stabilization				
Unrestricted	<u>44,429,166</u>	<u>51,565,061</u>	<u>84,857,099</u>	<u>82,186,952</u>
Total business-type activities net assets	\$ 239,169,954	\$ 254,465,066	\$ 260,802,788	\$ 260,310,849
Primary Government				
Invested in capital assets, net of related debt	\$ 280,641,613	\$ 319,507,198	\$ 292,619,715	\$ 314,748,649
Restricted	71,450,755	45,535,039	102,124,343	101,274,266
Unrestricted	<u>115,434,666</u>	<u>124,290,399</u>	<u>112,783,085</u>	<u>116,193,341</u>
Total Primary Government net assets	<u>\$ 467,527,034</u>	<u>\$ 489,332,636</u>	<u>\$ 507,527,143</u>	<u>\$ 532,216,256</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	2011
\$ 162,782,050	\$ 192,580,094	\$ 223,022,078	\$ 234,316,806	\$ 234,789,461	\$ 235,574,067
27,428,593	10,400,086	9,401,419	5,007,853	2,174,867	4,141,868
51,988,076	56,584,296	75,302,178	78,554,859	40,191,226	58,506,353
30,309,265	56,971,726	45,513,582	44,045,329	39,150,717	42,884,232
<u>109,725,934</u>	<u>123,956,108</u>	<u>130,217,179</u>	<u>127,608,041</u>	<u>81,516,810</u>	<u>105,532,453</u>
<u>28,199,762</u>	<u>45,103,813</u>	<u>45,039,132</u>	<u>39,968,095</u>	<u>73,283,539</u>	<u>53,795,980</u>
\$ 300,707,746	\$ 361,640,015	\$ 398,278,389	\$ 401,892,942	\$ 389,589,810	\$ 394,902,500
\$ 175,923,102	\$ 187,894,276	\$ 196,363,003	\$ 207,637,088	\$ 400,340,807	\$ 395,086,570
1,876,361	1,899,746	2,252,846	33,894,838	27,552,284	32,998,023
				955,236	936,607
					1,700,000
<u>77,186,066</u>	<u>63,744,851</u>	<u>59,188,035</u>	<u>12,766,808</u>	<u>21,602,927</u>	<u>28,535,592</u>
\$ 254,985,529	\$ 253,538,873	\$ 257,803,884	\$ 254,298,734	\$ 450,451,254	\$ 459,256,792
\$ 338,705,152	\$ 380,474,370	\$ 419,385,081	\$ 441,953,894	\$ 635,130,268	\$ 630,660,637
111,602,295	125,855,854	132,470,025	161,502,879	110,024,330	139,467,083
<u>105,385,828</u>	<u>108,848,664</u>	<u>104,227,167</u>	<u>52,734,903</u>	<u>94,886,466</u>	<u>82,331,572</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>	<u>\$ 852,459,292</u>

