

city of

OCEANSIDE CA

Comprehensive Annual
Financial Report
For the year ended
June 30, 2013

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CITY OF OCEANSIDE
CALIFORNIA
Comprehensive Annual Financial Report
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013



City Council

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

City Manager
Peter A. Weiss
Interim Director of Financial Services
Michael Blazenski
Accounting Manager
Jane McPherson, C.P.A.

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CITY OF OCEANSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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City of Oceanside

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

December 5, 2013

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Oceanside (the City) for the fiscal year ended June 30, 2013.

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

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is presented as the first component of the financial section of this report.

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

City of Oceanside Profile

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

The population of Oceanside is estimated at 170,000, making it the third largest city in San Diego County. The median household income for the City is \$47,878.

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

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

Economic Outlook

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

Along with every city and government agency across the country, the City of Oceanside has been impacted by the national, state and local economic downturn. Coupled with the rising cost of personnel, fuel, utilities, materials and supplies, the City has realized a decline in the real estate tax revenue increases it has enjoyed over the past several years. In order to adjust to the changing financial climate, the City has initiated the development of a five-year forecast for both revenue and expenditures to assist in long-range financial planning. There are signs that the economy is slowly improving. The City will take this changing environment into consideration as it updates the five year forecast.

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

Financial Policies

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

Appropriations Limit – Proposition 4, known as the Gann Initiative, was passed in 1979 to limit government spending by capping the total proceeds of taxes that may be appropriated in a fiscal year. When a city exceeds the limit, excess tax revenue must be returned to the citizens through refunds, rebates, or other means. The City is well below the established Gann limit of \$315,536,355.

Debt Administration – As of June 30, 2013 the City had a total of \$165,106,974 in long-term debt. As a result of indebtedness issued by other governmental agencies operating within the City of Oceanside, net bonded debt (i.e. bonds not supported by user charges) per City 2012-2013 assessed valuation was 3.05% as of June 30, 2013.

Cash Management – The City Council annually adopts an investment policy presented by the City Treasurer, which is intended to provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City, and conforming to all state and local statutes governing the investment of public funds. In accordance with City Council policy, the City has an obligation to be aware of the social and political impacts of its investments, and as such will not knowingly invest in any institution that practices or supports any form of discrimination as to race, religion, sex or physical disability. The City's total portfolio as of June 30, 2013 totaled \$265,516,330.

Risk Management – The City has initiated self-insurance programs to provide for general liability and workers' compensation claims. The City belongs to a joint powers authority insurance pool to provide insurance coverage for payment of claims beyond its self-insured retention which is \$500,000. All risk management costs and expenses under this amount are paid directly by the City. The fund revenues are primarily premium charges to other funds based on past loss histories, as well as refunds from insurance premiums based on the City's annual loss history.

GASB 65 – The City implemented Governmental Accounting Standards Board Statement (GASB) 65 “Items Previously Reported as Assets and Liabilities”. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs.

