C&L
Caporicci & Larson
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the 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, California (City), as of and for the year ended June 30, 2003, 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's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards,* we have also issued our report dated September 19, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

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To the Honorable Mayor and Members of City Council
of the City of Oceanside
Oceanside, California

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

Caporicci & Larson

Costa Mesa, California
September 19, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2003

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2003. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Oceanside (the 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 and fiduciary. The governmental 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. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is 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.

These two statements report the City's *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position.* Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating.

In 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 the General Government, Fire, Police, 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 (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities-such as the City's Self-Insurance, Fleet Operations and Information Technology Funds. The Internal Service funds are reported with governmental activities in the Government-Wide financial Statements.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

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 separate Statements of Fiduciary Net Assets. 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.

THE CITY AS A WHOLE

The City's combined Net Assets for the fiscal year ended June 30, 2003 are compared to results for 2002 in the following table:

City of Oceanside Net Assets
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	$ 142,770	$ 127,484	$ 96,694	$ 121,690	$ 239,464	$ 249,173
Capital assets	255,098	251,126	274,936	240,527	530,034	491,653
Total assets	397,868	378,609	371,630	362,217	769,498	740,826
Long-term debt outstanding	119,074	116,533	109,813	113,165	228,887	229,697
Other liabilities (note)	43,927	33,720	7,352	10,902	51,279	44,622
Total Liabilities	163,001	150,252	117,164	124,067	280,165	274,319
Net assets						
Invested in capital assets, net of related debt	131,690	128,824	187,817	151,818	319,507	280,642
Restricted	30,452	28,528	15,083	42,923	45,535	71,451
Unrestricted	72,725	71,006	51,565	43,409	124,290	114,415
Total net assets	$ 234,868	$ 228,357	$ 254,465	$ 238,150	$ 489,333	$ 466,507

Note: The 2002 business-type activities liability has been reduced in accordance with Note 13. The corresponding unrestricted asset has been increased.

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 4.9% from $466.5 million at June 30, 2002 to $489.3 million at June 30, 2003. Capital assets increased almost 8% due to continued investment in the San Luis Rey Waste Water Treatment Facility, which accounted for $26 million in restricted assets over the year. This resulted in the corresponding drop in restricted assets, a portion of which were earmarked for this project.

Other liabilities increased by approximately $6.6 million, an increase of 15 percent over fiscal year 2002. Other liabilities include all liabilities other than long -term debt, such as accounts payable, claims and judgments against the government, and deferred revenues. This increase was due to an increase in deposits held by the Housing Assistance Program for developer fees. Developers are allowed to deposit cash in lieu of building low- income housing, and these fees have increased by 30 percent since 2002.

Long-term debt was reduced slightly due to refinancing of bonded indebtedness to more favorable rates.

Unrestricted assets, which can be used for any purpose, increased by 9 percent over 2002. Most of this increase, however, was noted in the business-type activities.

GOVERNMENTAL ACTIVITIES

CITY OF OCEANSIDE CHANGES IN NET ASSETS
(in thousands of dollars)

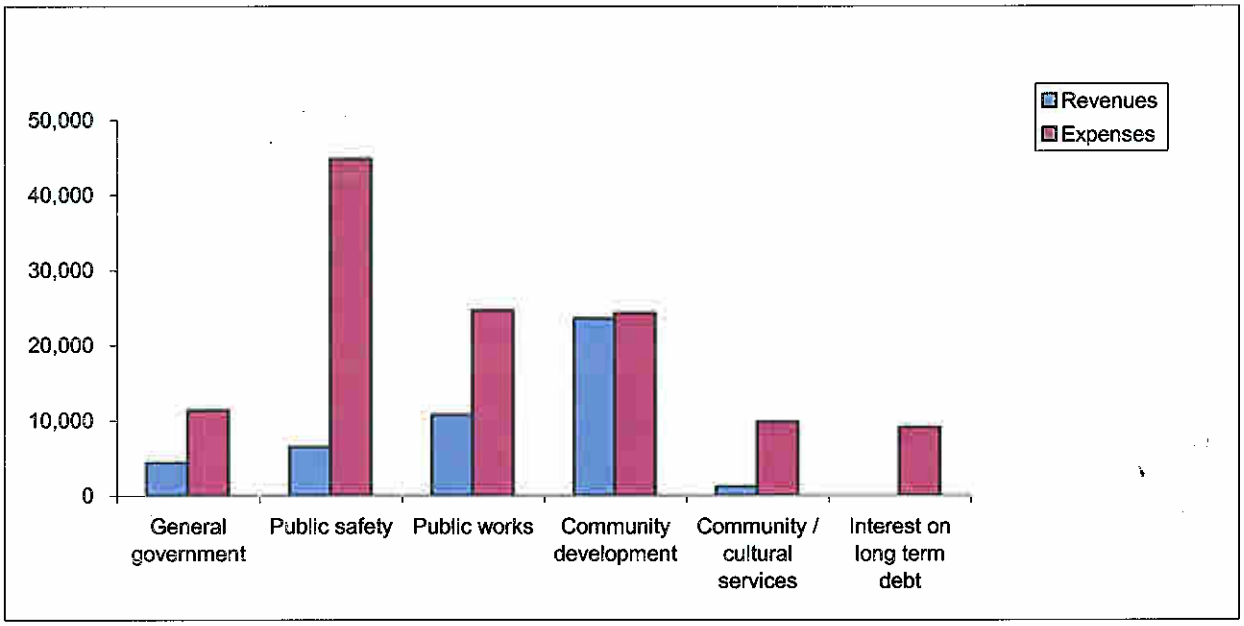
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	$ 18,228	$ 17,118	$ 83,196	$ 74,314	$ 101,425	$ 91,432
Operating grants and contributions	28,931	24,383	200	34	29,131	24,417
Capital grants and contributions	1,719	1,001	3,101	882	4,821	1,883
General revenues:						
Property taxes	25,114	23,023	-	-	25,114	23,023
Sales taxes	13,042	13,004	-	-	13,042	13,004
Other taxes	17,846	17,195	-	-	17,846	17,195
Use of money and property	11,914	13,638	3,771	3,846	15,685	17,484
Other	19,405	21,332	(1,437)	(900)	17,968	20,432
Total revenues	**136,199**	**130,694**	**88,833**	**78,176**	**225,032**	**208,869**
Expenses:						
General government	11,364	9,345	-	-	11,364	9,345
Public safety	44,796	41,143	-	-	44,796	41,143
Public works	18,482	10,565	-	-	18,482	10,565
Community development	24,282	17,145	-	-	24,282	17,145
Interest on long-term debt	8,484	7,693	-	-	8,484	7,693
Other governmental	22,281	25,931	-	-	22,281	25,931
Water	-	-	31,796	30,372	31,796	30,372
Sewer	-	-	18,644	17,723	18,644	17,723
Waste disposal	-	-	16,840	14,955	16,840	14,955
Other	-	-	5,239	4,854	5,239	4,854
Total expenses	129,689	111,822	72,518	67,905	202,207	179,727
Increase (decrease) in net assets	6,510	18,872	16,315	10,271	22,825	29,143
Beginning net assets	228,357	209,485	238,150	228,899	466,507	438,384
Ending net assets	$ 234,868	$ 228,357	$ 254,465	$ 239,170	$ 489,333	$ 467,527

Governmental activities had a minimal effect on the City's overall net assets. The $6.5 million increase in governmental net assets (above) is due mostly to a prior period adjustment in Redevelopment, reclassifying certain properties to "held for sale."

Program revenues, which reduce the net cost to the City's general revenues, increased by 9 percent over 2002. Operating grants in Community Development have the largest impact, increasing almost 40 percent to $17.7 million. The biggest components of this increase were a $1.7 million Community Development Block Grant (CDBG) and a $1.3 million increase in the Section 8 grants.

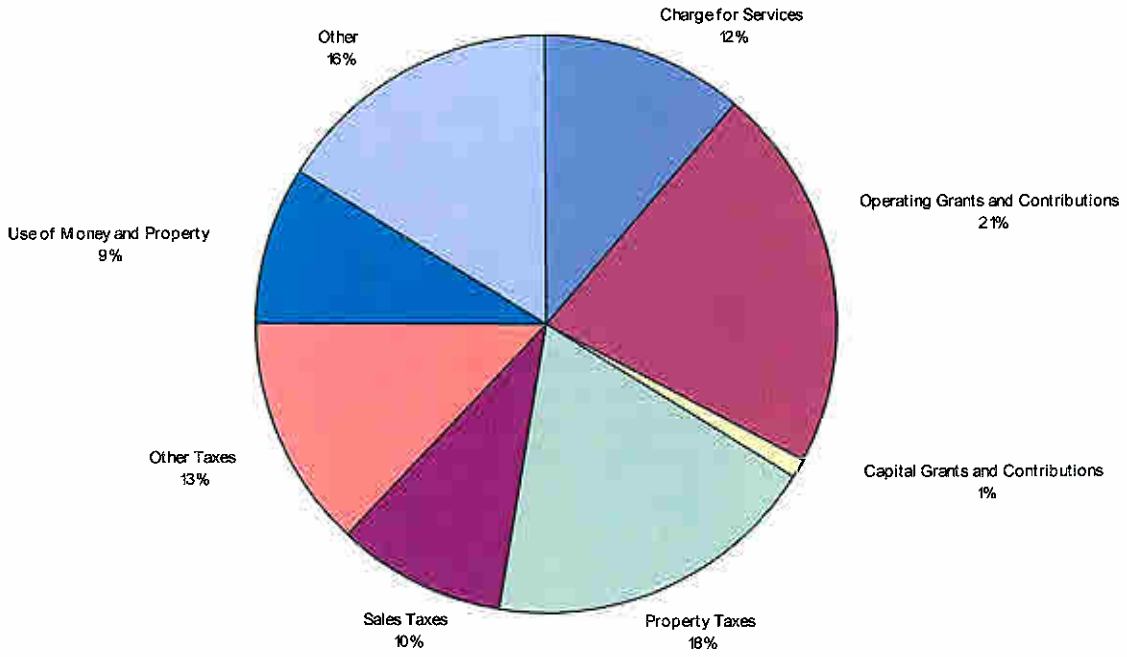
Property taxes increased by 9% over 2002 due to continued appreciation in housing prices. Use of money and property decreased primarily because of reduced interest earnings on the City's portfolio.

Expenses versus Program Revenues for Governmental Activities



The chart above 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 below. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Revenue by Source - Governmental Activities



The above graph indicates that 34 percent of governmental services are covered by fees and grant revenues. Property taxes continue to be the largest source of the City's general revenues.

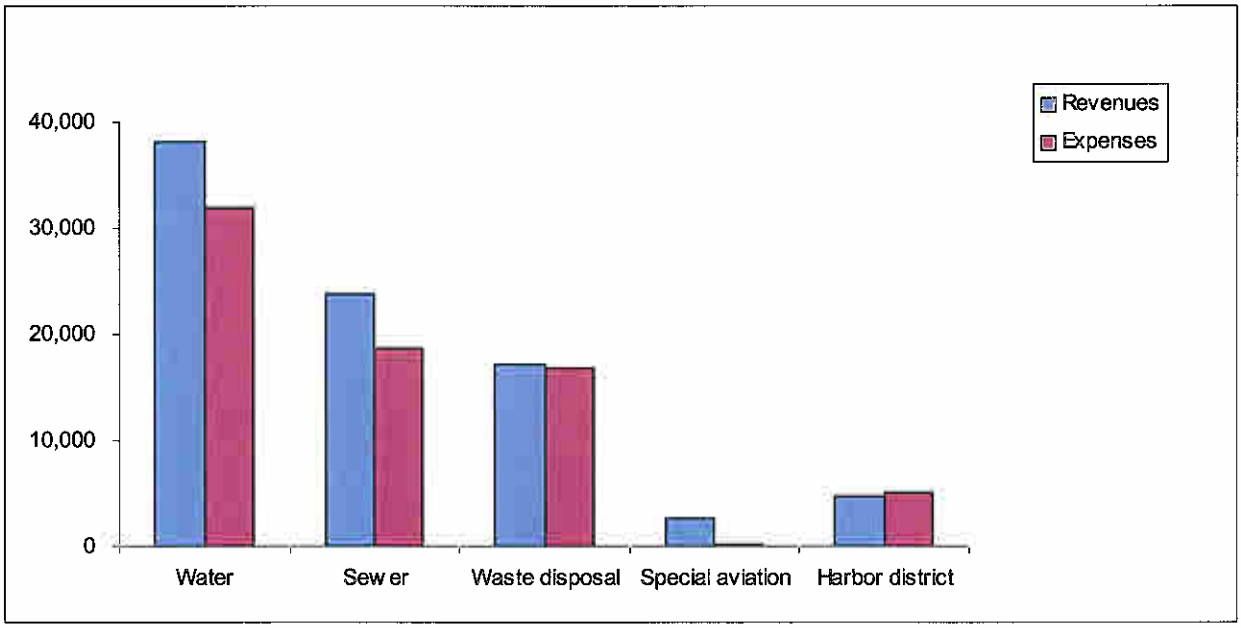
BUSINESS TYPE ACTIVITIES

Business-type activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and the Airport. These activities bolstered net assets by $15.2 million in the last fiscal year, which represents over 70 percent of the total increase from all City activities.

Enterprise activities saw an increase from charges for services of 12 percent over 2002. Capital grants increased $3.1 million, due to the Federal Aviation Administration grant of $2.5 million for acquiring property to expand the Oceanside Municipal Airport.

Revenue growth outpaced the increase in expenses by a margin of 2 to 1 in 2003. As the chart below indicates, program revenues from business-type activities easily cover program expenses, unlike governmental activities.

Expenses versus Program Revenues for Business-type Activities



Fees charged for these services make up 97 percent of the revenues collected, with a small portion made up of grants and contributions ($3.3 million) and interest income ($3.8 million). The Harbor District was the only enterprise to operate at a deficit for the fiscal year, although it should be noted that over $900,000 of expenses were incurred in depreciation, a non-cash charge. Effective January 2004, a slip rental increase of approximately 12 percent will take effect. Beginning in January 2006, slip rental fees will be adjusted annually based on the consumer price index (CPI). The harbor fund remains financially healthy with net assets of almost $12 million at fiscal year-end.

DEBT ADMINISTRATION

Debt, considered a liability of governmental activities, increased in fiscal year 2002-03 by a mere $4.8 million. This includes claims payable and the compensated absence liability. Governmental activities had only a single bond issue during the year, which reduced the debt service expense by refunding the 1993 Certificates of Participation.