City of Oceanside

Changes in Net Assets Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental activities:				
General government	\$ 9,344,781	\$ 11,363,651	\$ 11,852,001	\$ 11,345,079
Public safety	41,142,786	44,795,800	49,876,905	55,728,435
Community development	17,144,538	24,282,082	23,713,393	23,377,424
Community/cultural services	15,550,599	9,797,438	11,784,754	11,700,438
Public works	10,564,747	18,482,236	23,272,166	23,140,587
Depreciation (unallocated)	10,380,880	12,483,792	-	-
Interest on long-term debt	7,693,201	8,484,102	7,598,288	9,548,310
Total governmental activities	<u>\$ 111,821,532</u>	<u>\$ 129,689,101</u>	<u>\$ 128,097,507</u>	<u>\$ 134,840,273</u>
Business-type activities:				
Water	\$ 30,372,348	\$ 31,795,689	\$ 34,028,999	\$ 34,100,516
Sewer	17,723,166	18,643,636	19,708,826	21,607,092
Waste disposal	14,955,237	16,839,565	18,223,894	19,365,317
Special aviation	225,154	207,165	259,743	457,490
Oceanside Small Craft Harbor District	4,629,071	5,031,595	4,883,873	5,115,937
Total business-type activities	<u>67,904,976</u>	<u>72,517,650</u>	<u>77,105,335</u>	<u>80,646,352</u>
Total primary government expenses	<u>\$ 179,726,508</u>	<u>\$ 202,206,751</u>	<u>\$ 205,202,842</u>	<u>\$ 215,486,625</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,290,656	\$ 2,429,359	\$ 2,315,566	\$ 2,435,479
Public safety	4,032,448	3,651,672	4,043,265	4,360,499
Community development	7,168,624	5,881,502	6,416,404	10,641,984
Community/cultural services	650,290	700,323	737,450	870,579
Public works	2,976,298	5,565,540	5,917,747	5,909,863
Operating Grants and Contributions	24,383,098	28,931,414	26,287,219	25,830,552
Capital Grants and Contributions	1,000,639	1,719,425	2,337,569	5,356,513
Total governmental activities program revenues	<u>42,502,053</u>	<u>48,879,235</u>	<u>48,055,220</u>	<u>55,405,469</u>
Business-type activities:				
Charges for services:				
Water	36,260,949	37,671,574	39,255,725	35,120,057
Sewer	17,280,192	23,780,852	22,457,309	19,791,178
Waste disposal	16,312,565	17,175,663	18,082,898	19,210,840
Special aviation	139,493	133,076	205,778	296,693
Oceanside Small Craft Harbor District	4,320,648	4,435,217	4,611,728	4,921,907
Operating Grants and Contributions	33,719	200,246	2,726,913	166,152
Capital Grants and Contributions	882,127	3,101,356	850,000	372,451
Total business-type activities program revenues	<u>75,229,693</u>	<u>86,497,984</u>	<u>88,190,351</u>	<u>79,879,278</u>
Total primary government program revenues	<u>\$ 117,731,746</u>	<u>\$ 135,377,219</u>	<u>\$ 136,245,571</u>	<u>\$ 135,284,747</u>
Net (Expense)/Revenue				
Governmental activities	\$ (69,319,479)	\$ (80,809,866)	\$ (80,042,287)	\$ (79,434,804)
Business-type activities	7,324,717	13,980,334	11,085,016	(767,074)
Total primary government net expense	<u>\$ (61,994,762)</u>	<u>\$ (66,829,532)</u>	<u>\$ (68,957,271)</u>	<u>\$ (80,201,878)</u>

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 11,936,686	\$ 13,958,047	\$ 16,004,013	\$ 19,051,433	\$ 13,967,349	\$ 14,899,107
61,977,977	64,713,256	68,521,173	76,759,409	81,635,635	74,767,172
23,295,927	26,915,033	24,715,209	28,756,441	39,476,894	28,968,430
12,806,800	14,224,389	14,191,135	14,193,259	14,565,149	11,669,455
25,475,444	24,585,242	27,088,207	28,263,292	27,101,514	32,341,519
-	-	-	-	-	-
8,634,066	7,634,724	7,486,339	7,363,801	9,213,229	7,472,655
<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>	<u>\$ 170,118,338</u>
\$ 37,074,165	\$ 41,066,482	\$ 40,649,208	\$ 41,651,535	\$ 44,640,059	\$ 43,930,562
23,735,275	26,465,182	27,039,628	28,233,964	29,744,119	29,272,281
19,105,879	20,074,362	20,846,158	21,282,754	19,073,268	20,035,442
483,012	467,505	432,432	565,477	230,378	380,711
5,501,277	5,700,513	5,807,752	6,551,918	4,454,450	1,382,005
85,899,608	93,774,044	94,775,178	98,285,648	98,142,274	95,001,001
<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>	<u>\$ 265,119,339</u>
\$ 2,556,047	\$ 2,726,649	\$ 2,910,185	\$ 2,735,446	\$ 1,510,087	\$ 1,618,641
5,121,602	4,506,019	5,546,313	6,016,525	8,123,510	6,116,702
7,539,632	7,426,082	5,992,226	5,509,157	5,180,697	6,127,879
851,456	952,830	1,283,498	2,421,512	1,111,571	1,203,242
6,830,916	6,546,976	21,137,007	6,881,633	6,721,474	8,424,047
33,579,124	42,771,143	31,173,230	24,119,622	38,057,394	45,593,539
5,274,095	7,612,717	9,418,160	9,997,029	4,824,134	7,479,535
<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>	<u>76,563,585</u>
36,716,820	39,415,143	42,185,950	42,313,563	41,865,765	45,307,197
20,723,540	23,054,008	24,749,371	25,304,602	28,570,644	32,440,442
19,816,761	20,405,194	20,961,319	21,442,968	20,795,455	23,119,454
394,072	439,422	464,774	465,150	144,269	97,633
4,996,577	5,299,861	5,322,666	5,311,555	5,028,536	5,003,985
-	-	4,220,677	1,132,596	1,787,839	384,697
-	-	-	-	238,500	-
82,647,770	88,613,628	97,904,757	95,970,434	98,431,008	106,353,408
<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>	<u>\$ 182,916,993</u>
\$ (82,374,028)	\$ (79,488,275)	\$ (80,545,457)	\$ (116,706,711)	\$ (120,430,903)	\$ (93,554,753)
(3,251,838)	(5,160,416)	3,129,579	(2,315,214)	288,734	11,352,407
<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>	<u>\$ (82,202,346)</u>