Acknowledgements

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

Respectfully submitted,


Michael Blazenski
Interim Financial Services Director

PRINCIPAL OFFICIALS

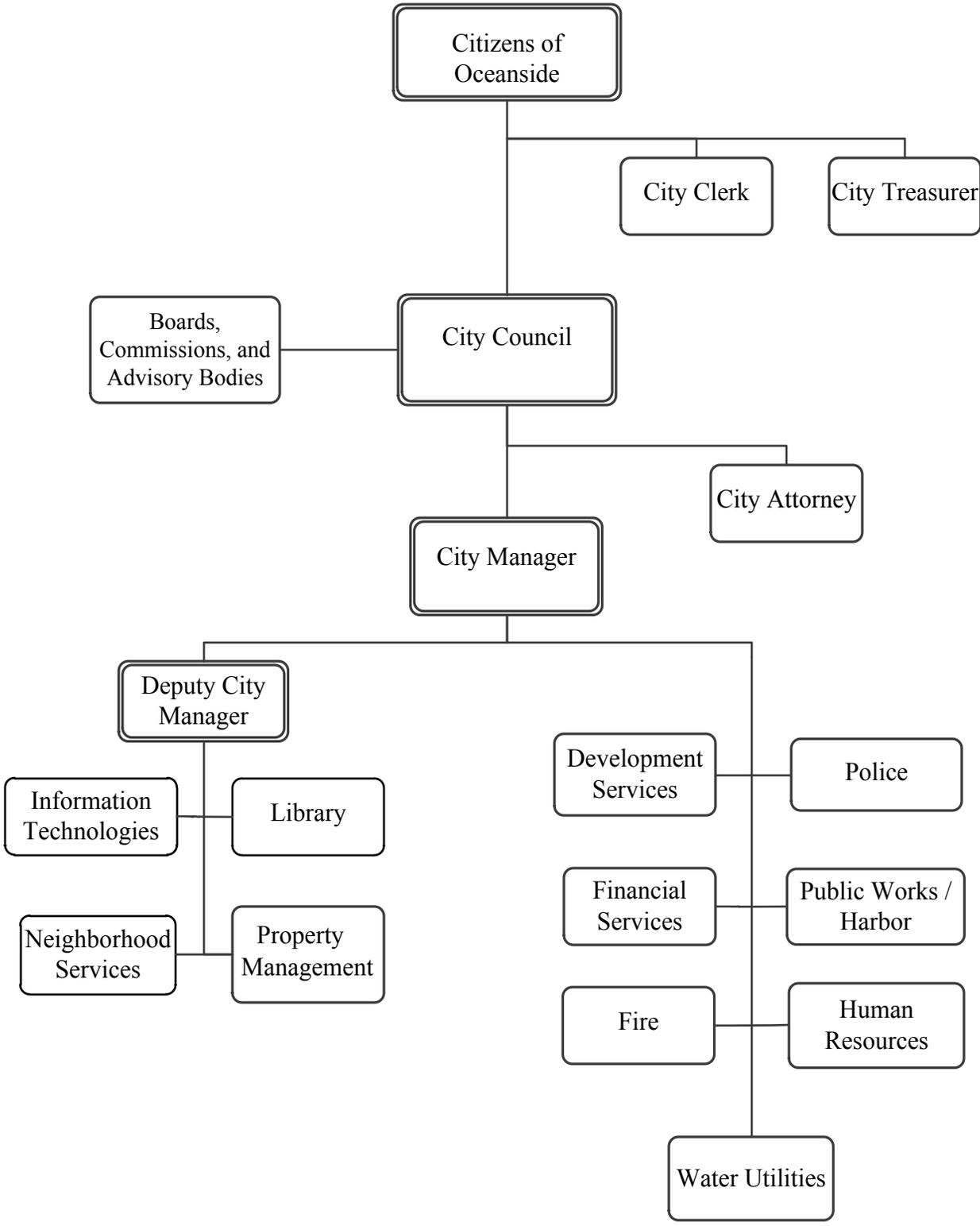
JUNE 30, 2013

CITY COUNCIL

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

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Peter A. Weiss
City Attorney	John P. Mullen
City Clerk	Zack Beck
City Treasurer	Gary Ernst
Deputy City Manager	Michelle Skaggs-Lawrence
Development Services Director	George Buell III
Interim Financial Services Director	Michael Blazenski
Fire Chief	Darryl Hebert
Housing & Neighborhood Services Director	Margery Pierce
Human Resources Director	Pat Nunez
Library Services Director	Sherri Cosby
Police Chief	Frank McCoy, Jr.
Water Utilities Director	Cari Dale



INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Oceanside, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Oceanside, California, as of June 30, 2013,



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

and, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
December 2, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2013. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements. A glossary has been provided at the end of this analysis to assist the reader in understanding the terminology used within.

FINANCIAL HIGHLIGHTS

- The City's Total Assets increased overall by \$21.0 million. This is composed of a \$7.6 million increase in Governmental activities and \$13.4 million increase in Business-Type activities.
- The City's Total Net Position increased overall by \$28.4 million. Total Assets increased \$21.0 million and Total Liabilities decreased \$7.2 million (due to the long term debt being paid down).
- Total Net Position was restated by \$166,579 due to corrections to prior year Capital Assets (see Note 14 in the Notes to the Financial Statements for additional information)
- The City's total revenues increased \$7.4 million from 2012
 - Governmental activities revenues increased \$1.8 million
 - Business-Type activities revenues increased \$5.6 million.
- The City's total expenses decreased \$2.2 million from 2012
 - Governmental activities expenses increased \$.1million
 - Business-Type activities expenses decreased \$2.3 million

THE FINANCIAL STATEMENTS

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

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

Reporting the City's Most Significant Funds

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

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

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

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

Net Position - The City's combined Net Position (i.e. inclusive of *all* City funds) for the fiscal year ended June 30, 2013 are compared to results for 2012 in Table 1.