	Balance July 1, 2002	Incurred or Issued	Satisfied or Matured	Balance June 30, 2003
Governmental Activities:				
Bonds Payable	$ 43,185,000	$ -	$ (440,000)	$ 42,745,000
Certificates of Participation	69,250,000	25,185,000	(28,485,000)	65,950,000
Special Assessment Debt	4,097,600	-	(657,600)	3,440,000
Capital Leases Payable	-	7,516,967	(577,967)	6,939,000
Claims Payable	6,594,510	2,161,717	-	8,756,227
Compensated Absences	6,978,921	138,426	-	7,117,347
Total Governmental Activities	$ 130,106,031	$ 35,002,110	$ (30,160,567)	$ 134,947,574

Debt of the business-type activities decreased by $3 million in FY 2002-03, due to refunding of the 1993 Water System Refunding Project and the 1993 Wastewater System Refunding Project. These issues were refunded in order to take advantage of the favorable interest rates of the past fiscal year.

	Balance July 1, 2002	Incurred or Issued	Satisfied or Matured	Balance June 30, 2003
Business-Type Activities:				
Bonds Payable	$ 11,120,000	$ -	$ (105,000)	$ 11,015,000
Certificates of Participation	26,310,000	26,935,000	(26,310,000)	26,935,000
Notes Payable	75,734,559	20,161,674	(24,033,592)	71,862,641
Claims Payable	142,723	202,165	-	344,888
Compensated Absences	1,395,893	118,747	-	1,514,640
Total Governmental Activities	$ 114,703,175	$ 47,417,586	$ (50,448,592)	$ 111,672,169

Note 8 provides a detailed description of all outstanding liabilities.

CASH MANAGEMENT

To obtain flexibility in cash management, the City employs a pooled cash system (Reference Note 2 in the Notes to the Financial Statements). Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City's Investment Policy. The goals of the City's Investment Policy are safety, liquidity and yield.

CAPITAL ASSETS

The capital assets of the City are those assets that are used in the performance of the City's functions, including infrastructure. At June 30, 2003, net capital assets of the governmental activities totaled $255 million and the net capital assets of the business-type activities totaled $275 million. Depreciation on capital assets is recognized in the Government-Wide financial statements.

The 14 percent increase over fiscal year ending is attributable to work in process on the San Luis Rey Wastewater Facility.

Description	Governmental Activities 2003	Governmental Activities 2002	Business-type Activities 2003	Business-type Activities 2002
Land	$ 45,569,367	$ 49,107,260	$ 14,818,769	$ 14,818,769
Buildings	59,411,205	59,361,920	64,788,735	64,788,735
Improvements	8,583,880	7,887,866	196,041,626	196,028,668
Equipment	47,922,301	40,134,847	5,417,243	5,738,111
Construction in Progress	5,374,740	1,761,810	99,274,704	57,328,437
Infrastructure	232,263,043	225,523,778	-	-
Capital Assets	399,124,536	383,777,481	380,341,077	338,702,720
Accumulated Depreciation	(144,026,619)	(132,651,573)	(105,405,330)	(98,175,612)
Total Capital Assets	$ 255,097,917	$ 251,125,908	$ 274,935,747	$ 240,527,108

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

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2002-03

- Earned the Certificate of Achievement for Excellence in Financial Reporting for the 2002 financial report.
- Received the Helen Putnam Award for the City's Clean Water Program.
- San Luis Rey Wastewater Treatment Facility, which will increase treatment capacity by 26 percent, reached 75 percent completion.
- Completed the Mission Basin Desalting Facility plant expansion, which will reduce Oceanside's dependence on water from other sources.
- The International Association of Chiefs of Police awarded the Oceanside Police Department the 2003 Vehicle Theft Award of Merit.
- Construction began on Vintage Point II, a 186-unit complex to provide affordable housing for seniors.
- The 800 Mhz radio system was implemented, connecting Oceanside safety employees to the San Diego Regional Communication System (RCS)

BUDGETS AND BUDGETARY ACCOUNTING

POLICIES

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Before the beginning of the fiscal year, the City Manager submits to the City Council a proposed budget for the year commencing July 1.

2. A public hearing is conducted to obtain public comment.

3. The budget is subsequently adopted through passage of a resolution and is not included herein; but is published separately.

4. All appropriations are as originally adopted or as amended by the City Council and all budgeted amounts lapse at year-end unless the adopting resolutions specifically allows the carryover of specific unexpended amounts into the next fiscal year.

5. Continuing Appropriations (other than those mentioned in note 4, above) are re-budgeted by the City Council as a separate agenda item.

6. Legally adopted budget appropriations are set for all funds.

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

8. The Budget is adopted on a basis consistent with generally accepted accounting principles.

General Fund Budget

Comparing the FY 2002-03 original budget (as adopted) General Fund amount of $78 million to the final budget amount of $81 million shows a net increase of $3.2 million, as delineated below.

	Adopted	Amended	Variance
General Government			
Operational	$ 9,229,790	$ 9,253,756	$ 23,966
Non-Departmental	3,631,399	6,517,694	2,886,295
Public Safety			
Police	29,154,599	29,242,099	87,500
Fire	14,478,697	14,550,697	72,000
Public Works	7,416,175	7,456,243	40,068
Community Development	4,053,909	4,163,662	109,753
Community & Cultural Services			
Library	7,930,473	7,915,973	(14,500)
Beach Recreation	1,773,710	1,773,710	-
Interest	-	-	-
Total Budget (excluding transfers)	$ 77,668,752	$ 80,873,834	$ 3,205,082

The $3.2 million variance between the adopted and amended budget is comprised of several adjustments. First, a budget resolution was adopted to increase spending for a cable television contract with Cox for $1.4 million to provide public education and government programming (PEG). An $800, 000 expenditure was approved for street improvement to Alex Road; $500,000 was approved for environmental remediation for the Police Refueling Facility; and $150,000 for a new senior center project.

Reductions in the budget will be realized by leaving certain vacant positions unfunded.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Annual Budget assures the efficient, effective and economic uses of the City's resources, as well as, establishing that the highest priority objectives are accomplished. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities.

In considering the City budget for fiscal year 2003-04 the City Council and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Property tax revenues will increase by 8.4 percent due to a steadily rising housing market.
2. Sales tax will increase by a modest 3.5 percent.
3. Franchise fees will increase 2 percent.
4. Transient Occupancy tax will increase 4.8 percent.
5. Building permit revenues will increase 3 percent.

The adopted budget for all City funds for the fiscal year 2003-04 is $212 million (excluding transfers) and is summarized as follows:

General Operations				
General Fund	$	81,433,524		
Special Revenue Funds		11,424,078		
Internal Service Funds		34,431,163		
Capital Project Funds		2,358,539		
Subtotal General Operations			$	129,647,304
Enterprise Operations				
Water Utility	$	34,835,294		
Wastewater Utility		20,132,627		
Waste Disposal		17,125,317		
Special Aviation		147,187		
Harbor District Operations		4,732,836		
Subtotal Enterprise Operations			$	76,973,261
Debt Service				
General Obligation, Assessment Districts, Community Facilities Districts and Redevelopment	$	4,769,346		
Subtotal Debt Service			$	4,769,346
Total Budget			$	**211,389,911**

In addition to the $212 million total budget, the City's recommended new capital improvements projects total $95 million. These projects are accounted for in the City's Capital Improvement Program (CIP) Resolution.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investor 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, phone (760) 435-3832.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Oceanside
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 110,061,186	$ 73,313,557	$ 183,374,743
Accounts receivable, net	3,403,444	6,148,773	9,552,217
Notes receivable	3,385,119	-	3,385,119
Interest receivable	1,196,270	-	1,196,270
Assessments receivable	3,440,000	-	3,440,000
Taxes receivable	3,076,764	-	3,076,764
Other receivable	1,964,129	2,645	1,966,774
Due from other governments	1,548,250	-	1,548,250
Internal balances	(480,880)	480,880	-
Prepaid items and inventory	288,318	781,088	1,069,406
Land and buildings held for resale	8,303,473	-	8,303,473
Other assets	-	884,030	884,030
Total current assets	136,186,073	81,610,973	217,797,046
Noncurrent assets:			
Restricted cash and investments	6,584,409	15,082,800	21,667,209
Capital assets:			
Non depreciable assets	50,944,107	114,093,473	165,037,580
Depreciable assets, net	348,180,429	266,247,604	614,428,033
Total capital assets	399,124,536	380,341,077	779,465,613
Less accumulated depreciation	(144,026,619)	(105,405,330)	(249,431,949)
Capital assets, net	255,097,917	274,935,747	530,033,664
Total noncurrent assets	261,682,326	290,018,547	551,700,873
Total assets	397,868,399	371,629,520	769,497,919
LIABILITIES			
Current liabilities:			
Accounts payable	3,933,415	3,124,176	7,057,591
Interest payable	1,539,416	526,169	2,065,585
Accrued liabilities	1,544,483	265,603	1,810,086
Due to other governments	151,078	-	151,078
Deposits held for others	12,121,927	822,615	12,944,542
Deferred revenue	8,762,936	753,722	9,516,658
Compensated absences payable - due within one year	1,339,927	302,928	1,642,855
Claims and judgments payable - due within one year	1,468,022	68,978	1,537,000
Long-term debt - due within one year	4,310,897	2,798,793	7,109,690
Total current liabilities	35,172,101	8,662,984	43,835,085
Noncurrent liabilities (due in more than a year):			
Compensated absences payable	5,777,420	1,211,712	6,989,132
Claims and judgments payable	7,288,205	275,910	7,564,115
Long-term debt	114,763,103	107,013,848	221,776,951
Total noncurrent liabilities	127,828,728	108,501,470	236,330,198
Total liabilities	163,000,829	117,164,454	280,165,283
NET ASSETS			
Invested in capital assets, net of related debt	131,689,993	187,817,205	319,507,198
Restricted for:			
Capital projects	8,804,301	15,082,800	23,887,101
Debt service	16,096,883	-	16,096,883
Community development	5,551,055	-	5,551,055
Total restricted	30,452,239	15,082,800	45,535,039
Unrestricted	72,725,338	51,565,061	124,290,399
Total net assets	$ 234,867,570	$ 254,465,066	$ 489,332,636

See accompanying Notes to Basic Financial Statements.

City of Oceanside

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2003

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total
Primary government:					
Governmental activities:					
General government	$ 11,363,651	$ 2,429,359	$ 1,673,046	$ 307,207	$ 4,409,612
Public safety	44,795,800	3,651,672	2,931,348	-	6,583,020
Public works	18,482,236	5,565,540	6,153,981	1,412,218	13,131,739
Community development	24,282,082	5,881,502	17,669,445	-	23,550,947
Community/cultural services	9,797,438	700,323	503,594	-	1,203,917
Depreciation (unallocated)	12,483,792	-	-	-	-
Interest on long-term debt	8,484,102	-	-	-	-
Total governmental activities	129,689,101	18,228,396	28,931,414	1,719,425	48,879,235
Business-type activities:					
Water	31,795,689	37,671,574	-	531,356	38,202,930
Sewer	18,643,636	23,780,852	-	-	23,780,852
Waste disposal	16,839,565	17,175,663	-	-	17,175,663
Special aviation	207,165	133,076	-	2,570,000	2,703,076
Oceanside Small Craft Harbor District	5,031,595	4,435,217	200,246	-	4,635,463
Total business-type activities	72,517,650	83,196,382	200,246	3,101,356	86,497,984
Total primary government	$ 202,206,751	$ 101,424,778	$ 29,131,660	$ 4,820,781	$ 135,377,219

General revenues and transfers:

Taxes:

Property taxes

Sales taxes

Other taxes

Total taxes

Payments in lieu of services

Use of money and property

Developer contributions

Miscellaneous

Loss on sale of assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated (Note 13)

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (6,954,039)	$ -	$ (6,954,039)
(38,212,780)	-	(38,212,780)
(5,350,497)	-	(5,350,497)
(731,135)	-	(731,135)
(8,593,521)	-	(8,593,521)
(12,483,792)	-	(12,483,792)
(8,484,102)	-	(8,484,102)
(80,809,866)	-	(80,809,866)
-	6,407,241	6,407,241
-	5,137,216	5,137,216
-	336,098	336,098
-	2,495,911	2,495,911
-	(396,132)	(396,132)
-	13,980,334	13,980,334
(80,809,866)	13,980,334	(66,829,532)
25,114,104	-	25,114,104
13,042,280	-	13,042,280
17,845,639	-	17,845,639
56,002,023	-	56,002,023
9,295,765	-	9,295,765
11,914,037	3,771,450	15,685,487
5,532,316	-	5,532,316
3,002,863	-	3,002,863
146,390	(9,865)	136,525
1,426,960	(1,426,960)	-
87,320,354	2,334,625	89,654,979
6,510,488	16,314,959	22,825,447
228,357,082	238,150,107	466,507,189
$ 234,867,570	$ 254,465,066	$ 489,332,636

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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.

Housing Assistance Program Special Revenue Fund

To account for the operation of the City's low and moderate income housing program. Financing is provided by HUD (Section 8), Community Development Block Grants, and service fees on mortgage revenue bonds.

Redevelopment Agency Capital Projects Fund

To account for administrative costs and capital improvements funded by long-term debt issued by the Community Development Commission.

General Improvement Capital Projects Fund

To account for general purpose capital projects funded primarily from developer impact fees.

Other Governmental Funds

Other Governmental Funds is the aggregate of all the non-major governmental funds.