City of Oceanside

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

	Fiscal Year			
	2002	2003	2004	2005
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 23,928,088	\$ 25,114,104	\$ 28,536,578	\$ 40,004,828
Sales taxes	13,003,666	13,042,280	13,841,866	15,198,456
Other taxes	16,289,504	17,845,639	16,764,144	10,796,296
Total taxes	53,221,258	56,002,023	59,142,588	65,999,580
Intergovernmental unrestricted	8,998,124	9,295,765	9,792,530	11,339,407
Investment Earnings	13,638,035	11,914,037	8,366,058	9,153,835
Developer contributions	7,823,035	5,532,316	7,974,965	6,368,599
Miscellaneous	3,656,089	3,002,863	2,337,777	1,651,856
Loss on sale of assets	(44,828)	146,390		9,604,277
Transfers	900,000	1,426,960	1,181,848	1,395,108
Total Governmental activities	88,191,713	87,320,354	88,795,766	105,512,662
Business-type activities:				
Investment Earnings	3,845,942	3,771,450	345,296	2,520,243
Miscellaneous				
Loss on sale of assets	-	(9,865)	(3,910,742)	-
Transfers	(900,000)	(1,426,960)	(1,181,848)	(1,395,108)
Total business-type activities:	2,945,942	2,334,625	(4,747,294)	1,125,135
Total primary government	\$ 91,137,655	\$ 89,654,979	\$ 84,048,472	\$ 106,637,797
Change in n Net Assets				
Governmental activities	\$ 18,872,234	\$ 6,510,488	\$ 8,753,479	\$ 26,077,858
Business-type activities:	10,270,659	16,314,959	6,337,722	358,061
Total primary government	\$ 29,142,893	\$ 22,825,447	\$ 15,091,201	\$ 26,435,919

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	2011
\$ 48,001,309	\$ 54,785,119	\$ 58,663,948	\$ 61,239,407	\$ 55,979,593	\$ 54,923,310
15,675,218	17,814,047	18,734,655	16,914,344	17,326,635	18,141,424
14,027,416	11,437,735	11,746,323	12,424,966	10,577,615	11,091,446
77,703,943	84,036,901	89,144,926	90,578,717	83,883,843	84,156,180
11,981,723	12,682,555	13,633,572	14,083,346	504,448	830,682
9,711,778	14,095,895	13,343,619	9,861,241	8,380,289	9,585,836
10,663,038	-	-	-	-	-
329,321	1,072,547	563,443	423,227	3,673,334	5,749,504
61,726	219,935	157,154	-	-	-
2,391,713	1,408,380	1,883,945	8,214,295	4,961,121	7,025,199
112,843,242	113,516,213	118,726,659	123,160,826	101,403,035	107,347,401
2,274,912	3,945,045	3,017,902	2,109,687	982,961	568,677
-	5,599	1,475	4,964,630	3,860,425	4,461,855
(2,391,713)	(1,408,380)	(1,883,945)	(8,214,295)	(4,961,121)	(7,025,199)
(116,801)	2,542,264	1,135,432	(1,139,978)	(117,735)	(1,994,667)
\$ 112,726,441	\$ 116,058,477	\$ 119,862,091	\$ 122,020,848	\$ 101,285,300	\$ 105,352,734
\$ 30,469,214	\$ 34,027,938	\$ 38,181,202	6,454,115	(19,027,868)	13,792,648
(3,368,639)	(2,618,152)	4,265,011	(3,455,192)	170,999	9,357,740
\$ 27,100,575	\$ 31,409,786	\$ 42,446,213	\$ 2,998,923	\$ (18,856,869)	\$ 23,150,388