Table 1

City of Oceanside Net Position						
(in millions of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current & other assets	\$ 215.6	\$ 196.3	\$ 121.4	\$ 98.2	\$ 337.0	\$ 294.5
Net pension assets	35.4	36.3	0.0	0.0	35.4	36.3
Capital assets	<u>273.8</u>	<u>284.6</u>	<u>444.3</u>	<u>454.1</u>	<u>718.1</u>	<u>738.7</u>
Total assets	<u>524.8</u>	<u>517.2</u>	<u>565.7</u>	<u>552.3</u>	<u>1090.5</u>	<u>1,069.5</u>
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>.2</u>	<u>0</u>	<u>.2</u>	<u>0</u>
Long-term debt outstanding	101.8	95.6	65.8	64.6	167.6	160.2
Other liabilities	<u>9.2</u>	<u>19.9</u>	<u>12.5</u>	<u>16.4</u>	<u>21.7</u>	<u>36.3</u>
Total liabilities	<u>111.0</u>	<u>115.5</u>	<u>78.3</u>	<u>81.0</u>	<u>189.3</u>	<u>196.5</u>
Net Position						
Net investment in capital assets	241.1	243.6	380.7	385.4	621.9	629.0
Restricted	113.5	108.8	26.9	41.2	140.4	150.1
Unrestricted	<u>59.2</u>	<u>49.3</u>	<u>80.0</u>	<u>44.7</u>	<u>139.2</u>	<u>94.0</u>
Total Net Position	<u>\$ 413.8</u>	<u>\$ 401.7</u>	<u>\$ 487.6</u>	<u>\$ 471.3</u>	<u>\$ 901.5</u>	<u>\$ 873.1</u>

Net Position represents the most simple test of financial health for the City, indicating the excess (or deficit) of assets and deferred outflows of resources over liabilities. Net Position for the City as a whole increased 3.3% from \$873.1 million at June 30, 2012 to \$901.5 million at June 30, 2013. The \$28.4 million increase in Total Net Position is based on the fact that Total Liabilities have declined, with unrestricted Net Position increasing significantly from the prior year.

- The overall increase in Total Assets is \$21.0 million. The Governmental activities total Assets increased \$7.6 million with higher cash/investments offsetting decreases to pension and capital assets. The Business-Type Total Assets activities increased \$13.4 million with higher cash/investments offsetting decreases to capital assets. In summary, the Governmental increase \$7.6 million plus the Business-Type increase \$13.4 million results in an overall *increase* to the City's Total Assets of \$21.0 million.
- The overall decrease in Total Liabilities is \$7.2 million which is the net change attributable to the \$14.6 million decrease in the long-term debt and increase in other liabilities in the Governmental and Business activities (deposits payable, accounts payable and unearned revenue).
- The increase of Total Assets of \$21.0 million along with a reduction of Total Liabilities of \$7.2 million has increased the City's Total Net Position by \$28.4 million or a 3.3% increase from 2012.

As illustrated in Table 2, Total Net Position are comprised of three categories, Net Investment in Capital Assets, Restricted and Unrestricted. The City's large Net investment in capital assets makes up over 68% of the City's Total Net Position. A decrease in Restricted Net Position of \$9.6 million is predominantly due to a decrease in restriction for Capital Assets and an increase in various grant programs and highways restricted net Position. Business-Type activities reflect decreases in water/sewer capital projects. The Unrestricted Net Position increased \$45.2 million. The Governmental Unrestricted Net Position category increased \$9.9 million which is mainly due to the sale of property. The Business-Type Unrestricted Net Position category has a positive \$35.3 million increase.

Table 2

City of Oceanside										
Summary of Net Position (in millions)										
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Investment in Capital Assets	\$292.6	\$314.7	\$338.7	\$380.5	\$419.4	\$442.0	\$635.2	\$630.7	\$629.0	\$621.9
Restricted	102.1	101.3	111.6	125.8	132.5	97.4	110.0	141.1	150.1	140.4
Unrestricted	<u>112.8</u>	<u>116.2</u>	<u>105.4</u>	<u>108.8</u>	<u>104.2</u>	<u>116.8</u>	<u>94.8</u>	<u>82.6</u>	<u>94.0</u>	<u>139.2</u>
Total Net Position	507.5	532.2	555.7	615.1	656.1	656.2	840.0	854.4	873.1	901.5
\$ increase from prior year	18.2	24.7	23.5	59.4	41.0	0.1	183.8	14.1	18.6	28.5
% increase from prior year	3.72%	4.87%	4.42%	10.69%	6.67%	0.02%	28.01%	1.68%	2.19%	3.3%

Total City Activities - The City's combined Activities for the fiscal year ended June 30, 2013 is compared to results for 2012 in Table 3. The Statement of Activities reveals an increase of revenues of \$7.4 million from 2012 and expenses decreased \$2.2 million. Total revenues less expenditures increased Net Position by \$28.4 million. The majority of this increase was in the Business-Type activities.

Governmental Activities increased Net Position (including transfers) by \$12.1 million in 2013 compared to the \$6.5 million increase in 2012 as identified in Table 3. An overall decrease in Program Revenues of \$4.1 million, along with a \$5.9 million increase for General Revenues (specifically in sales and other taxes, and other revenue) are indicative of a reduction in federal and state operating grants for housing and public safety, along with increase revenue due to the sale of the property. Expenses increased by \$.1 million in 2013. General Government expenses decreased \$1.3 million, Public Safety increased \$5.6 million, Public Works increased \$1.3 million and Community Development decreased \$3.2 million. Interest on long-term debt decreased \$2.6 million. Overall, the increase to Net Position for Governmental activities can be attributed to decreased operating costs and sale of property.