City of Oceanside
Balance Sheet
Governmental Funds
June 30, 2003

	Major Funds			
	General	Housing Assistance Program Special Revenue	Redevelopment Agency Capital Projects	General Improvement Capital Projects
ASSETS				
Cash and investments	$ 28,319,946	$ 13,702,272	$ 2,918,484	$ 31,138,543
Restricted cash and investments	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Accounts	2,105,559	-	-	13,539
Notes	-	3,310,450	74,669	-
Interest	1,156,439	-	-	-
Assessments	-	-	-	-
Taxes	2,945,004	-	131,760	-
Other	596,538	18,384	-	-
Due from other funds	297,081	-	-	-
Due from other governments	-	162,453	-	1,243,152
Advances to other funds	6,606,519	-	4,543,517	-
Inventory	16,140	-	-	-
Land held for resale	-	-	8,303,473	-
Total assets	$ 42,043,226	$ 17,193,559	$ 15,971,903	$ 32,395,234
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,097,688	$ 114,994	$ 95,817	$ 1,181,583
Accrued liabilities	1,341,053	2,165	4,244	1,322
Deposits	-	11,943,988	76,196	29,443
Due to other funds	-	-	-	-
Due to other governments	-	151,078	-	-
Deferred revenue	2,914,386	-	-	858,564
Advances from other funds	-	-	986,345	-
Total liabilities	5,353,127	12,212,225	1,162,602	2,070,912
Fund Balances:				
Reserved for:				
Land held for resale	-	-	8,303,473	-
Noncurrent assets	-	2,611,628	-	1,243,152
Low and moderate income housing	-	-	5,551,055	-
Debt service	1,200,000	-	-	-
Capital projects	5,250,000	-	-	-
Advances to other funds	6,606,519	-	-	-
Infrastructure	4,740,610	-	-	-
Cash flow	5,408,972	-	-	-
Economic stabilization	2,124,072	-	-	-
Unreserved designated for:				
Unrealized gains on investments	370,957	-	-	103,474
Unexpended budgeted projects	-	-	-	246,197
Unreserved, undesignated:				
General fund	10,988,969			
Special revenue funds		2,369,706		
Capital project funds			954,773	28,731,499
Total fund balances	36,690,099	4,981,334	14,809,301	30,324,322
Total liabilities and fund balances	$ 42,043,226	$ 17,193,559	$ 15,971,903	$ 32,395,234

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total
$ 23,536,434	$ 99,615,679
6,584,409	6,584,409
1,284,346	3,403,444
-	3,385,119
39,831	1,196,270
3,440,000	3,440,000
-	3,076,764
1,349,207	1,964,129
-	297,081
142,645	1,548,250
-	11,150,036
-	16,140
-	8,303,473
$ 36,376,872	$ 143,980,794

$ 876,266	$ 3,366,348
42,904	1,391,688
72,300	12,121,927
297,081	297,081
-	151,078
4,989,986	8,762,936
10,644,571	11,630,916
16,923,108	37,721,974
-	8,303,473
-	3,854,780
-	5,551,055
7,168,681	8,368,681
-	5,250,000
-	6,606,519
-	4,740,610
-	5,408,972
-	2,124,072
64,926	539,357
-	246,197
	10,988,969
12,184,899	14,554,605
35,258	29,721,530
19,453,764	106,258,820
$ 36,376,872	$ 143,980,794

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City of Oceanside

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets

June 30, 2003

Total Fund Balances - Total Governmental Funds	$ 106,258,820
Amounts reported for governmental activities in the Statement of Net Assets were reported differently because:	
Capital assets used in governmental activities are not current financial resources. Therefore, were not reported in the Governmental Funds Balance Sheet. Except for the internal service Funds amounts of $13,761,878 which are reported below, the capital assets were adjusted as follows:	
Land	50,944,107
Depreciable buildings, property, equipment and infrastructure, net	190,391,932
Total capital assets	241,336,039
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(1,539,416)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets.	
Loss Prevention Fund	5,340,666
General Services Fund	9,646,206
Total internal service funds	14,986,872
Long-term liabilities are not due and payable in the current period. Therefore, were not reported in the Governmental Funds Balance Sheet. Except for the Internal Service Funds amounts of $8,854,001 which are reported above, the long-term liabilities were adjusted as follows:	
Long-term liabilities - due within one year	(6,507,949)
Long-term liabilities - due in more than one year	(119,666,796)
Total long-term liabilities	(126,174,745)
Net Assets of Governmental Activities	$ 234,867,570

See accompanying Notes to Basic Financial Statements.

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2003

	Major Funds			
	General	Housing Assistance Program Special Revenue	Redevelopment Agency Capital Projects	General Improvement Capital Projects
REVENUES:				
Taxes	$ 41,015,310	$ -	$ 5,100,645	$ -
Special assessments	-	-	-	-
Licenses and permits	2,348,328	119,320	-	-
Intergovernmental	11,036,804	12,565,084	-	2,786,528
Charges for services	9,513,659	236,236	55	-
Fines and forfeitures	2,697,214	55	-	-
Lease revenue	-	-	-	-
Interest and rentals	4,286,971	97,803	215,139	978,908
Administrative and in lieu charges	9,295,765	-	-	-
Developer fees	-	-	-	6,433,319
Other	1,627,767	106,655	-	792,948
Total revenues	81,821,818	13,125,153	5,315,839	10,991,703
EXPENDITURES:				
General government	11,576,110	-	-	-
Public safety	43,671,540	-	-	-
Public works	7,072,725	-	-	110,311
Community development	3,865,383	13,180,338	3,219,734	-
Community/cultural services	8,882,038	-	-	62,331
Capital improvements	-	-	4,000,888	12,968,881
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	75,067,796	13,180,338	7,220,622	13,141,523
REVENUES OVER (UNDER) EXPENDITURES	6,754,022	(55,185)	(1,904,783)	(2,149,820)
OTHER FINANCING SOURCES (USES):				
Debt proceeds	-	-	-	-
Transfers in	348,632	407,056	4,376,828	7,537,528
Transfers out	(4,077,111)	(25,042)	(6,700,031)	(786,186)
Total other financing sources (uses)	(3,728,479)	382,014	(2,323,203)	6,751,342
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,025,543	326,829	(4,227,986)	4,601,522
FUND BALANCES:				
Beginning of year, as restated	33,664,556	4,654,505	19,037,287	25,722,800
End of year	$ 36,690,099	$ 4,981,334	$ 14,809,301	$ 30,324,322

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total
$ -	$ 46,115,955
6,077,472	6,077,472
-	2,467,648
10,038,130	36,426,546
744,440	10,494,390
361,498	3,058,767
1,218,150	1,218,150
4,173,343	9,752,164
-	9,295,765
-	6,433,319
579,417	3,106,787
23,192,450	134,446,963
364,766	11,940,876
821,951	44,493,491
4,282,940	11,465,976
4,111,397	24,376,852
1,176,966	10,121,335
4,526,922	21,496,691
29,582,600	29,582,600
7,746,132	7,746,132
52,613,674	161,223,953
(29,421,224)	(26,776,990)
25,185,000	25,185,000
39,701,432	52,371,476
(39,893,606)	(51,481,976)
24,992,826	26,074,500
(4,428,398)	(702,490)
23,882,162	106,961,310
$ 19,453,764	$ 106,258,820

City of Oceanside

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds	$ (702,490)
Governmental activities in the Statement of Activities were reported differently because:	
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	14,269,756
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. Except for the Internal Service Funds amounts of $2,003,530 which are reported below.	(10,480,262)
Long-term compensated absences were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, long-term compensated absences were not reported as expenditures in governmental funds.	(1,664,003)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets.	(25,185,000)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government -Wide Statement of Net Assets.	29,582,600
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represents the change in accrued interest from the prior year.	(226,960)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities.	916,847
Change in Net Assets of Governmental Activities	$ 6,510,488

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water

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

Sewer

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.

Waste Disposal

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.

Special Aviation

To account for the operation of the Oceanside (General Aviation) Airport.

Oceanside Small Craft Harbor District

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, 2003

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
ASSETS				
Current assets:				
Cash and investments	$ 39,750,490	$ 22,852,370	$ 1,921,014	$ -
Receivables:				
Accounts	3,325,370	1,603,017	1,012,671	4,308
Other	2,645	-	-	-
Due from other funds	16,763,888	11,338,639	-	-
Inventory, at cost	404,751	360,339	-	15,998
Other assets	625,391	258,639	-	-
Total current assets	60,872,535	36,413,004	2,933,685	20,306
Restricted cash and investments	5,098,591	9,984,209	-	-
Advances to other funds	730,002	-	-	-
Property, plant and equipment:				
Land	12,769,291	843,552	35,328	1,144,495
Buildings and structures	21,373,003	42,420,324	27,630	66,286
Improvements other than buildings	90,664,358	85,389,893	526	490,240
Machinery and equipment	1,787,143	2,518,033	322,344	46,249
Construction in progress	21,097,337	74,669,536	-	2,690,903
Total property, plant and equipment	147,691,132	205,841,338	385,828	4,438,173
Less accumulated depreciation	46,263,014	45,432,244	191,785	391,314
Net property, plant and equipment	101,428,118	160,409,094	194,043	4,046,859
Total assets	$ 168,129,246	$ 206,806,307	$ 3,127,728	$ 4,067,165

See accompanying Notes to Basic Financial Statements.

Major Funds		Governmental
Oceanside Small Craft Harbor District	Total	Activities Internal Service Funds
$ 8,789,683	$ 73,313,557	$ 10,445,507
203,407	6,148,773	-
-	2,645	-
-	28,102,527	-
-	781,088	272,178
-	884,030	-
8,993,090	109,232,620	10,717,685
-	15,082,800	-
-	730,002	-
26,103	14,818,769	-
901,492	64,788,735	-
19,496,609	196,041,626	-
743,474	5,417,243	25,333,048
816,928	99,274,704	-
21,984,606	380,341,077	25,333,048
13,126,973	105,405,330	11,571,170
8,857,633	274,935,747	13,761,878
$ 17,850,723	$ 399,981,169	$ 24,479,563

(Continued)

City of Oceanside
Statement of Net Assets
Proprietary Funds, Continued
June 30, 2003

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	$ 774,630	$ 824,750	$ 1,220,597	$ 815
Accrued liabilities	86,957	106,767	18,526	345
Due to other funds	16,540,000	11,338,639	-	223,888
Deferred revenue	67,750	-	590,916	-
Bonds payable within one year	650,000	-	-	-
Loans payable within one year	166,594	1,365,517	-	-
Total current liabilities (payable from current assets)	18,285,931	13,635,673	1,830,039	225,048
Current liabilities (payable from restricted assets):				
Interest payable	125,281	208,728	-	-
Deposits	543,158	4,666	-	6,968
Certificates of participation	-	415,000	-	-
Total current liabilities (payable from restricted assets)	668,439	628,394	-	6,968
Long-term debt excluding current installments:				
Revenue bonds payable	10,365,000	-	-	-
Loans payable	-	65,672,105	-	-
Certificates of participation	15,855,000	10,665,000	-	-
Advances from other funds	-	-	-	249,122
Claims and judgments payable	81,344	101,579	-	-
Compensated absences	524,656	632,381	106,968	-
Total long-term debt	26,826,000	77,071,065	106,968	249,122
Total liabilities	45,780,370	91,335,132	1,937,007	481,138
NET ASSETS				
Invested in capital assets, net of related debt	90,246,524	93,371,472	-	-
Restricted for capital projects	5,098,591	9,984,209	-	-
Unrestricted	27,003,761	12,115,494	1,190,721	3,586,027
Total net assets	$ 122,348,876	$ 115,471,175	$ 1,190,721	$ 3,586,027

See accompanying Notes to Basic Financial Statements.

Major Funds Oceanside Small Craft Harbor District	Total	Governmental Activities Internal Service Funds
$ 303,384	$ 3,124,176	$ 567,067
53,008	265,603	152,795
-	28,102,527	-
95,056	753,722	-
-	650,000	-
201,682	1,733,793	610,897
653,130	34,629,821	1,330,759
192,160	526,169	-
267,823	822,615	-
-	415,000	-
459,983	1,763,784	-
-	10,365,000	-
4,456,743	70,128,848	6,328,103
-	26,520,000	-
-	249,122	-
161,965	344,888	1,416,116
250,635	1,514,640	417,713
4,869,343	109,122,498	8,161,932
5,982,456	145,516,103	9,492,691
4,199,209	187,817,205	-
-	15,082,800	-
7,669,058	51,565,061	14,986,872
$ 11,868,267	$ 254,465,066	$ 14,986,872

(Concluded)

City of Oceanside
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2003

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
OPERATING REVENUES:				
Charges for services	$ 34,736,634	$ 20,315,522	$ 17,175,663	$ 132,173
License and permits	278,613	-	-	-
Developer fees	2,569,351	2,514,925	-	-
Slip rental and other related fees	-	-	-	-
Other	86,976	950,405	-	903
Total operating revenues	37,671,574	23,780,852	17,175,663	133,076
OPERATING EXPENSES:				
Personal services	3,419,403	4,065,899	915,806	49,380
Maintenance and operations	7,740,568	9,322,624	15,893,950	129,747
Cost of purchased water	15,152,969	-	-	-
Insurance premium	-	-	-	-
Depreciation	3,427,464	3,309,950	29,809	28,038
Total operating expenses	29,740,404	16,698,473	16,839,565	207,165
OPERATING INCOME (LOSS)	7,931,170	7,082,379	336,098	(74,089)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	1,548,714	1,903,882	-	-
Interest expense and fiscal charges	(2,055,285)	(1,945,163)	-	-
Grants and contributions	531,356	-	-	2,570,000
Gain (loss) on sale of capital assets	-	(3,880)	-	-
Total nonoperating revenues (expenses)	24,785	(45,161)	-	2,570,000
INCOME (LOSS) BEFORE OPERATING TRANSFERS	7,955,955	7,037,218	336,098	2,495,911
OPERATING TRANSFERS:				
Transfers in	1,086,612	15,361,207	-	-
Transfers out	(1,994,112)	(15,368,707)	(474,500)	-
Total operating transfers	(907,500)	(7,500)	(474,500)	-
Change in net assets	7,048,455	7,029,718	(138,402)	2,495,911
NET ASSETS:				
Beginning of the year, as restated	115,300,421	108,441,457	1,329,123	1,090,116
End of the year	$ 122,348,876	$ 115,471,175	$ 1,190,721	$ 3,586,027

See accompanying Notes to Basic Financial Statements.

Major Funds Oceanside Small Craft Harbor District	Total	Governmental Activities Internal Service Funds
$ -	$ 72,359,992	$ 32,296,968
-	278,613	-
-	5,084,276	-
4,425,935	4,425,935	-
9,282	1,047,566	179,276
4,435,217	83,196,382	32,476,244
1,824,018	10,274,506	3,409,819
2,041,884	35,128,773	14,552,057
-	15,152,969	-
-	-	11,766,831
933,849	7,729,110	2,003,530
4,799,751	68,285,358	31,732,237
(364,534)	14,911,024	744,007
318,854	3,771,450	-
(231,844)	(4,232,292)	(511,010)
200,246	3,301,602	-
(5,985)	(9,865)	146,390
281,271	2,830,895	(364,620)
(83,263)	17,741,919	379,387
-	16,447,819	537,460
(37,460)	(17,874,779)	-
(37,460)	(1,426,960)	537,460
(120,723)	16,314,959	916,847
11,988,990	238,150,107	14,070,025
$ 11,868,267	$ 254,465,066	$ 14,986,872

City of Oceanside
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2003

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/other funds	$ 33,373,615	$ 19,664,812	$ 17,234,592	$ 111,867
Cash payments to suppliers for goods and services	(22,952,559)	(11,419,369)	(14,675,035)	99,961
Cash payments to employees for services	(3,419,403)	(4,065,899)	(915,806)	(49,380)
Insurance premiums and settlements	-	-	-	-
Other operating revenues	2,934,940	3,465,330	-	903
Net cash provided (used) by operating activities	9,936,593	7,644,874	1,643,751	163,351
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	1,086,612	15,361,207	-	-
Transfers out	(1,994,112)	(15,368,707)	(474,500)	-
Net cash provided (used) by noncapital financing activities	(907,500)	(7,500)	(474,500)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(4,219,083)	(34,378,165)	-	(2,690,903)
Gain (loss) on sale of capital assets	-	(3,880)	-	-
Prior period adjustment	-	-	(1,019,847)	-
Repayments of long-term borrowing	(17,877,315)	(32,378,279)	-	-
Interest paid on revenue bonds and contracts	(2,055,285)	(1,945,163)	-	-
Nonoperating grants and contributions	531,356	-	-	2,570,000
Changes in restricted assets	(355,262)	28,195,700	-	-
Proceeds from issuing of debt	15,855,000	31,241,684	-	-
Net cash provided (used) by capital and related financing activities	(8,120,589)	(9,268,103)	(1,019,847)	(120,903)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	1,548,714	1,903,882	-	-
Net cash provided (used) by investing activities	1,548,714	1,903,882	-	-
Net increase (decrease) in cash and cash equivalents	2,457,218	273,153	149,404	42,448
CASH AND CASH EQUIVALENTS:				
Beginning of year	37,293,272	22,579,217	1,771,610	(42,448)
End of year	$ 39,750,490	$ 22,852,370	$ 1,921,014	$ -

See accompanying Notes to Basic Financial Statements.