City of Oceanside

Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$ 21,285,917	\$ 25,330,173	\$ 7,111,978	\$ 3,700,253
Unreserved, designated	-	-	-	-
Unreserved, undesignated	12,378,639	11,359,926	24,706,920	37,879,006
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 33,664,556	\$ 36,690,099	\$ 31,818,898	\$ 41,579,259
All Other Governmental Funds				
Reserved:				
Special revenue funds	\$ 2,874,675	\$ 2,611,628	\$ 2,429,146	\$ 3,224,903
Debt service funds	10,973,122	7,168,681	14,727,685	16,572,344
Capital projects funds	13,980,571	15,097,680	24,380,725	-
Unreserved, designated:				
Special revenue funds	86,133	64,926	-	-
Debt service funds	-	-	-	-
Capital projects funds	24,599,406	349,671	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	14,602,735	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	\$ 67,116,642	\$ 69,568,721	\$ 84,109,316	\$ 87,700,170
All Governmental Funds	\$ 100,781,198	\$ 106,258,820	\$ 115,928,214	\$ 129,279,429

Note: The City implemented GASB No. 54 in the fiscal year ended June 30, 2010.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 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	13,378,851
-	-	-	-	-	-
-	-	-	15,442,512	15,737,602	15,667,245
-	-	-	15,680,540	9,051,338	5,806,222
-	-	-	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>	<u>\$ 34,852,318</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	23,575,682
-	-	-	-	-	-
-	-	-	13,285,070	18,949,270	335,047
-	-	-	-	4,051,048	24,176,027
-	-	-	1,790,736	7,354,557	7,889,448
-	-	-	4,412,804	-	-
-	-	-	2,645,521	-	1,432,594
-	-	-	17,306,801	6,489,499	17,881,727
-	-	-	-	412,349	-
-	-	-	206,462	-	21,030
-	-	-	-	-	-
-	-	-	31,967,903	-	-
-	-	-	-	-	-
-	-	-	54,739,867	56,242,413	46,908,822
-	-	-	3,231,453	2,821,010	1,967,025
-	-	-	-	-	-
-	-	-	(13,242,660)	(9,817,564)	(12,029,374)
-	-	-	-	(167,026)	(373,292)
-	-	-	-	-	-
<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>\$ 111,784,736</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>	<u>\$ 146,637,054</u>

City of Oceanside

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

	Fiscal Year			
	2002	2003	2004	2005
Revenues:				
Taxes	\$ 44,249,811	\$ 46,115,955	\$ 51,579,405	\$ 65,421,689
Licenses and permits	2,776,858	2,467,648	2,747,218	2,264,692
Intergovernmental	31,485,240	36,426,546	34,397,718	28,032,701
Charges for services	10,945,780	10,494,390	11,067,922	11,762,268
Interest and rentals	10,643,668	9,752,164	6,095,994	8,970,023
Fines and forfeitures	2,871,536	3,058,767	3,397,840	3,821,194
Lease revenue	2,868,446	1,218,150	2,193,296	2,319,107
Developer fees	7,868,050	6,433,319	8,195,886	6,358,585
Special assessments	5,613,928	6,077,472	4,005,577	7,253,902
Administrative and in lieu charges	8,998,124	9,295,765	9,792,530	11,339,407
Other	1,145,984	3,106,787	2,195,752	1,815,169
Total Revenues	129,467,425	134,446,963	135,669,138	149,358,737
Expenditures:				
General government	10,837,924	11,940,876	11,240,628	11,252,291
Public safety	43,729,924	44,493,491	50,307,345	55,421,998
Community development	18,632,934	24,376,852	20,071,741	22,786,226
Community/cultural services	17,483,458	10,121,335	10,560,829	10,388,449
Public works	11,515,892	11,465,976	12,497,077	16,400,288
Capital outlay	15,897,171	21,496,691	24,946,758	16,354,681
Debt service				
Principal	6,937,400	29,582,600	3,620,000	5,685,000
Interest	7,306,270	7,746,132	7,495,816	9,150,912
Total Expenditures	132,340,973	161,223,953	140,740,194	147,439,845
Excess of Revenues over (under) expenditures	(2,873,548)	(26,776,990)	(5,071,056)	1,918,892
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	35,744,583
Bond premium	-	-	-	-
Payment of unfunded pension liability	-	-	-	-
Redemption of refunded debt	-	-	(7,725,000)	(33,650,000)
Loan proceeds	-	-	-	-
Proceed from sale of real property	-	-	-	9,434,809
Transfers in	9,016,036	52,371,476	24,877,011	12,410,052
Transfers out	(8,665,262)	(51,481,976)	(29,640,481)	(11,610,315)
Total other financing sources (uses)	25,930,774	26,074,500	13,051,530	12,329,129
Net change in fund balances	\$ 23,057,226	\$ (702,490)	\$ 7,980,474	\$ 14,248,021