Table 3

City of Oceanside Activities						
(in thousands of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
<i>Program Revenues</i>						
Charges for services	\$23,818	\$ 21,067	\$126,909	\$119,465	\$150,727	\$ 140,532
Operating grants and contributions	31,217	36,121	586	1,882	31,803	38,003
Capital grants and contributions	5,593	7,490	0	0	5,593	7,490
<i>General Revenues</i>						
Property taxes	49,143	51,774	0	0	49,143	51,774
Sales taxes	20,716	19,398	0	0	20,716	19,398
Other taxes	11,737	11,462	0	0	11,737	11,462
Use of money and property	4,829	15,460	(536)	933	4,293	16,393
Other*	<u>13,890</u>	<u>(3,657)</u>	<u>3,654</u>	<u>2,766</u>	<u>17,544</u>	<u>(891)</u>
Total Revenues	<u>160,943</u>	<u>159,115</u>	<u>130,613</u>	<u>125,046</u>	<u>291,556</u>	<u>284,161</u>
Expenses						
General government	14,830	16,102	0	0	14,830	16,102
Public safety	76,559	70,990	0	0	76,559	70,990
Public works	28,329	27,021	0	0	28,329	27,021
Community development	25,083	28,291	0	0	25,083	28,291
Community/cultural services	11,911	11,616	0	0	11,911	11,616
Interest on long-term debt	2,861	5,441	0	0	2,861	5,441
Water	0	0	51,801	51,309	51,801	51,309
Sewer	0	0	31,341	33,251	31,341	33,251
Waste disposal	0	0	19,218	20,111	19,218	20,111
Other	<u>0</u>	<u>0</u>	<u>1,403</u>	<u>1,387</u>	<u>1,403</u>	<u>1,387</u>
Total Expenses	<u>159,573</u>	<u>159,461</u>	<u>103,762</u>	<u>106,058</u>	<u>263,335</u>	<u>265,519</u>
Increase (decrease) in net position before transfers	1,370	(346)	26,851	18,988	28,221	18,642
Transfers	10,741	6,883	(10,741)	(6,883)	0	0
Increase in net position	12,111	6,537	16,110	12,105	28,221	18,642
Beginning net position as restated	<u>401,745</u>	<u>395,208</u>	<u>471,528</u>	<u>459,256</u>	<u>873,273</u>	<u>854,464</u>
Ending net position	\$ 413,856	\$ 401,745	\$ 487,638	\$ 471,361	\$ 901,494	\$ 873,106

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

Chart 1

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

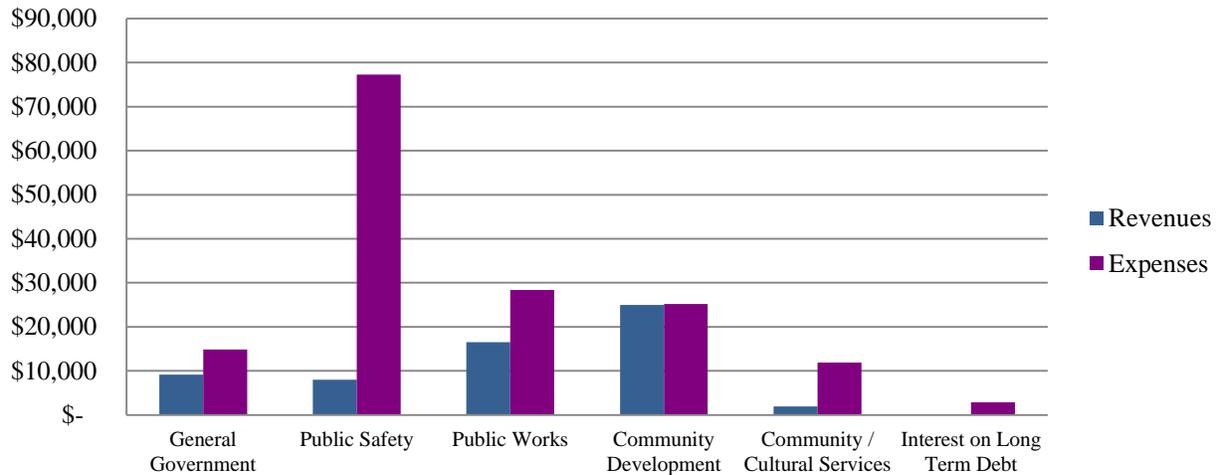
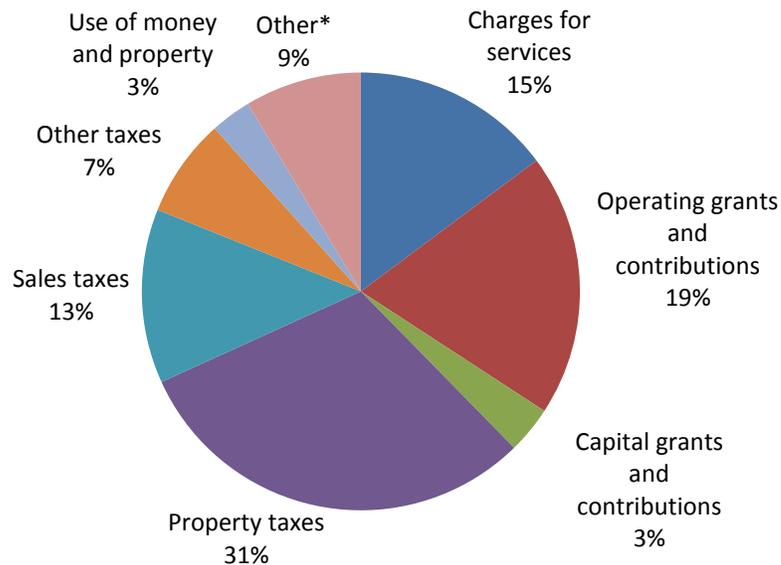