Major Funds Oceanside Small Craft Harbor District	Total	Governmental Activities Internal Service Funds
$ 4,408,449	$ 74,793,335	$ 32,314,564
(1,557,644)	(50,504,646)	-
(1,824,018)	(10,274,506)	(3,409,819)
-	-	(26,046,094)
9,282	6,410,455	179,276
1,036,069	20,424,638	3,037,927
-	16,447,819	537,460
(37,460)	(17,874,779)	-
(37,460)	(1,426,960)	537,460
(847,128)	(42,135,279)	(8,366,155)
(5,985)	(9,865)	146,390
-	(1,019,847)	-
(192,998)	(50,448,592)	(144,184)
(231,844)	(4,232,292)	(511,010)
200,246	3,301,602	-
-	27,840,438	-
-	47,096,684	7,516,967
(1,077,709)	(19,607,151)	(1,357,992)
318,854	3,771,450	-
318,854	3,771,450	-
239,754	3,161,977	2,217,395
8,549,929	70,151,580	8,228,112
$ 8,789,683	$ 73,313,557	$ 10,445,507

(Continued)

City of Oceanside
Statement of Cash Flows
Proprietary Funds, Continued
For the year ended June 30, 2003

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 7,931,170	$ 7,082,379	$ 336,098	$ (74,089)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,427,464	3,309,950	29,809	28,038
Changes in assets and liabilities:				
Accounts receivable	406,476	(252,960)	58,929	(4,308)
Due from other funds	(1,183,200)	(378,639)	-	-
Advances to other funds	(730,002)	-	-	-
Prepaids and other assets	196,696	14,369	-	-
Inventories	(52,989)	(33,480)	-	(15,998)
Accounts payable	(1,466,556)	(2,596,806)	1,197,952	(1,133)
Accrued liabilities	24,087	24,882	(2,628)	345
Due to other funds	1,705,000	378,639	-	223,888
Deferred revenue	31,674	(13,528)	16,664	-
Deposits	16,941	-	-	6,608
Interest payable	(392,403)	(14,770)	-	-
Claims and judgments	(61,379)	101,579	-	-
Compensated absences	83,614	23,259	6,927	-
Total adjustments	2,005,423	562,495	1,307,653	237,440
Net cash provided (used) by operating activities	$ 9,936,593	$ 7,644,874	$ 1,643,751	$ 163,351

See accompanying Notes to Basic Financial Statements.

Major Funds Oceanside Small Craft Harbor District	Total	Governmental Activities Internal Service Funds
$ (364,534)	$ 14,911,024	$ 744,007
933,849	7,729,110	2,003,530
(17,486)	190,651	-
-	(1,561,839)	-
-	(730,002)	-
-	211,065	16,370
-	(102,467)	1,226
275,266	(2,591,277)	(14,578)
22,681	69,367	3,843
-	2,307,527	-
3,610	38,420	-
2,241	25,790	-
13,530	(393,643)	-
161,965	202,165	580,279
4,947	118,747	(296,750)
1,400,603	5,513,614	2,293,920
$ 1,036,069	$ 20,424,638	$ 3,037,927

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FIDUCIARY FUND FINANCIAL STATEMENTS

Special Assessment District

To account for special assessment collections and their disbursement to bondholders.

Deposits

To account for deposits received and held by the City as an agent for individuals, developers, private organizations, and other governmental agencies.

CALTRANS Highway 76 Acquisition

To account for funds received and disbursed by the City, acting as agent for CALTRANS, for right-of-way property acquisition for the construction of State Highway 76.

City of Oceanside
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Total
ASSETS	
Cash and investments	$ 20,934,412
Accounts receivable	1,505,788
Total assets	$ 22,440,200
LIABILITIES	
Accounts payable	$ 185,000
Deposits	4,661,576
Due to bondholders	17,593,624
Total liabilities	$ 22,440,200

See accompanying Notes to Basic Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Oceanside, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (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 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, Harbor, Waste Disposal and a General Aviation Airport.

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. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The following entities are reported as blended component units:

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

Oceanside Small Craft Harbor District - The Oceanside Small Craft Harbor District (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 and are a proprietary fund of the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. *Financial Reporting Entity, Continued*

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

Oceanside Bridge Corporation - The Oceanside Bridge Corporation (Corporation) was established on April 2, 1982, as a nonprofit public benefit corporation under California Government Code, Section 6321. Its purpose is to construct and lease the Murray Road Bridge. The operations of the Corporation are reported as a governmental fund of the City.

Oceanside Public Financing Authority - The Oceanside Public Finance 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 Authority are reported as government 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 government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. *Basis of Accounting and Measurement Focus, Continued*

Government-Wide Financial Statements, Continued

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 regards 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

The City applies all applicable GASB 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 non-major 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 (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. *Basis of Accounting and Measurement Focus, Continued*

Governmental Fund Financial Statements, Continued

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) are 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 recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also 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 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.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change 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. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

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 of the fund. All other expenses are reported as nonoperating expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. *Basis of Accounting and Measurement Focus, Continued*

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are reported using the accrual basis of accounting.

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. *Encumbrances*

Encumbrance accounting, under which purchase orders, contacts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general, special revenue and capital projects funds. Unexpended and unencumbered appropriations of these governmental funds automatically lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They do not constitute expenditures or estimated liabilities.

E. *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.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. *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.

G. *Land Held for Resale*

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

H. *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	30-50 years
Machinery and Equipment	5-20 years
Infrastructure	15-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure into the 2002-03 basic financial statements.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

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. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

I. Long-Term Debt

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 using the effective interest method. 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 but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Assets

Government-Wide Financial Statements

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. *Net Assets, Continued*

Government-Wide Financial Statements, Continued

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."

Fund Financial Statements

Fund Equity – Reservations of fund balances of governmental funds and retained earnings of proprietary funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

L. *Compensated Absences*

Government-Wide Financial Statements

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

Fund Financial Statements

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

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.

A. *Deposits*

The carrying amounts of the City's cash deposits were $(2,093,544) at June 30, 2003. Bank balances before reconciling items were $1,266,729 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this

2. CASH AND INVESTMENTS, Continued

A. *Deposits, Continued*

manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to $100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. *Investments*

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments were authorized:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Bankers' Acceptances
- Commercial Paper
- Medium-Term Corporate Notes
- California Local Agency Investment Fund
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- California Arbitrage Management Program

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* investments were stated at fair value using the aggregate method in all funds and component units.

C. *Credit Risk*

Governmental Accounting Standards Board Statement No. 3 requires that deposits and investments be classified by credit risk.

2. CASH AND INVESTMENTS, Continued

C. *Credit Risk, Continued*

Classification of deposits and investments by credit risk:

Deposits

Category 1 – Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Deposits which are uninsured or uncollateralized.

Investments

Category 1 – Insured or registered or securities held by the entity or its agent in the entity's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

Investments Not Subject to Categorization - Investments in the California Local Agency Investment Fund (LAIF) are not categorized, as GASB Statement No. 3 does not require categorization of investment pools managed by another government. Certain fiscal agent investments are not categorized because the underlying assets are open-ended mutual funds. Guaranteed investment contracts are not categorized because they are direct contractual investments and are not securities. All such investments are not required to be categorized under interpretive guidelines issued by the GASB.

D. *Summary of Cash and Investments*

The following is a summary of cash and investments at June 30, 2003:

	Government-Wide Statement of Net Assets			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statement of Net Assets	Total
Cash and Investments	$ 110,059,616	$ 73,313,557	$ 183,373,173	$ 22,220,106	$ 205,593,279
Restricted Cash and Investments	$ 15,930,004	$ 15,082,800	$ 31,012,804	$ -	$ 31,012,804

2. CASH AND INVESTMENTS, Continued

D. *Summary of Cash and Investments, Continued*

Cash deposits and investments were categorized as follows at June 30, 2003:

	Category 1	Category 2	Un-categorized	Fair Value
City Treasury:				
Deposits:				
Deposit	$ (2,093,544)	$ -	$ -	$ (2,093,544)
Total deposits	(2,093,544)	-	-	(2,093,544)
Investments:				
Investment in partnership	-	-	199,000	199,000
Securities of U.S. government agencies	-	151,387,806	-	151,387,806
Local Agency Investment Funds	-	-	39,130,137	39,130,137
Total investments	-	151,387,806	39,329,137	190,716,943
Total City Treasury	(2,093,544)	151,387,806	39,329,137	188,623,399
Restricted Cash and Investments:				
Milestone Treasury Money Market Fund	-	37,350,841	-	37,350,841
Total restricted cash and investments	-	37,350,841	-	37,350,841
Total cash and investments	$ (2,093,544)	$ 188,738,647	$ 39,329,137	$ 225,974,240

At June 30, 2003, the City had no category 3 investments.

E. *Investments in Local Agency Investment Funds*

The City's investments with Local Agency Investment Funds (LAIF), a State of California investment pool, at June 30, 2003, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

2. CASH AND INVESTMENTS, Continued

E. Investments in Local Agency Investment Funds, Continued

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

As of June 30, 2003, the City had $39,130,137 invested in LAIF, which had invested 2.327% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2003, by multiplying the account balance by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value resulting in a factor of 1.002846280.

F. Summary of Investments to Maturity

Investments held in the City Treasury grouped by maturity date at June 30, 2003, are shown below:

Maturity		
Current to one year	$	80,150,590
One to two years		43,978,255
Two to three years		42,352,439
Three to four years		24,235,659
Five years		-
Total	$	190,716,943

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 (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 tax rate 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.

4. RECEIVABLES

A. *Notes Receivable*

At June 30, 2003, the City had the following notes receivable:

Housing Rehabilitation	$	3,310,450
Low and Moderate Income Housing		74,669
Total	$	3,385,119

The City made several housing rehabilitation and rental rehabilitation loans totaling $3,310,450 to qualified applicants using Community Development Block Grants. The rehabilitation loans bear interest up to 3% and are repaid either by monthly payments or when there is a change of title. The rental rehabilitation loans are forgiven after a ten-year period.

The City has made loans from low and moderate income housing program funds in the amount of $74,669 for a home buyer program.

B. *Assessments Receivable*

As of June 30, 2003, the following assessments receivable were outstanding:

1993 Special Tax Refunding Bonds	$	800,000
1994 Oceanside Local Agency Revenue Bonds		2,640,000
Total	$	3,440,000

In connection with the Authority's issuance of its $6,825,000 1993 Special Tax Bonds, the Commission has $800,000 in assessments receivable and corresponding deferred revenue. These amounts will be reduced as the principal on the bonds mature.

In connection with the Authority's issuance of its $4,120,000 and $974,719 Oceanside Local Agency Revenue Bonds, the Commission has $2,640,000 in assessments receivable and corresponding deferred revenue. These amounts are reduced as the principal on the bonds mature.

5. INTERFUND TRANSACTIONS

A. *Government-Wide Financial Statements*

Internal Balances

At June 30, 2003, the City had the following short-term interfund receivables and payables:

Internal Balances Out	Internal Balances In: Business-Type Activities
Governmental Activities	$ 480,880

Transfers

At June 30, 2003, the City had the following operating transfers:

Transfers In	Transfers Out: Business-Type Activities
Governmental Activities	$ 1,426,960

B. *Fund Financial Statements*

Due To, Due From

At June 30, 2003, the City had the following short-term interfund receivables and payables:

Due To	Due From: General	Enterprise Funds: Water	Enterprise Funds: Sewer	Total
Non-major Governmental Funds	$ 297,081	$ -	$ -	$ 297,081
Enterprise Funds:				
Water	-	16,540,000	-	16,540,000
Sewer	-	-	11,338,639	11,338,639
Total	$ 297,081	$ 16,540,000	$ 11,338,639	$ 28,175,720

5. INTERFUND TRANSACTIONS, Continued

B. *Fund Financial Statements, Continued*

Long-Term Advances

At June 30, 2003, the City had the following interfund long-term advances:

Advances From	Advances To: General	Advances To: Redevelopment Agency Capital Projects	Advances To: Enterprise Water Fund	Total
Redevelopment Agency Capital Projects	$ 256,343	$ -	$ 730,002	$ 986,345
Non-major Governmental Funds	6,101,054	4,543,517		10,644,571
Enterprise Fund: Special Aviation	249,122	-	-	249,122
Total	$ 6,606,519	$ 4,543,517	$ 730,002	$ 11,880,038

The Commission entered into a loan agreement with the City to restructure unpaid loans made to the Commission in 1986 and 1989 to fund downtown redevelopment projects. The loan represent 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, 2003 the outstanding balance of the loan was $6,357,397.

The Low and Moderate Incoming Housing fund advanced funds to the Commission to fund redevelopment projects. The loan is payable from tax increment revenues. As of June 30, 2003 the outstanding balance of the loan was $4,543,517.

The Water fund advanced funds to the Commission for operational purposes. As of June 30, 2003 the outstanding balance of the loan was $730,002.

The General fund advanced funds to the Special Aviation fund for operational purposes. As of June 30, 2003 the outstanding balance of the loan was $249,122.

5. INTERFUND TRANSACTIONS, Continued

B. *Fund Financial Statements, Continued*

Operating Transfers

At June 30, 2003, the City had the following operating transfers:

		Transfers Out									
							Enterprise Funds				
		General	Housing Assistance Program	General Improvements	Redevelopment Agency	Non-major Governmental Funds	Water	Sewer	Waste Water	Oceanside Harbor	Total
Transfers In	General	$ -	$ -	$ -	$ -	$ 120,633	$ 7,500	$ 7,500	$ -	$ -	$ 135,633
	Housing Assistance Program	399,241	7,815	-	-	-	-	-	-	-	407,056
	Redevelopment Agency	-	-	-	-	3,786,003	-	-	-	-	3,786,003
	General Improvements	2,862,330	-	-	274,722	4,825,976	900,000	-	174,500	-	9,037,528
	Non-major Governmental Funds	815,540	17,227	573,186	6,425,309	29,968,823	-	-	300,000	-	38,100,085
	Enterprise Fund:										
	Water	-	-	-	-	-	1,086,612	-	-	-	1,086,612
	Sewer	-	-	-	-	-	-	15,361,207	-	-	15,361,207
	Internal Service Fund	-	-	-	-	-	-	-	-	37,460	37,460
	Total	$ 4,077,111	$ 25,042	$ 573,186	$ 6,700,031	$ 38,701,435	$ 1,994,112	$ 15,368,707	$ 474,500	$ 37,460	$ 67,951,584

The above transfers resulted from the normal course of the City's operation.