Debt Service as a percentage of noncapital expenditures.

12.62% 25.40% 9.05% 11.32%

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	2011
\$ 75,175,577	\$ 84,150,853	\$ 88,632,073	\$ 91,340,010	\$ 83,508,603	\$ 84,252,109
2,640,136	2,296,979	1,899,169	1,877,798	973,602	2,501,483
37,417,423	28,451,602	42,765,760	27,941,755	28,700,124	38,281,505
13,174,726	10,842,358	10,554,651	10,366,112	14,492,767	12,999,466
5,600,963	12,375,093	12,166,634	8,673,200	6,318,649	3,629,981
4,320,726	4,299,450	4,974,638	4,770,065	1,890,806	1,949,170
2,262,236	4,644,958	4,656,346	4,738,281	2,342,583	2,348,728
10,855,028	10,997,445	4,026,658	4,439,021	2,744,171	2,782,358
7,605,943	12,453,958	8,286,857	2,351,621	-	-
11,981,723	12,682,555	13,633,572	14,083,346	16,537,589	10,911,973
596,106	1,140,081	1,486,331	770,811	4,639,198	8,258,197
<u>171,630,587</u>	<u>184,335,332</u>	<u>193,082,689</u>	<u>171,352,020</u>	<u>162,148,092</u>	<u>167,914,970</u>
11,675,141	12,913,269	14,588,366	16,229,297	13,705,854	14,204,862
59,977,872	65,460,131	69,336,877	73,479,724	76,616,881	72,109,425
22,569,033	33,913,454	24,861,865	33,420,647	38,432,800	27,655,390
11,482,495	12,381,047	13,852,218	12,898,183	14,881,758	10,843,234
15,198,022	15,746,646	15,669,045	17,813,964	18,664,638	17,130,401
22,492,632	25,540,153	46,019,219	22,067,047	8,953,305	14,513,009
4,760,780	6,252,146	5,724,192	6,100,728	6,596,713	7,616,985
8,021,110	8,526,638	7,964,401	8,152,267	9,638,213	7,608,092
<u>156,177,085</u>	<u>180,733,484</u>	<u>198,016,183</u>	<u>190,161,857</u>	<u>187,490,162</u>	<u>171,681,398</u>
15,453,502	3,601,848	(4,933,494)	(18,809,837)	(25,342,070)	(3,766,428)
42,780,000	-	-	-	-	1,624,761
-	-	-	-	-	-
1,032,871	-	-	-	-	-
(42,072,326)	-	-	-	-	-
-	-	-	-	-	-
-	-	3,500,000	-	-	-
228,100	1,663,000	1,560	7,905	-	-
16,750,522	37,997,067	25,040,614	24,680,835	27,723,634	32,976,259
(21,587,024)	(36,697,390)	(24,377,845)	(20,484,907)	(22,306,443)	(28,437,187)
<u>(2,867,857)</u>	<u>2,962,677</u>	<u>4,164,329</u>	<u>4,203,833</u>	<u>5,417,191</u>	<u>6,163,833</u>
<u>\$ 12,585,645</u>	<u>\$ 6,564,525</u>	<u>\$ (769,165)</u>	<u>\$ (14,606,004)</u>	<u>\$ (19,924,879)</u>	<u>\$ 2,397,405</u>

9.29% 9.78% 8.77% 8.32% 6.15% 6.10%

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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
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
2011	44,345,948	18,408,283	548,660	3,325,825	4,125,808	2,788,662	73,543,186
Change 2002-2011	152.6%	28.9%	-32.6%	89.0%	21.2%	29.3%	84.0%