Chart 2 shows that Property Tax, Operating Grants and Contributions, Charges for Service and Sales Tax which are the top four categories of revenue and comprise 78% of funding for Government activities. The *Other* category includes proceeds from the disposition of City real property, intergovernmental administrative fees, developer contributions, and miscellaneous revenues.

Chart 2

Governmental Revenues



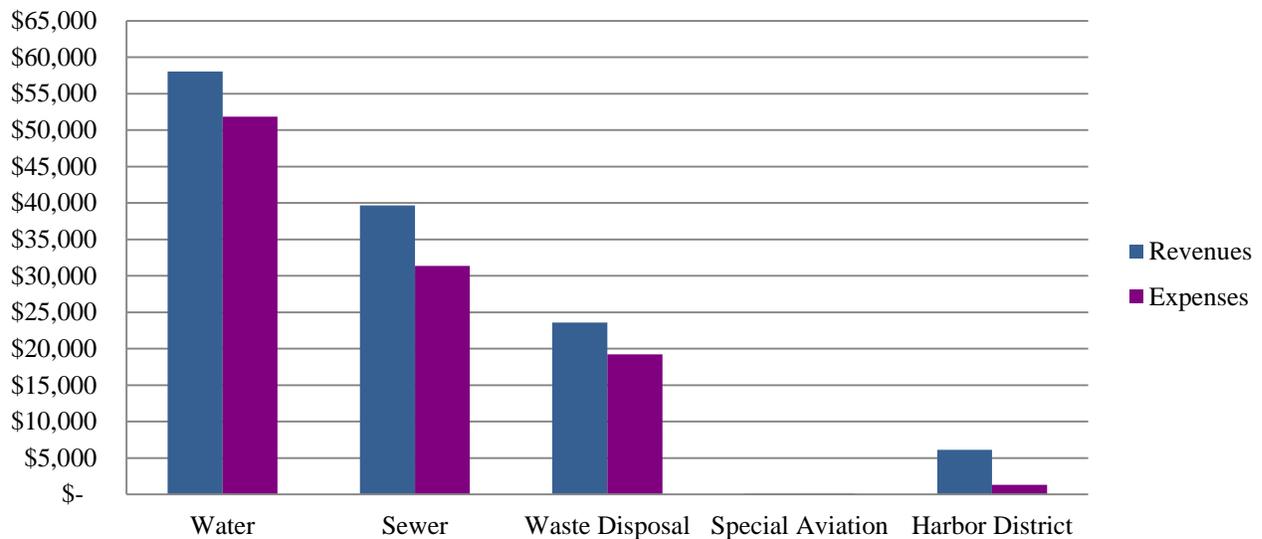
Business-Type Activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and Special Aviation. These activities increased Net Position (including transfers) by \$16.3 million from the last fiscal year as noted on Table 3. Revenues increased \$5.6 million due to increases in service fees for water and sewer services. Expenses decreased by \$2.3 million from 2012. Transfers out (a deduction to Net Position) increased by \$3.9 million from the prior year.

The Statement of Revenues, Expenses, and Changes in Net Position for proprietary funds indicate an increase of \$6.9 million in operating revenues from the previous year. The Water and Sewer operating revenue increased \$3.7 and \$1.9 million, respectively, Harbor revenues increased \$0.5 million, and the Waste Disposal funds operating revenue increased \$0.8 million. Operating expenses for Water increased \$0.5 million and Sewer increased \$1.2 million, respectively. Administrative costs increased, along with the cost of purchased water, and maintenance and operations costs. Waste Disposal expenses remained fairly flat. Harbor operating expenses also remained flat; however the administrative, maintenance and police functions are paid by the Harbor to the City’s General Fund via a \$4.7 million transfer out.

Overall operating revenue exceeded operating expenses (before transfers) in 2013 with a total net operating income of \$29.1 million.