6. CAPITAL ASSETS

A. *Government-Wide Financial Statements*

At June 30, 2003, the City's capital assets consisted of the following:

	Government Activities	Business-Type Activities	Total
Non-Depreciable Assets:			
Land	$ 45,569,367	$ 14,818,769	$ 60,388,136
Construction in process	5,374,740	99,274,704	104,649,444
Total non-depreciable assets, net	50,944,107	114,093,473	165,037,580
Depreciable Assets:			
Buildings	59,411,205	64,788,735	124,199,940
Improvements	8,583,880	196,041,626	204,625,506
Equipment	47,922,301	5,417,243	53,339,544
Infrastructure	232,263,043	-	232,263,043
	348,180,429	266,247,604	614,428,033
Less accumulated depreciation	(144,026,619)	(105,405,330)	(249,431,949)
Total depreciable assets, net	204,153,810	160,842,274	364,996,084
Total capital assets	$ 255,097,917	$ 274,935,747	$ 530,033,664

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2002	Additions	Deletions	Adjustment	Balance June 30, 2003
Land	$ 49,107,260	$ 2,642,217	$ -	$ (6,180,110)	$ 45,569,367
Buildings and structures	59,361,920	49,285	-	-	59,411,205
Improvements other than buildings	7,887,866	696,014	-	-	8,583,880
Machinery and equipment	40,134,847	8,909,349	(1,121,895)	-	47,922,301
Construction in progress	1,761,810	3,612,930	-	-	5,374,740
Infrastructure	225,523,778	6,739,265	-	-	232,263,043
	383,777,481	22,649,060	(1,121,895)	(6,180,110)	399,124,536
Less accumulated depreciation:	(132,651,573)	(12,483,256)	1,108,210	-	(144,026,619)
Total governmental activities	$ 251,125,908	$ 10,165,804	$ (13,685)	$ (6,180,110)	$ 255,097,917

6. CAPITAL ASSETS, Continued

A. *Government-Wide Financial Statements, Continued*

Governmental activities depreciation expense for capital assets for the year ended June 30, 2003 was $10,807,601.

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Land	$ 14,818,769	$ -	$ -	$ 14,818,769
Buildings and structures	64,788,735	-	-	64,788,735
Improvements other than buildings	196,028,668	24,000	(11,042)	196,041,626
Machinery and equipment	5,738,109	177,616	(498,482)	5,417,243
Construction in progress	57,328,439	41,946,265	-	99,274,704
	338,702,720	42,147,881	(509,524)	380,341,077
Less accumulated depreciation	(98,175,612)	(7,729,110)	499,392	(105,405,330)
Total business-type activities	$ 240,527,108	$ 34,418,771	$ (10,132)	$ 274,935,747

Business-type activities depreciation expense for capital assets for the year ended June 30, 2003 are as follows:

Water	$ 3,427,464
Sewer	3,309,950
Waste Disposal	29,809
Special Aviation	28,038
Oceanside Small Craft Harbor District	933,849
Total depreciation expense	$ 7,729,110

B. *Fund Financial Statements*

The fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

7. LAND AND BUILDINGS HELD FOR RESALE

Land and buildings held for resale comprised the following at June 30, 2003:

Governmental Activities:	
Capital Projects Fund:	
Redevelopment Agency	$ 8,303,473

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 available fund balance is reserved in an amount equal to the carrying value of land and buildings held for resale because such assets are not available to finance current operations. The amount recorded as assets held for resale and the corresponding fund balance reserved as of June 30, 2003, was $8,303,473.

8. LONG-TERM DEBT

A. *Governmental Activities Long-Term Debt*

Summary of changes in governmental activities long-term debt for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due within one year	Due in more than one year
Bonds payable	$ 43,185,000	$ -	$ (440,000)	$ 42,745,000	$ 630,000	$ 42,115,000
Certificates of Participation	69,250,000	25,185,000	(28,485,000)	65,950,000	2,365,000	63,585,000
Capital leases payable	-	7,516,967	(577,967)	6,939,000	610,897	6,328,103
Special assessment debt with government commitment	4,097,600	-	(657,600)	3,440,000	705,000	2,735,000
Subtotal	116,532,600	32,701,967	(30,160,567)	119,074,000	4,310,897	114,763,103
Claims payable	6,594,510	2,161,717	-	8,756,227	1,468,022	7,288,205
Compensated absences	6,978,921	138,426	-	7,117,347	1,339,927	5,777,420
Total	$ 130,106,031	$ 35,002,110	$ (30,160,567)	$ 134,947,574	$ 7,118,846	$ 127,828,728

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Bonds Payable

Bonds payable at June 30, 2003, consisted of the following:

1993 Tax Allocation Refunding Bonds	$ 7,725,000
1994 Tax Allocation Refunding Bonds	12,990,000
2002 Tax Allocation Refunding Bonds	22,030,000
Total	$ 42,745,000

1. 1993 Tax Allocation Refunding Bonds - Original Issue $9,500,000

The bonds were issued to refund the Commission's Downtown Redevelopment Project 1987 Tax Allocation Refunding Bonds and are secured by tax revenues received by the Commission. The bonds consist of serial bonds that mature annually through 2008, in amounts ranging from $130,000 to $395,000 and term bonds that mature on September 1, 2018. Interest rates vary from 4.0% to a maximum of 6.1% and are payable semiannually on March 1 and September 1. The bonds maturing on or before September 1, 2002, are not subject to optional redemption prior to their stated maturities. Bonds maturing on or after September 1, 2003, are subject to redemption in whole or in part on any interest payment date. Redemption includes a premium of 2% commencing on September 1, 2004, and reduced by 1% on each September 1 thereafter.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 290,000	$ 457,960	$ 747,960
2005	310,000	441,005	751,005
2006	330,000	422,600	752,600
2007	350,000	402,705	752,705
2008	370,000	381,280	751,280
2009-2013	2,240,000	1,528,156	3,768,156
2014-2018	3,090,000	722,545	3,812,545
2019	745,000	22,722	767,722
Total	$ 7,725,000	$ 4,378,973	$ 12,103,973

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Bonds Payable, Continued

2. 1994 Tax Allocation Refunding Bonds - Original Issue $14,935,000

The 1994 Tax Allocation Refunding Bonds were issued by the Association of Bay Area Governments to refund certain tax allocation bonds issued by redevelopment agencies or local public financing authorities within the State of California. The portion allocated to the City was used to refund the 1987 Tax Allocation Refunding Bonds which were used for the Downtown Redevelopment Project Area, to refund a loan from the State Coastal Conservancy, and to use the remainder of the funds for various redevelopment projects.

The bonds mature annually through 2025, in amounts ranging from $480,000 to $1,695,000. Interest rates vary from 4.0% to a maximum of 6.2% and are payable semiannually on March 1 and September 1. The bonds maturing on or before December 15, 2003, are not subject to call and redemption prior to their stated maturities. Bonds maturing on or after December 15, 2004, are subject to call and redemption in whole or in part on any interest payment date. Redemption includes a premium of 2% commencing on December 15, 2005, and reduced by 0.5% on each December 15 thereafter.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 175,000	$ 874,245	$ 1,049,245
2005	185,000	863,702	1,048,702
2006	190,000	852,452	1,042,452
2007	200,000	840,497	1,040,497
2008	215,000	827,547	1,042,547
2009-2013	1,275,000	3,906,644	5,181,644
2014-2018	1,680,000	3,415,010	5,095,010
2019-2023	5,790,000	2,283,796	8,073,796
2024-2025	3,280,000	229,489	3,509,489
Total	$ 12,990,000	$ 14,093,382	$ 27,083,382

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Bonds Payable, Continued

3. 2002 Tax Allocation Refunding Bonds - Original Issue $22,030,000

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

The bonds mature annually through 2020, in amounts ranging from $165,000 to $1,240,000. Interest rates vary from 3.0% to a maximum of 5.5% and are payable semi-annually 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 165,000	$ 1,147,500	$ 1,312,500
2005	540,000	1,142,550	1,682,550
2006	610,000	1,123,650	1,733,650
2007	630,000	1,101,538	1,731,538
2008	655,000	1,076,338	1,731,338
2009-2013	3,760,000	4,906,814	8,666,814
2014-2018	4,790,000	3,871,989	8,661,989
2019-2023	3,530,000	2,432,975	5,962,975
2024-2025	7,350,000	545,388	7,895,388
Total	$ 22,030,000	$ 17,348,742	$ 39,378,742

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Certificates of Participation

Certificates of participation payable at June 30, 2003, consisted of the following:

Oceanside Public Financing Authority 2003 Certificates of Participation	$ 25,185,000
Building Authority 1994 Certificates of Participation	2,365,000
Oceanside Civic Center 1995 Refunding Certificates of Participation	28,280,000
Building Authority 1998 Certificates of Participation	10,120,000
Total	$ 65,950,000

1. 2003 Certificates of Participation - Original Issue $25,185,000

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

The certificates are due in annual installments of $950,000 to $1,770,000 through 2023. Interest rates range from 4.5% to 5.2% and are payable semi-annually on September 15 and March 15.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 950,000	$ 1,223,003	$ 2,173,003
2005	975,000	1,194,503	2,169,503
2006	1,000,000	1,165,253	2,165,253
2007	1,035,000	1,135,253	2,170,253
2008	1,080,000	1,093,853	2,173,853
2009-2013	6,250,000	4,604,515	10,854,515
2014-2018	8,015,000	2,837,713	10,852,713
2019-2023	5,880,000	875,965	6,755,965
Total	$ 25,185,000	$ 14,130,058	$ 39,315,058

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Certificates of Participation, Continued

2. 1994 Certificates of Participation - Original Issue $3,215,000

The 1994 Certificates of Participation were issued by the Authority for the purposes of reimbursing the City for the payment of the costs of acquisition of the street lighting facilities and finance the construction of additional street lighting facilities. The certificates consist of $2,010,000 in serial certificates and term certificates in the amount of $1,205,000. The serial certificates are due in annual installments of $70,000 to $200,000 through 2009 with interest rates ranging from 4.2% to 6.6%. The term certificates are due on September 1, 2014, at a price of 98.364% with an interest rate of 6.7%. Serial certificates maturing on or before 2005 are not subject to optional redemption prior to maturity. Certificates maturing on or after September 1, 2006, are subject to redemption in whole or in part on September 2005 and each interest date thereafter.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 135,000	$ 150,060	$ 285,060
2005	145,000	141,588	286,588
2006	155,000	132,360	287,360
2007	165,000	122,358	287,358
2008	175,000	111,560	286,560
2009-2013	1,060,000	363,660	1,423,660
2014-2015	530,000	36,181	566,181
Total	$ 2,365,000	$ 1,057,767	$ 3,422,767

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Certificates of Participation, Continued

3. 1995 Refunding Certificates of Participation – Original Issue $34,300,000

The 1995 Refunding Certificates of Participation were issued by the Commission to refund the 1991 Refunding Certificates of Participation, which was used for the City's Civic Center Project. The certificates consist of serial certificates in the amount of $14,555,000 due in annual installments of $750,000 to $1,430,000, and term certificates of $10,515,000 and $9,230,000 due August 1, 2015 and 2019, respectively. Interest rates range from 4% to 6.07% and is payable semiannually on February 1 and August 1. Certificates maturing before August 1, 2015, are not subject to redemption prior to maturity. Certificates maturing on or after August 1, 2015, are subject to redemption prior to maturity on August 1, 2005, and each interest payment date thereafter.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 1,035,000	$ 1,523,340	$ 2,558,340
2005	1,090,000	1,469,153	2,559,153
2006	1,145,000	1,411,588	2,556,588
2007	1,210,000	1,349,753	2,559,753
2008	1,275,000	1,283,263	2,558,263
2009-2013	7,585,000	5,200,620	12,785,620
2014-218	10,085,000	2,701,315	12,786,315
2019-2020	4,855,000	258,169	5,113,169
Total	$ 28,280,000	$ 15,197,201	$ 43,477,201

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Certificates of Participation, Continued

4. 1998 Certificates of Participation – Original Issue $10,750,000

The 1998 Certificates of Participation are issued by the Authority for the purpose of reimbursing the City for the 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 $195,000 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 245,000	$ 498,777	$ 743,777
2005	265,000	487,303	752,303
2006	285,000	474,785	759,785
2007	305,000	461,215	766,215
2008	325,000	446,725	771,725
2009-2013	2,015,000	1,971,308	3,986,308
2014-2018	2,810,000	1,380,358	4,190,358
2019-2022	3,870,000	528,150	4,398,150
Total	$ 10,120,000	$ 6,248,621	$ 16,368,621

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Capital Lease Obligations

In January 2003, the City entered into a capital lease agreement for the San Diego County Regional Communications System. The lease is payable in annual installments of $369, 788 through February 2012 with an interest rate of 17.7%. The balance outstanding at June 30, 2003 was $2,553,946.

In May 2002, the City acquired a new Motorola 800 MHz Radio under a capital lease agreement payable in annual installments of $637,987 through June 2012. The interest rate is 5.76%. The balance outstanding at June 30, 2003 was $4,385,054.

The future minimum lease payments due under capitalized lease obligations are as follows:

Year Ending June 30,		
2004	$	1,007,775
2005		1,007,775
2006		1,007,775
2007		1,007,775
2008		1,007,775
2009 - 2012		4,031,100
Net minimum lease payments		9,069,975
Less amount representing interest		(2,130,975)
Present value of net minimum lease payments under capital leases	$	6,939,000

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Special Assessment Debt with City Commitment

Special Assessment Debt with City Commitment at June 30, 2003, consisted of the following:

1993 Community Facilities District No.1 Special Tax Revenue Bonds	$	800,000
1994 Assessment District Refinancing Revenue Bonds		2,350,000
1994 Assessment District Refinancing Subordinated Revenue Bonds		290,000
Total	$	3,440,000

1. 1993 Community Facilities District No.1 Special Tax Revenue Bonds – Original Issue $6,825,000

The bonds were issued pursuant to Mello-Roos Community Facilities Act of 1982 to refinance and purchase the existing City of Oceanside Community Facilities District No. 1 (Williams Ranch) bonds. The bonds are term bonds due on November 1, 2004, and bear an interest rate of 7.75%. Interest is payable semiannually on May 1 and November 1. The bonds are subject to mandatory redemption on November 1 in each year in authorized denominations.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 385,000	$ 47,081	$ 432,081
2005	415,000	16,081	431,081
Total	$ 800,000	$ 63,162	$ 863,162

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Special Assessment Debt with Government Commitment, Continued

2. 1994 Assessment District Refinancing Local Agency Revenue Bonds – Original Issue $4,120,000

The bonds were issued pursuant to an Indenture of Trust for the Series, dated as of January 1, 1994, for the purpose of enabling the Authority to acquire certain limited obligation refunding bonds proceeds of which were used to refinance outstanding limited obligation improvement bonds for the City Improvement District No. 1-1989 (Morro Hills Updated). The bonds are series A bonds and are due in annual installments of $180,000 to $405,000. Interest rates range from 3.6% to 5.9% and are payable semiannually on March 2 and September 2.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 275,000	$ 127,443	$ 402,443
2005	295,000	111,620	406,620
2006	310,000	94,525	404,525
2007	330,000	76,203	406,203
2008	355,000	76,203	431,203
2009-2010	785,000	103,378	888,378
Total	$ 2,350,000	$ 589,372	$ 2,939,372

8. LONG-TERM DEBT, Continued

A. *Governmental Activities Long-Term Debt, Continued*

Special Assessment Debt with Government Commitment, Continued

3. 1994 Assessment District Refinancing Local Agency Subordinated Revenue Bonds - Original Issue $974,719

The bonds were issued pursuant to an Indenture of Trust for the Series, dated as of January 1, 1994, for the purpose of enabling the Authority to acquire certain limited obligation refunding bonds proceeds of which were used to refinance outstanding limited obligation improvement bonds for the City Improvement District No. 1-1989 (Morro Hills Updated). The bonds are series B bonds and are due in annual installments of $35,000 to 45,000. Interest rates range from 3.6% to 5.9% and are payable semiannually on March 2 and September 2.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 40,000	$ 16,248	$ 56,248
2005	45,000	13,760	58,760
2006	35,000	11,383	46,383
2007	40,000	9,123	49,123
2008	35,000	5,854	40,854
2009-2010	95,000	8,998	103,998
Total	$ 290,000	$ 65,366	$ 355,366

Claims Payable

Claims payable have been accrued. Amounts determined to be debts of either the business-type and 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, 2003, was $8,756,227.