Source: Financial Services Department, Accounting Division

City of Oceanside

Schedule of Assessed Valuation Last Ten Fiscal Years

Fiscal Year	ASSESSED VALUATIONS			
	Land	Improvements	Personal Property	Total
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
2011	7,887,878,904	9,021,522,163	206,519,262	17,115,920,329

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			
\$ 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
218,883,810	1,097,822,948	289,636,525	15,509,577,046	0.286 %	44,345,948

City of Oceanside

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Education</u>	<u>Special Districts Improvements</u>	<u>City of Oceanside</u>	<u>Basic County/ City Rate</u>	<u>Total Tax Rate (1)</u>
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%
2011	0.22287%	0.02507%	0.00000%	1.00000%	1.24794%

(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 Ten Years Ago**

Principal Tax Payers	2011			2002		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Genentech Inc.	\$ 511,220,331	1	2.971%			
P K II El Camino North Limited Partnership	115,741,494	2	0.673%			
Wyndham Vacation Resorts	101,514,497	3	0.590%			
Walmart Real Estate Business Trust	66,603,066	4	0.387%			
W2005 M R D Realty LLC	63,000,000	5	0.366%			
Lakeridge Island Club Apartments Partners	61,062,716	6	0.355%			
Piazz Doro LLC	59,466,796	7	0.346%			
A M B D F S Pacific Coast LLC	58,718,993	8	0.341%			
Rock-Sea LLC	55,487,888	9	0.323%			
Essex C A L - W A Limited Partnership	53,048,417	10	0.308%			
C T Retail Properties Finance 12 LLC				\$ 52,600,687	1	0.616%
Lakeridge Associates				38,359,140	2	0.449%
Pacific Coast Plaza Investments LLC				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>\$ 1,145,864,198</u>		<u>6.660%</u>	<u>\$ 329,966,631</u>		<u>3.865%</u>

Source: San Diego County Assessor and 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	
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
2011	32,797,312	29,896,898	91.2%	361,117

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
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%
30,258,015	92.3%	1,816,848	5.5%

City of Oceanside

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	Pension Obligation Bonds	Redevelopment Bonds	Capital Leases & Notes Payable	Certificates of Participation	Special Assessment Bonds
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	-
2011	39,345,000	48,560,000	5,042,800	42,145,000	-

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. 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					
Revenue Bonds	Certificates of Participation	Loans Payable	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
\$11,120,000	\$26,310,000	\$75,734,559	\$ 229,697,159	\$ 3 %	\$ 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	3.16 %	1,299
6,595,000	25,900,000	3,639,883	177,219,907	2.29 %	946
5,890,000	23,930,000	3,310,642	168,223,441	2.19 %	995

City of Oceanside

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Percent of Assessed Value ¹	Per Capita
	Pension Obligation Bonds	Redevelopment Bonds	Certificates of Participation	Special Assessment Bonds	Total		
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
2011	39,345,000	48,560,000	42,145,000	-	130,050,000	0.76%	773

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, 2011

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt		City's Share of
	Debt 6/30/11	% Applicable (1)	Debt 6/30/11
Metropolitan Water District	\$ 227,670,000	0.900%	\$ 2,049,030
Palomar Community College District	322,528,901	5.927%	19,116,288
Carlsbad Unified School District	203,530,319	2.043%	4,158,124
Oceanside Unified School District	218,410,045	99.850%	218,082,430
Vista Unified School District	132,674,882	36.037%	47,812,047
Fallbrook Union High School district	14,315,071	6.839%	979,008
Bonsall Unified School District	16,479,680	19.299%	3,180,413
City of Oceanside Community Facilities District No. 2000-1	24,580,000	100.000%	24,580,000
City of Oceanside Community Facilities District No. 2001-1	20,835,000	100.000%	20,835,000
City of Oceanside Community Facilities District No. 2001-1, Improvement Area No. 1	8,505,000	100.000%	8,505,000
City of Oceanside Community Facilities District No. 2006-1	8,880,000	100.000%	8,880,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 358,177,340
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Diego County General Fund Obligations	\$ 385,650,000	4.697%	\$ 18,113,981
San Diego County Pension Obligations	820,288,160	4.697%	38,528,935
San Diego County Superintendent of Schools Certificates of Participation	19,992,500	4.697%	939,048
Mira Costa Community College District Certificates of Participation	3,065,000	15.144%	464,164
Palomar Community College District Certificates of Participation	6,275,000	5.927%	371,919
Carlsbad Unified School District Certificates of Participation	49,095,000	2.043%	1,003,011
Oceanside Unified School District Certificates of Participation	320,000	99.850%	319,520
Vista Unified School District Certificates of Participation	5,735,000	36.037%	2,066,722
Bonsall Union School District Certificates of Participation	1,945,000	19.299%	375,366
City of Oceanside General Fund Obligations	42,145,000	100.000%	42,145,000
City of Oceanside Pension Obligations	39,345,000	100.000%	39,345,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 143,672,666
 GROSS COMBINED TOTAL DEBT (2)			 \$ 501,850,006