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

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



Financial Analysis of the City's Funds

The total fund balance of \$48.7 million at year-end for the City's General Fund, as shown on the Balance Sheet, is an increase of \$11.6 million from 2012. Of this total amount, \$11.3 million is nonspendable, \$16.2 million is committed, \$12.7 million is assigned, and \$8.5 million is unassigned. The increase in unassigned is due to one time sale of property of \$5.6 million and \$2.2 million from one time residual property tax from the dissolution of the Redevelopment Agency. The unassigned is available for future expenditure allocation as defined in City Council Policy 200-13. These categories are in compliance with GASB 54 and full disclosure can be found in Note 8.

The Statement of Revenues, Expenditures and Changes in Fund Balances also reflects the \$11.6 million increase in the General Fund balance. General Fund revenues increased approximately \$12.0 million from 2012. General Fund expenditures increased overall \$3.4 million or 3%. Other Financing Sources includes a transfer in of \$11.4 million of which \$4.8 million came from the Harbor fund for harbor administrative, maintenance and police services, \$4.5 million from Water and Waste Disposal funds for administrative services, and \$1.2 million from other governmental funds. Other Financing Sources also includes a transfer out of \$.8 million for grants, general improvement capital projects, internal services, and other governmental funds.

The fund balance of the Housing Assistance Program Special Revenue Fund decreased \$1.1 million. Revenues decreased while expenditures increased \$.2 million as compared to 2012.

The fund balance of \$44.4 million in total other governmental funds increased \$2.1 million from 2012. The increase is due to the general debt service fund not included as it is reported separately as a major fund. The General Debt Service Fund decreased \$2.0 million from 2012.

Debt Administration

Debt of Governmental activities realized a net decrease of \$5.9 million. The 2013 Refunding Certificates of Participation (\$12,126,893) were issued to refund the 2003 COPs (\$15,270,000). Normal amortization accounted for the remaining reduction of the outstanding debt as noted in Table 4. More detail about the City's long-term liabilities is presented in Note 7 to the financial statements.

Table 4

City of Oceanside				
Governmental Debt Outstanding				
	Balance July 1, 2012	Incurred or Issued	Satisfied or Matured	Balance June 30, 2013
Governmental Activities				
Certificates of Participation	\$38,815,000	\$12,126,893	\$(18,885,257)	\$32,056,636
Capital Leases Payable	1,426,611	0	(815,143)	611,468
Notes Payable	3,184,000	0	(117,000)	3,067,000
Pension Obligation Bonds	38,195,000	0	(1,335,000)	38,860,000
Claims Payable	12,614,268	4,673,954	(2,014,407)	15,273,815
Compensated Absences	10,773,408	4,433,848	(4,282,614)	10,924,642
Other Post-Employment Benefits	<u>2,080,979</u>	<u>277,872</u>	<u>(0)</u>	<u>2,358,851</u>
Total Governmental Activities	\$107,089,266	\$21,512,567	\$(27,449,421)	\$101,152,412

Debt of the Business-Type activities decreased in the fiscal year ending 2013 by \$7.3 million. The 2013A Sewer Refunding bonds (\$15,135,000) were issued to refund the Revenue COP Series 2003 (\$6,515,000) and the Revenue COP Series 2008 (\$9,340,000). Table 5 is a synopsis of detail presented in Note 7 of the financial statements.

Table 5

City of Oceanside				
Business-Type Activities Debt Outstanding				
	Balance July 1, 2012	Incurred or Issued	Satisfied, Adjusted or Matured	Balance June 30, 2013
Business-Type Activities				
Bonds Payable	\$5,165,000	\$15,135,000	\$(765,000)	\$19,535,000
Certificates of Participation	22,435,000	0	(16,415,000)	6,020,000
Notes Payable	41,353,288	0	5,104,951	36,248,337
Compensated Absences	<u>2,320,373</u>	<u>917,284</u>	<u>1,086,432</u>	<u>2,151,225</u>
Total Business-Type Activities	\$71,273,661	\$16,052,284	\$(23,371,353)	\$63,954,562

Capital Assets

The capital assets of the City are those assets that are used in the performance of the City's functions, including land, buildings and infrastructure. Table 6 identifies that at June 30, 2013, net capital assets of the Governmental activities totaled \$273.8 million and the net capital assets of the Business-Type activities totaled \$444.3 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. As a result of the dissolution of the redevelopment agency, assets of the former RDA were transferred to the Successor Agency (see Note 15).