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 $7,117,347 at June 30, 2003.

8. LONG-TERM DEBT, Continued

B. *Long-Term Debt of Business-Type and Proprietary Funds*

Summary of changes in long-term debt of business-type and proprietary funds for the year ended June 30, 2003:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due within one year	Due in more than one year
Bonds payable	$ 11,120,000	$ -	$ (105,000)	$ 11,015,000	$ 650,000	$ 10,365,000
Certificates of participation	26,310,000	26,935,000	(26,310,000)	26,935,000	415,000	26,520,000
Notes payable	75,734,559	20,161,674	(24,033,592)	71,862,641	1,733,793	70,128,848
Total	$ 113,164,559	$ 47,096,674	$ (50,448,592)	$ 109,812,641	$ 2,798,793	$ 107,013,848

Bonds Payable

1. 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 $25,000 to $965,000 through 2017. Interest rates range from 3.5% to 5.0% and are payable semiannually on April 1 and October 1.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 650,000	$ 488,286	$ 1,138,286
2005	675,000	461,949	1,136,949
2006	575,000	436,661	1,011,661
2007	590,000	412,631	1,002,631
2008	620,000	387,214	1,007,214
2009-2013	3,505,000	1,495,587	5,000,587
2014-2018	4,400,000	564,772	4,964,772
Total	$ 11,015,000	$ 4,247,100	$ 15,262,100

8. LONG-TERM DEBT, Continued

B. *Long-Term Debt of Business-Type and Proprietary Funds, Continued*

Certificates of Participation

Certificates of Participation payable at June 30, 2003, consisted of the following:

Revenue Certificates of Participation (1993 Water Refunding) Series 2003	$ 15,855,000
Revenue Certificates of Participation (1993 Wastewater Refunding) Series 2003	11,080,000
Total	$ 26,935,000

1. Revenue 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 (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%.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ -	$ 319,291	$ 319,291
2005	1,260,000	532,163	1,792,163
2006	1,285,000	506,712	1,791,712
2007	1,325,000	467,363	1,792,363
2008	1,375,000	413,362	1,788,362
2009-2013	4,590,000	1,453,914	6,043,914
2014-2018	3,095,000	903,368	3,998,368
2019-2022	2,925,000	245,418	3,170,418
Total	$ 15,855,000	$ 4,841,591	$ 20,696,591

8. LONG-TERM DEBT, Continued

B. *Long-Term Debt of Business-Type and Proprietary Funds, Continued*

Certificates of Participation, Continued

2. 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 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 $415,000 to $865,000 will be made through May 1, 2021; interest ranges from 2.25% to 5.00%.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 415,000	$ 490,922	$ 905,922
2005	465,000	441,625	906,625
2006	475,000	430,000	905,000
2007	495,000	415,750	910,750
2008	505,000	400,900	905,900
2009-2013	2,815,000	1,722,550	4,537,550
2014-2018	3,435,000	1,108,050	4,543,050
2019-2021	2,475,000	251,500	2,726,500
Total	$ 11,080,000	$ 5,261,297	$ 16,341,297

8. LONG-TERM DEBT, Continued

B. *Long-Term Debt of Business-Type and Proprietary Funds, Continued*

Notes Payable

Notes payable at June 30, 2003, consisted of the following:

State of California Water Supply Project	$ 166,594
State revolving loan	26,421,578
State Water Resources Control Board	7,136,044
Department of Boating and Waterways	4,658,425
1998 Wateruse Purchase Contract	33,480,000
Total	$ 71,862,641

1. State of California Water Supply Project - Original Issue $4,412,030

This loan is made by the State of California to the City to assist in financing a new local water supply project. Loan funds may be used only for such eligible projects as follows: site work, demolition of the San Luis Rey Waste Water Treatment Facility and other construction activities.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 166,594	$ 68,623	$ 235,217
Total	$ 166,594	$ 68,623	$ 235,217

8. LONG-TERM DEBT, Continued

B. *Long-Term Debt of Business-Type and Proprietary Funds, Continued*

Notes Payable, Continued

2. State Water Resource Control Board Loan for the San Luis Rey Wastewater Treatment Plan Interim Expansion – Original Issue $26,421,578

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 $2,926,499 commencing in May 2005 through 2024. The loan is interest free.

3. 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 control odors and improve process performance. The loan is due in installments of $117,893 to $658,191 commencing 1997 through 2015. The interest rate is 2.7% payable annually on November 1.

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

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 465,517	$ 192,673	$ 658,190
2005	478,086	180,104	658,190
2006	490,995	167,196	658,191
2007	504,252	153,939	658,191
2008	517,866	140,324	658,190
2009-2013	2,806,773	484,181	3,290,954
2014-2016	1,872,555	102,016	1,974,571
Total	$ 7,136,044	$ 1,420,433	$ 8,556,477

8. LONG-TERM DEBT, Continued

B. *Long-Term Debt of Business-Type and Proprietary Funds, Continued*

Notes Payable, Continued

4. Department of Boating and Waterways

The Department of Boating and Waterways has loaned the District as follows:

	Amount Outstanding at June 30, 2003
1984 Loan Payable	
Due in annual installments of $64,490 through 2015 including interest of 4.5% per annum	$ 624,447
1986 Loan Payable	
Due in annual installments of $230,778 through 2017 including interest of 4.5% per annum	2,478,450
1991 Loan Payable	
Due in annual installments of $116,043 through 2023 including interest of 4.5% per annum	1,555,528
Total loans payable	$ 4,658,425

5. 2000 Wateruse Finance Authority Installment Purchase Contract – Original Issue $55,785,000

This installment purchase contract was issued to finance the acquisition, construction and expansion of the City's San Luis Rey Wastewater Treatment Facility. The interest on the purchase contract is variable; annual principal payments range from $1,340,000 to $3,010,000 through 2028.

The annual principal payment requirements on this purchase contract are as follows:

For the Years Ending June 30,	Principal
2004	$ 900,000
2005	935,000
2006	960,000
2007	990,000
2008	1,020,000
2009-2013	5,610,000
2014-2018	6,555,000
2019-2023	7,650,000
2024-2028	8,860,000
Total	$ 33,480,000

8. LONG-TERM DEBT, Continued

B. *Long-Term Debt of Business-Type and Proprietary Funds, Continued*

Claims Payable

The City reported claims payable for workers' compensation liabilities in the business-type and proprietary funds that incurred the loss. General liability claims and the short-term portion of workers' compensation liabilities that were incurred were reported in governmental funds. Claims payable at June 30, 2003, were recorded in the following funds:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due within one year	Due in more than one year
Business-Type Activities:						
Water	$ 142,723	$ 202,165	$ -	$ 344,888	$ 68,978	$ 275,910
Total claims payable	$ 142,723	$ 202,165	$ -	$ 344,888	$ 68,978	$ 275,910

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. At June 30, 2003, compensated absences in the proprietary funds types were as follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due within one year	Due in more than one year
Business-Type Activities:						
Water	$ 441,042	$ 83,614	$ -	$ 524,656	$ 104,931	$ 419,725
Sewer	609,122	23,259	-	632,381	126,476	505,905
Waste Disposal	100,041	6,927	-	106,968	21,394	85,574
Oceanside Small Craft Harbor	245,688	4,947	-	250,635	50,127	200,508
Total compensated absences	$ 1,395,893	$ 118,747	$ -	$ 1,514,640	$ 302,928	$ 1,211,712

8. LONG-TERM DEBT, Continued

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 redevelopment 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. Therefore, none of the following obligations were included in the accompanying basic financial statements.

Issue	Issuing Agency	Date of Issue	Amount of Issue	Outstanding at June 30, 2003
1985 Multi-Family Housing	City of Oceanside	March 1, 1996	$ 6,000,000	$ 6,000,000
Revenue Bonds	City of Oceanside	December 1, 1996	29,430,000	29,430,000
	City of Oceanside	December 1, 1997	19,000,000	-
1990 Residential Mortgage Revenue Bonds	City of Oceanside	July 1, 1990	21,000,000	16,370,000
City of Oceanside Assessment District No 4-1988 (Mission Square)	City of Oceanside	May 1, 1994	320,830	235,000
1994 Multi-Family Housing Revenue Refunding Bonds Lakeridge	City of Oceanside	December 1, 1994	43,240,000	43,240,000
2001 Multi-Family Rental Housing Refunding Revenue Bonds Vista Del Oro	City of Oceanside	March 1, 2001	13,325,000	13,325,000

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

A. *Deficit Fund Balances*

At June 30, 2003, the following funds had deficit fund balances. The City has implemented plans to eliminate these deficits.

Fund Name	Deficit Fund Balance
Special Revenue Fund:	
Community Development Block Grant	$ 938

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES, Continued

B. *Excess of Expenditures over Appropriations*

At June 30, 2003, there were funds with immaterial excess of expenditures over appropriations. The City has implemented plans to eliminate these excess expenditures.

10. 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 $250,000 and is insured through SANDPIPA from $250,000 to $2,000,000. In addition, SANDPIPA has purchased excess insurance coverage from $2,000,000 to $28,000,000 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 $9,101,115 reported at June 30, 2003, 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,
2002	$ 3,424,707	$ 3,891,648	$ (1,730,857)	$ 5,585,498
2003	5,585,498	7,412,204	(3,896,587)	9,101,115

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

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

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

10. RISK MANAGEMENT, Continued

The following represents summary audited financial information of SANDPIPA for the fiscal year ended June 30, 2003, which is the most current information available:

Total assets	$ 21,635,079
Total liabilities	$ 10,236,375
Fund equity	$ 11,398,703
Total revenues	$ 4,542,226
Total expenses	$ 7,297,890
Net increase in fund equity	$ (2,755,664)

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.

11. RETIREMENT PLANS

Pension Plan

Plan Description - The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS 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 PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy – Active plan members are required by State statute to contribute 7% 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 $3,707,401 for the year ended June 30, 2003. The City employer is required to contribute for fiscal year 2002-2003 at an actuarially determined rate of 0.00% and 1.439% of annual covered payroll for miscellaneous and safety employees, respectively.

11. RETIREMENT PLANS, Continued

Pension Plan, Continued

Annual Pension Cost – For fiscal year 2002-2003, the City's annual pension cost of $2,497,765 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.75% to 14.2% for miscellaneous and 3.75% to 11.59% for safety employees, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS 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, 2002, was 22 years and 17 years for miscellaneous and safety employees respectively.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/01	$ 871,505	100%	$ -
6/30/02	1,835,598	100%	-
6/30/03	2,497,765	100%	-

12. 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.

13. PRIOR PERIOD ADJUSTMENTS

A. *Government-Wide Statements*

The City recorded the following prior period adjustments to correct prior year transactions regarding Land and Buildings Held for Resale and conversion to GASB Statement No. 34. Accordingly, the net assets as of July 1, 2002, have been restated as follows:

	Net Assets as Previously Reported	Prior Period Adjustment	Net Assets as Restated
Business-Type Activities:			
Net assets	$ 239,169,955	$ (1,019,848)	$ 238,150,107
Total business-type activities	$ 239,169,955	$ (1,019,848)	$ 238,150,107

B. *Fund Financial Statements*

	Net Assets as Previously Reported	Prior Period Adjustments	Net Assets, as restated
Governmental Fund Activities:			
Redevelopment Agency - Capital Projects	$ 12,857,177	$ 6,180,110	$ 19,037,287
Total governmental fund activities	$ 12,857,177	$ 6,180,110	$ 19,037,287
Proprietary Fund Activities:			
Waste Disposal	$ 2,348,970	$ (1,019,848)	$ 1,329,122
Total proprietary fund activities	$ 2,348,970	$ (1,019,848)	$ 1,329,122

REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETS AND BUDGETARY ACCOUNTING

The City's procedures in establishing the budgetary data are as follows:

- During May, The City Manager submits to the City Council a proposed 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 department. 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 generally accepted accounting principles. 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.