(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 2010-11 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.87%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$81,490,000) 0.51%

Combined Total Debt 3.12%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc

City of Oceanside

Legal Debt Margin Information Last Ten Years

	Fiscal Year			
	2002	2003	2004	2005
Assessed valuation	\$ 8,677,262,831	\$ 9,398,843,911	\$10,474,994,699	\$ 11,890,056,869
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,169,315,708	2,349,710,978	2,618,748,675	2,972,514,217
Debt limit percentage	15%	15%	15%	15%
Debt limit	325,397,356	352,456,647	392,812,301	445,877,133
Total net debt applicable to limit: General & Pension Obligation Bonds	-	-	-	-
Legal debt margin	325,397,356	352,456,647	392,812,301	445,877,133
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					
2006	2007	2008	2009	2010	2011
\$13,816,690,118	\$15,657,771,874	\$17,073,760,557	\$17,356,587,943	\$17,493,006,303	\$17,205,265,780
25%	25%	25%	25%	25%	25%
3,454,172,530	3,914,442,969	4,268,440,139	4,339,146,986	4,373,251,576	4,301,316,445
15%	15%	15%	15%	15%	15%
518,125,879	587,166,445	640,266,021	650,872,048	655,987,736	645,197,467
42,780,000	42,365,000	41,825,000	41,150,000	40,325,000	39,345,000
475,345,879	544,801,445	598,441,021	609,722,048	615,662,736	605,852,467
8.3%	7.2%	6.5%	6.3%	6.1%	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	
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)
2011*	47,185,491	43,347,722	3,837,769	705,000	301,176	1,006,176	3.81

*Debt coverage improved due to increase in water revenue. The additional revenue is the result of a rate increase approved by City Council November 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>
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%
2011	168,173	7,381	43,891	10.1%

Note: Fiscal year 2011 Personal Income was estimated using the Price and Population information received from the State of California, which reflects adjustment from the 2010 Federal Census.

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

City of Oceanside

Top 25 Sales tax Producers Current Year and Ten Years Ago

Business Name	2011 Business Category	2001 Business Category
7 Eleven	Service Stations	
Albertson's	Grocery Stores Liquor	
Best Buy	Electronics/Appliance Stores	
Chevron	Service Stations	
Chevron	Service Stations	
CVS Pharmacy	Drug Stores	
Discount Tire	Automotive Supply Store	
Home Depot	Lumber/Building Materials	
Kohls	Family Apparel	
Lowes	Lumber/Building Materials	
McDonalds	Restaurants - No Alcohol	
Melrose Arco	Service Stations	
Mission AM PM	Service Stations	
Mobil Oil	Service Stations	
Morally Wholesale	Contractors	
Moshen Oil	Service Stations	
Mossy Nissan	New Motor Vehicle Dealers	
Oceanside Gas & Market	Service Stations	
One Source Distributors	Electrical Equipment	
Ralphs	Grocery Stores Liquor	
Ross	Family Apparel	
San Luis Rey Service Station	Service Stations	
Stater Bros	Grocery Stores Liquor	
Target	Discount Dept Store	
Walmart	Discount Dept Store	
Albertson's		Grocery Stores Liquor
Arco Am Pm Mini Mart		Service Stations
Bed Bath & Beyond		Home Furnishings
Best Buy		Electronics/Appliance Stores
Biggs Harley Davidson		Boats/Motorcycles
Chevron		Service Stations
Dick's Sporting Goods		Sporting Goods/Bike Stores
Home Depot		Lumber/Building Materials
K Mart		Discount Dept Store
Kia of Oceanside		New Motor Vehicle Sales
Longs		Drug Stores
McDonalds		Restaurants - No Alcohol
Mervyns		Department Stores
Moshen Oil		Service Stations
Mossy Nissan		New Motor Vehicle Sales
Motopro		Boats/Motorcycles
Oceanside Ready Mix		Contractors
Ralphs		Grocery Stores Liquor
Rite Aid		Drug Stores
Stater Bros		Grocery Stores Liquor
Superior Ready Mix Concrete		Contractors
Target		Discount Dept Store
Toys R Us		Specialty Store
Vons		Grocery Stores Liquor
Walmart		Discount Dept Store
Percent of Fiscal Year Total Paid by Top 25 Accounts	43%	46%