Table 6

City of Oceanside				
Capital Assets				
Description	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
Land	\$ 43,439,626	\$ 40,958,585	\$ 29,613,703	\$ 29,613,703
Buildings	74,758,564	74,758,564	183,917,649	178,523,595
Improvements	33,492,668	28,661,076	530,580,172	530,223,776
Equipment	64,631,032	63,916,151	12,670,894	12,628,849
Construction in Progress	6,683,159	11,040,266	7,248,821	7,792,510
Infrastructure	<u>302,413,084</u>	<u>302,413,084</u>	<u>0</u>	<u>0</u>
Capital Assets	525,418,133	521,747,726	764,031,239	758,782,433
Accumulated Depreciation	<u>(251,600,125)</u>	<u>(237,850,836)</u>	<u>(319,761,708)</u>	<u>(304,643,852)</u>
Total Capital Assets	\$ 273,818,008	\$ 283,896,890	\$ 444,269,531	\$ 454,138,581

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

Budgets and Budgetary Accounting

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

General Fund Budget – Table 7 is a comparison of actual revenues/expenditures versus the amended budget. It is inclusive of Fund 101 (General Fund) and Fund 102 (Investment Clearing Fund). Revenues received were approximately \$2.7 million more than the amended budget due to on-going increases in sales and other taxes, interest/rentals, and other revenues. Charges to appropriations were \$1.9 million less than the amended budget. Overall, actual revenues exceeded expenditures and transfers by approximately \$11.6 million which increased the General Fund balance. In accordance with the City's Administrative Directive-20, approximately \$1.8 million was carried forward to FY 2013-2014 for continued appropriation of incomplete projects and \$4.6 million has been set aside for specific council directed projects. The remaining \$5.2 million is designated as unassigned.

Table 7

City of Oceanside

General Fund Comparison – Actual and Budget

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance (Pos)/(Neg)</u>
Resources (inflows)			
Taxes	\$ 85,746,887	\$ 81,307,547	\$ (4,439,340)
Licenses and Permits	1,799,660	1,905,119	105,459
Fines and Forfeitures	3,869,010	3,999,182	130,172
Interest and Rentals	4,922,758	4,115,702	(807,056)
Intergovernmental Revenue	611,879	576,820	(35,059)
Charges for Services (includes Admin/In-Lieu)	11,047,078	17,798,974	6,751,896
Other Revenue	<u>17,189,290</u>	<u>18,178,903</u>	<u>989,613</u>
Amount Available for Appropriation	<u>125,186,562</u>	<u>127,882,247</u>	<u>2,695,685</u>
Charges to Appropriations (outflows)			
General Government	14,519,923	14,035,232	484,691
Public Safety	72,207,005	72,476,714	(269,709)
Public Works	11,470,720	10,986,474	484,246
Community Development	7,018,240	6,246,854	771,386
Community/Cultural Services	9,763,489	9,408,426	355,058
Capital Outlay/Debt Service	<u>844,036</u>	<u>704,665</u>	<u>139,371</u>
Charges to Appropriations	<u>112,947,851</u>	<u>113,858,365</u>	<u>(910,514)</u>
Transfers Out	<u>2,383,438</u>	<u>2,400,270</u>	<u>(16,832)</u>
Total Charges to Appropriations and Transfers	\$ 118,207,346	\$ 116,258,635	\$ 1,948,711
Excess of Resources Over (Under)		<u>\$11,623,612</u>	
Charges to Appropriations and Transfers as 6/30/2013			

Table 8 compares the General Fund (inclusive of Fund 101 General Fund and Fund 102 Investment Clearing Fund) original adopted budget of \$114,988,811 to the final budget amount of \$118,207,346 which shows an overall amended increase of \$3,218,535 as delineated below. The variance between the adopted and amended budget includes austerity expenditure reductions and employee labor contract reductions, offset by increases for continuing appropriations and one-time capital expenditures approved by City Council.

Table 8

City of Oceanside			
General Fund Budget Comparison As Adopted and Amended			
	<u>Adopted</u>	<u>Amended</u>	<u>Increase/ (Decrease)</u>
General Government			
Operational	\$ 10,050,555	\$ 10,086,193	\$ 35,638
Non-Departmental	4,032,730	4,433,730	401,000
Public Safety			
Police	48,412,832	48,272,004	(140,828)
Fire	23,824,100	23,935,001	110,901
Public Works	11,496,114	11,470,720	(25,394)
Community Development			
Planning	2,114,703	2,133,948	19,245
Building	1,763,361	1,843,839	80,478
Engineering	3,007,538	3,040,453	32,915
Community and Cultural Services			
Economic and Community Development	360,199	397,792	37,593
Library	4,265,434	4,288,075	22,641
Neighborhood Services	4,215,537	4,391,632	176,095
Property Management	639,111	685,985	(7,126)
Transfers/Capital Outlay/Debt	<u>752,597</u>	<u>3,227,974</u>	<u>2,475,377</u>
Total Budget	\$ 114,988,811	\$ 118,207,346	\$ 3,218,535