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

General Fund

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 33,664,556	$ 33,664,556	$ 33,664,556	$ -
Resources (inflows):				
Property taxes	40,908,374	40,908,374	41,015,310	106,936
Licenses, fees, and permits	2,456,177	2,456,177	2,348,328	(107,849)
Fines and penalties	2,492,601	2,492,601	2,697,214	204,613
Use of money and property	4,203,645	4,203,642	4,286,971	83,329
Intergovernmental revenue	9,388,370	9,393,870	11,036,804	1,642,934
Current services	9,066,946	9,066,946	9,513,659	446,713
Other revenues	105,612	1,525,612	1,627,767	102,155
Payment in lieu of services	9,589,176	9,589,176	9,295,765	(293,411)
Transfers in	122,843	137,843	348,632	210,789
Amount available for appropriation	78,333,744	79,774,241	82,170,450	2,396,209
Charges to appropriations (outflows):				
General government	10,668,366	12,128,629	11,576,110	552,519
Public safety	43,633,294	43,792,797	43,671,540	121,257
Public works	7,416,181	7,456,243	7,072,725	383,518
Community development	4,053,909	4,163,662	3,865,383	298,279
Community/cultural services	9,704,179	9,689,682	8,882,038	807,644
Non-departmental:				
Transfers out	2,192,821	3,642,821	4,077,111	(434,290)
Total charges to appropriations	77,668,750	80,873,834	79,144,907	1,728,927
Excess of resources over (under) charges to appropriations	664,994	(1,099,593)	3,025,543	667,282
Fund balance, June 30	$ 34,329,550	$ 32,564,963	$ 36,690,099	$ 667,282

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Housing Assistance Program Special Revenue Fund

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 4,654,505	$ 4,654,505	$ 4,654,505	$ -
Resources (inflows):				
Licenses, fees, and permits	117,500	117,500	119,320	1,820
Fines and penalties	-	-	55	55
Use of money and property	68,050	68,050	97,803	29,753
Intergovernmental revenue	11,944,345	11,833,920	12,565,084	731,164
Current services	242,270	242,270	236,236	(6,034)
Other revenues	208,000	680,049	106,655	(573,394)
Transfers in	399,241	407,056	407,056	-
Amount available for appropriation	12,979,406	13,348,845	13,532,209	183,364
Charges to appropriations (outflows):				
Community development	12,929,305	13,274,480	13,180,338	94,142
Non-departmental:				
Transfers out	472,049	479,864	25,042	454,822
Total charges to appropriations	13,401,354	13,754,344	13,205,380	548,964
Excess of resources over (under) charges to appropriations	(421,948)	(405,499)	326,829	(365,600)
Fund balance, June 30	$ 4,232,557	$ 4,249,006	$ 4,981,334	$ (365,600)

PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Excess Assets	Funded Ratio	Covered Payroll	Actuarial Excess Assets as Percentage of Covered Payroll
6/30/2000	$ 140,678,268	$ 102,330,298	$ 38,347,970	137.5%	$ 23,157,517	165.6%
6/30/2001	145,717,080	112,889,754	32,827,326	129.1%	27,269,384	120.4%
6/30/2002	138,737,210	121,461,707	17,275,503	114.2%	28,511,002	60.6%

Safety Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Excess Assets	Funded Ratio	Covered Payroll	Actuarial Excess Assets as Percentage of Covered Payroll
6/30/2000	$ 160,916,052	$ 151,694,957	$ 9,221,095	106.1%	$ 16,419,323	56.2%
6/30/2001	164,763,252	166,246,122	(1,482,870)	99.1%	17,271,814	-8.6%
6/30/2002	154,011,001	176,760,496	(22,749,495)	87.1%	17,018,685	-133.7%

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Asset Seizure:

To account for funds received as a result of seizure of assets from those convicted of violations of drug laws. Funds are used to enhance law enforcement services and activities.

Library:

To account for grant revenues and purchases of books. The fund is required by Section 18951 of the California Education Code.

Gas Tax:

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.

Murray Road Bridge:

To account for charges for use of the Murray Road Bridge. Revenues finance the normal operating costs and the annual lease payments to the Murray Road Bridge Corporation.

Community Development Block Grant:

To account for funds received from the Federal Government for use on federally approved projects.

Recreation:

To account for the operation of the City's special recreation programs.

Maintenance Districts:

To account for street lighting and landscape maintenance services. Financing is provided by service charges to benefiting properties.

Strategic Traffic Offender Program (STOP):

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).

Grants:

To account for funds received from federal, state, and county governments for use on approved projects.

DEBT SERVICE FUNDS:

Redevelopment Agency:

Accounts for the payment of interest and principal on debt of the Redevelopment Agency.

Oceanside Public Financing Authority:

Accounts for payment of interest and principal on debt of the Public Financing Authority.

Oceanside Bridge Corporation:

Accounts for payment of interest and principal on the certificates of participation of the Oceanside Bridge

Oceanside Building Authority:

Accounts for payment of interest and principal on the certificates of participation and revenue bonds of the Oceanside Building Authority.

CAPITAL PROJECTS FUND:

Oceanside Building Authority:

To account for the use of proceeds from the sale of Certificates of Participation issued to fund various City projects.

City of Oceanside
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

	Special Revenue					
	Asset Seizure	Library	Gas Tax	Murray Road Bridge	Community Development Block Grant	Recreation
ASSETS						
Cash and investments	$ 124,533	$ 90,315	$ 9,347,516	$ -	$ (866,215)	$ 577,497
Restricted cash and investments	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Accounts	-	-	40,000	-	-	-
Interest	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	-	-	-	-	1,327,195	-
Due from other governments	-	-	-	-	-	-
Total assets	$ 124,533	$ 90,315	$ 9,387,516	$ -	$ 460,980	$ 577,497
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ 11,356	$ 491,101	$ -	$ 92,537	$ 40,996
Accrued liabilities	-	-	37,391	-	-	3,063
Deposits	-	-	-	-	72,300	-
Due to other funds	-	-	-	-	297,081	-
Deferred revenue	-	-	54,723	-	-	141,991
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	11,356	583,215	-	461,918	186,050
Fund Balances:						
Reserved:						
Debt service	-	-	-	-	-	-
Unreserved designated for:						
Unrealized gains on investments	-	-	64,926	-	-	-
Unreserved, undesignated:						
Special revenue funds	124,533	78,959	8,739,375	-	(938)	391,447
Capital project funds						
Total fund balances	124,533	78,959	8,804,301	-	(938)	391,447
Total liabilities and fund balances	$ 124,533	$ 90,315	$ 9,387,516	$ -	$ 460,980	$ 577,497

Special Revenue			Debt Service				Capital Projects	
Maintenance Districts	Stop	Grants	Redevelopment Agency	Oceanside Public Financing Authority	Oceanside Bridge Corporation	Oceanside Building Authority	Oceanside Building Authority	Total Other Governmental Funds
$ 1,428,090	$ 865,041	$ 751,941	$ 8,002,358	$ 1,880,254	$ -	$ 1,335,104	$ -	$ 23,536,434
-	-	-	3,555,223	2,321,947	-	671,981	35,258	6,584,409
-	-	1,244,346	-	-	-	-	-	1,284,346
-	-	-	39,777	-	-	54	-	39,831
-	-	-	-	-	-	3,440,000	-	3,440,000
15,458	-	-	-	-	-	6,554	-	1,349,207
-	-	142,645	-	-	-	-	-	142,645
$ 1,443,548	$ 865,041	$ 2,138,932	$ 11,597,358	$ 4,202,201	$ -	$ 5,453,693	$ 35,258	$ 36,376,872
$ 162,997	$ 8,923	$ 68,356	$ -	$ -	$ -	$ -	$ -	876,266
-	-	2,450	-	-	-	-	-	42,904
-	-	-	-	-	-	-	-	72,300
-	-	-	-	-	-	-	-	297,081
-	-	1,353,272	-	-	-	3,440,000	-	4,989,986
-	-	-	10,644,571	-	-	-	-	10,644,571
162,997	8,923	1,424,078	10,644,571	-	-	3,440,000	-	16,923,108
-	-	-	952,787	4,202,201	-	2,013,693	-	7,168,681
-	-	-	-	-	-	-	-	64,926
1,280,551	856,118	714,854						12,184,899
							35,258	35,258
1,280,551	856,118	714,854	952,787	4,202,201	-	2,013,693	35,258	19,453,764
$ 1,443,548	$ 865,041	$ 2,138,932	$ 11,597,358	$ 4,202,201	$ -	$ 5,453,693	$ 35,258	$ 36,376,872

City of Oceanside
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2003

	Special Revenue					
	Asset Seizure	Library	Gas Tax	Murray Road Bridge	Community Development Block Grant	Recreation
REVENUES:						
Special assessments	$ -	$ -	$ 2,900,000	$ -	$ -	$ -
Intergovernmental	43,876	151,674	3,718,976	-	4,448,525	-
Charges for services	-	89,318	-	-	-	655,122
Fines and forfeitures	-	-	-	-	-	-
Lease revenue	-	-	-	-	-	-
Use of money and property	3,669	-	395,605	-	-	49,268
Other	-	31,552	456	-	-	6,918
Total revenues	47,545	272,544	7,015,037	-	4,448,525	711,308
EXPENDITURES:						
Current:						
General government	-	-	-	-	286,250	-
Public safety	36,611	-	-	-	-	-
Public works	-	-	2,116,117	2,430	-	-
Community development	-	-	-	-	446,725	-
Community/cultural services	-	438,480	-	-	40,428	537,380
Capital improvements	-	-	4,152,026	-	374,896	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	36,611	438,480	6,268,143	2,430	1,148,299	537,380
REVENUES OVER (UNDER) EXPENDITURES	10,934	(165,936)	746,894	(2,430)	3,300,226	173,928
OTHER FINANCING SOURCES (USES):						
Debt proceeds	-	-	-	-	-	-
Transfers in	-	152,698	640,000	164,482	-	-
Transfers out	-	-	(500,000)	(2,277,270)	(3,300,000)	-
Total other financing sources (uses)	-	152,698	140,000	(2,112,788)	(3,300,000)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	10,934	(13,238)	886,894	(2,115,218)	226	173,928
FUND BALANCES:						
Beginning of year	113,599	92,197	7,917,407	2,115,218	(1,164)	217,519
End of year	$ 124,533	$ 78,959	$ 8,804,301	$ -	$ (938)	$ 391,447

Special Revenue			Debt Service Funds				Capital Projects	
Maintenance Districts	Stop	Grants	Redevelopment Agency	Oceanside Public Financing Authority	Oceanside Bridge Corporation	Oceanside Building Authority	Oceanside Building Authority	Total Other Governmental Funds
$ 2,270,836	$ -	$ -	$ -	$ -	$ -	$ 906,636	$ -	$ 6,077,472
-	-	1,675,079	-	-	-	-	-	10,038,130
-	-	-	-	-	-	-	-	744,440
-	361,498	-	-	-	-	-	-	361,498
-	-	-	-	283,555	1,625	932,970	-	1,218,150
37,795	25,473	567,103	2,963,317	75,126	2,405	53,311	271	4,173,343
67,665	750	-	-	322,076	-	150,000	-	579,417
2,376,296	387,721	2,242,182	2,963,317	680,757	4,030	2,042,917	271	23,192,450
-	-	-	-	-	1,625	76,891	-	364,766
-	269,931	515,409	-	-	-	-	-	821,951
2,068,312	-	96,081	-	-	-	-	-	4,282,940
-	-	3,664,672	-	-	-	-	-	4,111,397
-	-	160,678	-	-	-	-	-	1,176,966
-	-	-	-	-	-	-	-	4,526,922
-	-	-	1,425,000	-	2,635,000	25,522,600	-	29,582,600
-	-	-	4,180,138	470,421	136,863	2,958,710	-	7,746,132
2,068,312	269,931	4,436,840	5,605,138	470,421	2,773,488	28,558,201	-	52,613,674
307,984	117,790	(2,194,658)	(2,641,821)	210,336	(2,769,458)	(26,515,284)	271	(29,421,224)
-	-	-	-	25,185,000	-	-	-	25,185,000
160,000	-	3,525,220	3,463,367	2,692,171	2,277,270	26,626,224	-	39,701,432
(287,479)	-	(1,196,609)	(3,872,878)	(25,765,560)	(1,639)	(2,692,171)	-	(39,893,606)
(127,479)	-	2,328,611	(409,511)	2,111,611	2,275,631	23,934,053	-	24,992,826
180,505	117,790	133,953	(3,051,332)	2,321,947	(493,827)	(2,581,231)	271	(4,428,398)
1,100,046	738,328	580,901	4,004,119	1,880,254	493,827	4,594,924	34,987	23,882,162
$ 1,280,551	$ 856,118	$ 714,854	$ 952,787	$ 4,202,201	$ -	$ 2,013,693	$ 35,258	$ 19,453,764

City of Oceanside

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Capital Projects Fund
For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 19,037,287	$ 19,037,287	$ 19,037,287	$ -
Resources (inflows):				
Property taxes	861,200	1,061,200	5,100,645	4,039,445
Interest and rentals	140,000	215,000	215,139	139
Current services	15,000	-	55	55
Developer fees	410,000	50,000	-	(50,000)
Other revenues	776,420	-	-	-
Transfer in	1,128,581	4,523,171	4,376,828	(146,343)
Amount available for appropriation	3,331,201	5,849,371	9,692,667	3,843,296
Charges to appropriations (outflows):				
Community development	861,298	3,584,020	3,219,734	364,286
Capital improvement	1,417,165	5,598,688	-	5,598,688
Non-departmental:				
Capital outlay	-	-	4,000,888	(4,000,888)
Transfer out	30,000	2,525,271	6,700,031	(4,174,760)
Total charges to appropriations	2,308,463	11,707,979	13,920,653	(2,212,674)
Excess of resources over (under) charges to appropriations	1,022,738	(5,858,608)	(4,227,986)	6,055,970
Fund balance, June 30	$ 20,060,025	$ 13,178,679	$ 14,809,301	$ 6,055,970

City of Oceanside

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Improvement Capital Projects Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 25,722,800	$ 25,722,800	$ 25,722,800	$ -
Resources (inflows):				
Interest and rentals	1,090,028	1,090,028	978,908	(111,120)
Intergovernmental revenue	5,587,200	6,761,989	2,786,528	(3,975,461)
Developer fees	3,282,961	3,282,961	6,433,319	3,150,358
Other revenues	-	-	792,948	792,948
Transfer in	2,000,000	6,924,500	7,537,528	613,028
Amount available for appropriation	11,960,189	18,059,478	18,529,231	469,753
Charges to appropriations (outflows):				
Public works	-	853,441	110,311	743,130
Community/cultural services	61,527	61,527	62,331	(804)
Capital improvement	21,380,408	25,827,568	12,968,881	12,858,687
Non-departmental:				
Transfer out	1,150,887	-	786,186	(786,186)
Total charges to appropriations	22,592,822	26,742,536	13,927,709	12,814,827
Excess of resources over (under) charges to appropriations	(10,632,633)	(8,683,058)	4,601,522	(12,345,074)
Fund balance, June 30	$ 15,090,167	$ 17,039,742	$ 30,324,322	$ (12,345,074)

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Asset Seizure Special Revenue Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 113,599	$ 113,599	$ 113,599	$ -
Resources (inflows):				
Intergovernmental revenue	60,000	60,000	43,876	(16,124)
Interest and rental	-	-	3,669	3,669
Amount available for appropriation	60,000	60,000	47,545	(12,455)
Charges to appropriations (outflows):				
Public safety	-	-	36,611	(36,611)
Total charges to appropriations	-	-	36,611	(36,611)
Excess of resources over (under) charges to appropriations	60,000	60,000	10,934	24,156
Fund balance, June 30	$ 173,599	$ 173,599	$ 124,533	$ 24,156

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Special Revenue Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 92,197	$ 92,197	$ 92,197	$ -
Resources (inflows):				
Intergovernmental revenue	143,910	143,910	151,674	7,764
Charge for services	67,500	67,500	89,318	21,818
Other	39,980	39,980	31,552	(8,428)
Transfers in	193,580	193,580	152,698	(40,882)
Amount available for appropriation	444,970	444,970	425,242	(19,728)
Charges to appropriations (outflows):				
Community/cultural services	444,970	498,799	438,480	60,319
Total charges to appropriations	444,970	498,799	438,480	60,319
Excess of resources over (under) charges to appropriations	-	(53,829)	(13,238)	(80,047)
Fund balance, June 30	$ 92,197	$ 38,368	$ 78,959	$ (80,047)