* Firms listed alphabetically

Source: HdL Coren & Cone

City of Oceanside

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

Function	2004	2005	2006	2007	2008	2009	2010	2011
General Government	118	114	114	117	116	117	105	99
Public Safety								
Police	272	281	287	298	323	319	321	320
Fire	145	149	149	129	131	129	114	118
Public Works	163	167	167	165	119	119	109	110
Development Services	33	30	31	32	75	68	51	48
Neighborhood Services	48	47	47	79	82	78	71	63
Economic & Community Development	13	15	12	14	14	14	14	12
Library	76	76	76	44	37	36	35	27
Water Utilities	141	141	141	142	141	143	144	138
Harbor	41	40	40	39	37	37	26	0
Total	1,050	1,060	1,064	1,059	1,075	1,060	990	935

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

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City of Oceanside

Operating Indicators by Function/Program Last Six Fiscal Years

	2006	2007	2008	2009	2010	2011
Police						
Arrests	9,296	10,646	9,139	8,391	7,245	5,961
Citations	24,502	25,233	22,514	19,697	17,491	23,464
Fire						
Number of Emergency Calls	11,256	14,090	15,678	15,553	16,692	16,662
Inspections	5,722	6,135	1,702	1,854	2,000	1,765
Public Works						
Street Resurfacing (lane miles)	25	25	65	43	54	46
Water						
Average Daily Consumption (million Gallons)	30	30	30	30	24	23
Wastewater						
Average Daily Sewage Treatment (million gallons)	14	13	13	13	12	12
Recreation						
Number of Recreation Classes (quarterly)	55	55	157	98	140	120
Library						
Total Volumes in Collection	354,105	353,464	298,976	338,773	305,346	274,289
Total Volumes Loaned	488,848	480,406	516,222	553,323	561,182	497,563

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

	2002	2003	2004	2005
Police				
Number of Police Stations	1	1	1	1
Fire				
Number of Fire Stations	7	7	7	7
Number of Engine Companies	5	5	5	5
Number of Truck/Rescue Companies	2	2	2	2
Number of Ambulances	4	4	4	4
Public Works				
Miles of Streets:	396	392	394	394
Number of Street Lights (City Owned):	7,600	7,749	7,823	8,002
Utilities:				
Miles of Lines and Mains	500	500	500	500
Number of Wastewater Treatment Plants	2	2	2	2
Miles of Sewers	450	450	450	450
Recreation and Cultural:				
Number of Parks (Improved and Unimproved)	34	38	38	38
Area of Parks (In Acres)	371	592	600	600
Recreation & Senior Centers	5	5	5	5
Pools	2	2	2	2
Number of Libraries	2	2	2	2
Number of Library Outlets	n/a	n/a	n/a	n/a
Number of Bookmobiles	2	2	2	2
Computer Terminals for Internet Access (Public)	143	94	100	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

^c 2009 included overlapping categories i.e. Linear Park is a sidewalk.

2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
8	8	8	8	8	8
7	6	6	6	6	6
1	2	2	2	2	2
4	4	4	4	4	4
400	400	400	400	400	475
8,002	8,000	10,000 a	9,345	8,345	8,345
550	550	600	600	600	580
2	2	2	2	2	2
450	450	450	450	450	450
38	38	34 c	40	33	33
600	670	375 b	594	810	810
5	5	8	9	6	6
2	2	2	2	2	2
3	2	2	2	2	2
n/a	2	6	6	4	3
2	2	2	2	1	1
103	106	107	107	76	85
570,560	609,497	679,120	716,957	576,223	469,610

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