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 7,917,407	$ 7,917,407	$ 7,917,407	$ -
Resources (inflows):				
Special assessments	2,900,000	2,900,000	2,900,000	-
Intergovernmental	4,386,582	4,386,582	3,718,976	(667,606)
Interest and rentals	384,259	384,259	395,605	11,346
Other	-	-	456	456
Transfers in	774,500	940,000	640,000	(300,000)
Amount available for appropriation	8,445,341	8,610,841	7,655,037	(955,804)
Charges to appropriations (outflows):				
Public works	2,326,222	2,395,172	2,116,117	279,055
Capital improvements	9,760,137	10,487,506	4,152,026	6,335,480
Transfers out	160,000	500,000	500,000	-
Total charges to appropriations	12,246,359	13,382,678	6,768,143	6,614,535
Excess of resources over (under) charges to appropriations	(3,801,018)	(4,771,837)	886,894	(7,570,339)
Fund balance, June 30	$ 4,116,389	$ 3,145,570	$ 8,804,301	$ (7,570,339)

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Murray Road Bridge Special Revenue Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 2,115,218	$ 2,115,218	$ 2,115,218	$ -
Resources (inflows):				
Charges for services	1,492,500	-	-	-
Transfers in	-	-	164,482	164,482
Total revenues	1,492,500	-	164,482	164,482
Charges to appropriations (outflows):				
Public works	529,325	529,325	2,430	526,895
Transfers out	-	-	2,277,270	(2,277,270)
Total charges to appropriations	529,325	529,325	2,279,700	(1,750,375)
Excess of resources over (under) charges to appropriations	963,175	(529,325)	(2,115,218)	1,914,857
Fund balance, June 30	$ 3,078,393	$ 1,585,893	$ -	$ 1,914,857

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ (1,164)	$ (1,164)	$ (1,164)	$ -
Resources (inflows):				
Intergovernmental	2,105,009	5,165,225	4,448,525	(716,700)
Amount available for appropriation	2,105,009	5,165,225	4,448,525	(716,700)
Charges to appropriations (outflows):				
General government	280,200	303,197	286,250	16,947
Community development	840,009	797,604	446,725	350,879
Community/cultural services	41,800	41,800	40,428	1,372
Capital Improvements	943,000	722,624	374,896	347,728
Transfers out	-	3,300,000	3,300,000	-
Total charges to appropriations	2,105,009	5,165,225	4,448,299	716,926
Excess of resources over (under) charges to appropriations	-	-	226	(1,433,626)
Fund balance, June 30	$ (1,164)	$ (1,164)	$ (938)	$ (1,433,626)

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Recreation Special Revenue Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 217,519	$ 217,519	$ 217,519	$ -
Resources (inflows):				
Charges for services	640,570	640,570	655,122	14,552
Interests and rentals	195,090	54,000	49,268	(4,732)
Other	800	800	6,918	6,118
Amount available for appropriation	836,460	695,370	711,308	15,938
Charges to appropriations (outflows):				
Community/cultural services	817,979	879,807	537,380	342,427
Total charges to appropriations	817,979	879,807	537,380	342,427
Excess of resources over (under) charges to appropriations	18,481	(184,437)	173,928	358,365
Fund balance, June 30	$ 236,000	$ 33,082	$ 391,447	$ 358,365

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Maintenance Districts Special Revenue Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 1,100,046	$ 1,100,046	$ 1,100,046	$ -
Resources (inflows):				
Special assessments	2,336,150	2,336,150	2,270,836	(65,314)
Interest and rentals	38,850	38,850	37,795	(1,055)
Other			67,665	67,665
Transfers in	160,000	160,000	160,000	-
Amount available for appropriation	2,535,000	2,535,000	2,536,296	1,296
Charges to appropriations (outflows):				
Public works	2,324,766	2,324,766	2,068,312	256,454
Transfers out	-	290,945	287,479	3,466
Total charges to appropriations	2,324,766	2,615,711	2,355,791	259,920
Excess of resources over (under) charges to appropriations	210,234	(80,711)	180,505	261,216
Fund balance, June 30	$ 1,310,280	$ 1,019,335	$ 1,280,551	$ 261,216

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Stop Special Revenue Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 738,328	$ 738,328	$ 738,328	$ -
Resources (inflows):				
Fines and forfeitures	308,523	308,523	361,498	52,975
Interest and rentals	-	-	25,473	25,473
Interest and rentals	-	-	750	750
Amount available for appropriation	308,523	308,523	387,721	79,198
Charges to appropriations (outflows):				
Public safety	292,098	367,908	269,931	97,977
Total charges to appropriations	292,098	367,908	269,931	97,977
Excess of resources over (under) charges to appropriations	16,425	(59,385)	117,790	177,175
Fund balance, June 30	$ 754,753	$ 678,943	$ 856,118	$ 177,175

City of Oceanside

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Grants Special Revenue Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 580,901	$ 580,901	$ 580,901	$ -
Resources (inflows):				
Intergovernmental	1,807,626	3,271,843	1,675,079	(1,596,764)
Interest and rental	-	44,918	567,103	522,185
Other	-	31,693	-	(31,693)
Transfers in	30,000	1,169,658	3,525,220	2,355,562
Amount available for appropriation	1,837,626	4,518,112	5,767,402	1,249,290
Charges to appropriations (outflows):				
Public safety	639,472	1,189,777	515,409	674,368
Public works	-	327,979	96,081	231,898
Community development	936,819	2,745,500	3,664,672	(919,172)
Community/cultural services	212,895	392,200	160,678	231,522
Transfers out	-	1,172,843	1,196,609	(23,766)
Total charges to appropriations	1,789,186	5,828,299	5,633,449	194,850
Excess of resources over (under) charges to appropriations	48,440	(1,310,187)	133,953	1,444,140
Fund balance, June 30	$ 629,341	$ (729,286)	$ 714,854	$ 1,444,140

City of Oceanside

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Oceanside Building Authority Capital Projects Fund

For the year ended June 30, 2003

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 34,987	$ 34,987	$ 34,987	$ -
Resources (inflows):				
Interest and rental	-	-	271	271
Amount available for appropriation	-	-	271	271
Charges to appropriations (outflows):				
Total charges to appropriations	-	-	-	-
Excess of resources over (under) charges to appropriations	-	-	271	271
Fund balance, June 30	$ 34,987	$ 34,987	$ 35,258	$ 271

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INTERNAL SERVICE FUNDS

Loss Prevention

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.

General Services

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
All Internal Service Funds
June 30, 2003

	Loss Prevention	General Services	Total
ASSETS			
Cash and investments	$ 6,873,059	$ 3,572,448	$ 10,445,507
Inventory, at cost	-	272,178	272,178
Property, plant and equipment:			
Machinery and equipment	21,302	25,311,746	25,333,048
Less accumulated depreciation	12,752	11,558,418	11,571,170
Total property, plant and equipment	8,550	13,753,328	13,761,878
Total assets	6,881,609	17,597,954	24,479,563
LIABILITIES			
Current liabilities (payable from current assets)			
Accounts payable	46,066	521,001	567,067
Accrued liabilities	13,659	139,136	152,795
Loans payable within one year	-	610,897	610,897
Total current liabilities (payable from current assets)	59,725	1,271,034	1,330,759
Long-term debt excluding current installments:			
Loans payable	-	6,328,103	6,328,103
Claims and judgments payable	1,416,116	-	1,416,116
Compensated absences	65,102	352,611	417,713
Total long-term debt	1,481,218	6,680,714	8,161,932
Total liabilities	1,540,943	7,951,748	9,492,691
NET ASSETS			
Unrestricted	5,340,666	9,646,206	14,986,872
Total net assets	$ 5,340,666	$ 9,646,206	$ 14,986,872

City of Oceanside
Combining Statement of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2003

	Loss Prevention	General Services	Total
OPERATING REVENUES:			
Charges for services	$ 16,923,194	$ 15,373,774	$ 32,296,968
Other	165,965	13,311	179,276
Total operating revenues	17,089,159	15,387,085	32,476,244
OPERATING EXPENSES:			
Personal services	516,609	2,893,210	3,409,819
Maintenance and operations	5,001,287	9,550,770	14,552,057
Insurance premiums	11,766,831	-	11,766,831
Depreciation	1,784	2,001,746	2,003,530
Total operating expenses	17,286,511	14,445,726	31,732,237
OPERATING INCOME (LOSS)	(197,352)	941,359	744,007
NONOPERATING REVENUES (EXPENSES):			
Interest expense and fiscal charges	-	(511,010)	(511,010)
Gain (loss) on sale of capital assets	-	146,390	146,390
Total nonoperating revenues (expenses)	-	(364,620)	(364,620)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(197,352)	576,739	379,387
OPERATING TRANSFERS:			
Transfers in	500,000	37,460	537,460
Total operating transfers	500,000	37,460	537,460
Net income (loss)	302,648	614,199	916,847
NET ASSETS:			
Beginning of the year	5,038,018	9,032,007	14,070,025
End of the year	$ 5,340,666	$ 9,646,206	$ 14,986,872

City of Oceanside
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2003

	Loss Prevention	General Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	$ 16,939,564	$ 15,375,000	$ 32,314,564
Cash payments to employees for services	(516,609)	(2,893,210)	(3,409,819)
Insurance premiums and settlements	(16,249,830)	(9,796,264)	(26,046,094)
Other operating revenues	165,965	13,311	179,276
Net cash provided (used) by operating activities	339,090	2,698,837	3,037,927
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	500,000	37,460	537,460
Total cash provided (used) by noncapital financing activities	500,000	37,460	537,460
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of fixed assets	-	(8,366,155)	(8,366,155)
Gain (loss) on sale of capital assets	-	146,390	146,390
Repayments of long-term borrowing	-	(144,184)	(144,184)
Interest expense and fiscal charges	-	(511,010)	(511,010)
Proceeds from issuing of debt	-	7,516,967	7,516,967
Total cash provided (used) by capital and related financing activities	-	(1,357,992)	(1,357,992)
Net increase (decrease) in cash	839,090	1,378,305	2,217,395
CASH AND INVESTMENTS:			
Beginning of year	6,033,969	2,194,143	8,228,112
End of year	$ 6,873,059	$ 3,572,448	$ 10,445,507
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (197,352)	$ 941,359	$ 744,007
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,784	2,001,746	2,003,530
Changes in assets and liabilities:			
Prepaids and other assets	16,370	-	16,370
Inventories	-	1,226	1,226
Accounts payable	(84,177)	69,599	(14,578)
Accrued liabilities	2,004	1,839	3,843
Claims and judgments	580,279	-	580,279
Compensated absences	20,182	(316,932)	(296,750)
Total cash provided (used) by operating activities	$ 339,090	$ 2,698,837	$ 3,037,927

FIDUCIARY FUND FINANCIAL STATEMENTS

Special Assessment District

To account for special assessment collections and their disbursement to bondholders.

Deposits

To account for deposits received and held by the City as an agent for individuals, developers, private organizations, and other governmental agencies.

CALTRANS Highway 76 Acquisition

To account for funds received and disbursed by the City, acting as agent for CALTRANS, for right-of-way property acquisition for the construction of State Highway 76.

City of Oceanside
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Special Assessment District	Deposits	CALTRANS Highway 76 Acquisition	Total
ASSETS				
Cash and investments	$ 16,278,605	$ 4,564,651	$ 91,156	$ 20,934,412
Accounts receivable	1,500,019	5,769	-	1,505,788
Total assets	$ 17,778,624	$ 4,570,420	$ 91,156	$ 22,440,200
LIABILITIES				
Accounts payable	$ 185,000	$ -	$ -	$ 185,000
Deposits	-	4,570,420	91,156	4,661,576
Due to bondholders	17,593,624	-	-	17,593,624
Total liabilities	$ 17,778,624	$ 4,570,420	$ 91,156	$ 22,440,200

City of Oceanside
Statement of Changes in Net Assets
Fiduciary Funds
For the year ended June 30, 2003

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Special Assessment District				
Assets:				
Cash and investments	$ 319,731	$ 15,958,874	$ -	$ 16,278,605
Accounts receivable	7	1,500,012	-	1,500,019
Total assets	$ 319,738	$ 17,458,886	$ -	$ 17,778,624
Liabilities:				
Accounts payable	$ 3,710	$ 181,290	$ -	$ 185,000
Due to bondholders	316,028	17,277,596	-	17,593,624
Total liabilities	$ 319,738	$ 17,458,886	$ -	$ 17,778,624
Deposits				
Assets:				
Cash and investments	$ 4,074,785	$ 489,866	$ -	$ 4,564,651
Accounts receivable	6,925	-	(1,156)	5,769
Total assets	$ 4,081,710	$ 489,866	$ (1,156)	$ 4,570,420
Liabilities:				
Deposits	$ 4,081,710	$ 488,710	$ -	$ 4,570,420
CALTRANS Highway 76 Acquisition				
Assets:				
Cash and investments	$ 1,376,850	$ -	$ (1,285,694)	$ 91,156
Liabilities:				
Deposits	$ 1,376,850	$ -	$ (1,285,694)	$ 91,156
Total - All Agency Funds				
Assets:				
Cash and investments	$ 5,771,366	$ 16,448,740	$ (1,285,694)	$ 20,934,412
Accounts receivable	6,932	1,500,012	(1,156)	1,505,788
Total assets	$ 5,778,298	$ 17,948,752	$ (1,286,850)	$ 22,440,200
Liabilities:				
Accounts payable	$ 3,710	$ 181,290	$ -	$ 185,000
Deposits	5,458,560	488,710	(1,285,694)	4,661,576
Due to bondholders	316,028	17,277,596	-	17,593,624
Total liabilities	$ 5,778,298	$ 17,947,596	$ (1,285,694)	$ 22,440,200

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CAPITAL ASSETS USED IN THE OPERATING OF GOVERNMENTAL FUNDS

City of Oceanside
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source*
June 30, 2003

GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	$	45,569,367
Buildings, structures and improvements other than buildings		67,995,085
Machinery and equipment		22,589,253
Infrastructure		232,263,043
Construction in progress		5,374,741
Total governmental funds capital assets		373,791,489
Accumulated depreciation		(132,455,449)
Total governmental funds capital assets, net	$	241,336,040
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
State grants		738,765
Federal grants		6,012,705
General fund revenues		31,180,143
Special revenue funds revenues		1,722,830
Capital projects funds revenues		200,682,947
Special assessments		880,623
Enterprise funds revenues		118,027
Total governmental funds capital assets	$	241,336,040

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts.

City of Oceanside

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets - By Function and Activity

For the year ended June 30, 2003

	Capital Assets July 1, 2002	Additions	Deletions	Capital Assets June 30, 2003
Function and Activity:				
General government:	$ 79,820,798	$ 2,674,456	$ (6,274,450)	$ 76,220,804
Public safety	18,822,349	789,755	(646,844)	18,965,260
Public works	110,156,238	8,367,196	(7,913,540)	110,609,894
Community development:	808,202	2,442,508	(553,198)	2,697,512
Community/cultural services:	34,119,067	-	(1,276,497)	32,842,570
Total general fixed assets	$ 243,726,654	$ 14,273,915	$ (16,664,529)	$ 241,336,040

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