GLOSSARY

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF OCEANSIDE

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 129,957,957	\$ 102,169,340	\$ 232,127,297
Restricted cash and investments	325,544	1,019,886	1,345,430
Receivables:			
Accounts	3,086,405	13,221,437	16,307,842
Taxes	4,564,619	-	4,564,619
Notes	72,355,211	577,531	72,932,742
Interest	595,549	5,786	601,335
Other	5,500,672	-	5,500,672
Internal balances	(3,528,756)	3,528,756	-
Prepaid costs	194,681	25,790	220,471
Due from other governments	1,594,338	-	1,594,338
Inventories	289,479	889,771	1,179,250
Net pension asset	35,438,270	-	35,438,270
Land held for resale	700,000	-	700,000
Capital assets not being depreciated	50,122,785	36,862,524	86,985,309
Capital assets, net of depreciation	223,695,223	407,407,007	631,102,230
Total Assets	524,891,977	565,707,828	1,090,599,805
Deferred Outflows of Resources:			
Deferred charge on refunding	-	209,556	209,556
Total Deferred Outflows of Resources	-	209,556	209,556
Liabilities:			
Accounts payable	4,165,764	9,272,124	13,437,888
Accrued liabilities	1,752,857	254,176	2,007,033
Accrued interest	1,097,785	596,241	1,694,026
Unearned revenue	1,196,007	284,869	1,480,876
Deposits payable	863,295	1,989,114	2,852,409
Due to other governments	184,258	-	184,258
Noncurrent liabilities:			
Due within one year	11,778,997	6,769,773	18,548,770
Due in more than one year	89,997,438	59,112,508	149,109,946
Total Liabilities	111,036,401	78,278,805	189,315,206
Net Position:			
Net investment in capital assets	241,149,904	380,748,031	621,897,935
Restricted for:			
Public safety	1,042,750	-	1,042,750
Capital projects	28,708,355	23,556,608	52,264,963
Debt service	2,256,658	1,019,886	3,276,544
Lighting and landscape districts	1,907,987	-	1,907,987
Various grant programs	13,239,848	-	13,239,848
Highways	12,851,892	-	12,851,892
Housing program	53,503,418	-	53,503,418
Rate stabilization	-	2,318,667	2,318,667
Unrestricted	59,194,764	79,995,387	139,190,151
Total Net Position	\$ 413,855,576	\$ 487,638,579	\$ 901,494,155

CITY OF OCEANSIDE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 14,830,050	\$ 2,479,719	\$ 6,701,790	\$ -
Public safety	76,558,916	6,514,143	1,474,704	-
Community development	25,082,898	6,864,969	18,103,042	-
Community/cultural services	11,910,768	974,234	926,998	40,752
Public works	28,329,168	6,984,599	4,010,379	5,552,248
Interest on long-term debt	2,861,072	-	-	-
Total Governmental Activities	159,572,872	23,817,664	31,216,913	5,593,000
Business-Type Activities:				
Water	51,800,928	57,469,143	586,367	-
Sewer	31,340,700	39,670,129	-	-
Waste Disposal	19,217,767	23,568,208	-	-
Special Aviation	90,609	102,084	-	-
Oceanside Small Craft Harbor District	1,312,457	6,099,713	-	-
Total Business-Type Activities	103,762,461	126,909,277	586,367	-
Total Primary Government	\$ 263,335,333	\$ 150,726,941	\$ 31,803,280	\$ 5,593,000

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Use of money and property

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

**Net (Expenses) Revenues and Changes in Net
Position**

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (5,648,541)	\$ -	\$ (5,648,541)
(68,570,069)	-	(68,570,069)
(114,887)	-	(114,887)
(9,968,784)	-	(9,968,784)
(11,781,942)	-	(11,781,942)
(2,861,072)	-	(2,861,072)
(98,945,295)	-	(98,945,295)
-	6,254,582	6,254,582
-	8,329,429	8,329,429
-	4,350,441	4,350,441
-	11,475	11,475
-	4,787,256	4,787,256
-	23,733,183	23,733,183
(98,945,295)	23,733,183	(75,212,112)
49,143,021	-	49,143,021
4,239,186	-	4,239,186
20,716,764	-	20,716,764
3,981,353	-	3,981,353
2,346,783	-	2,346,783
1,169,899	-	1,169,899
4,828,627	(536,263)	4,292,364
13,889,663	3,654,356	17,544,019
10,740,736	(10,740,736)	-
111,056,032	(7,622,643)	103,433,389
12,110,737	16,110,540	28,221,277
401,744,839	471,361,460	873,106,299
-	166,579	166,579
\$ 413,855,576	\$ 487,638,579	\$ 901,494,155

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City reports the following major governmental funds:

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

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

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

The **General Debt Service Fund** is used to account for payment of interest and principal on debt incurred by the City of Oceanside.

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

CITY OF OCEANSIDE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
	<u>General</u>	<u>Grants</u>	<u>Housing Assistance Program</u>	<u>General Debt Service</u>
Assets:				
Cash and investments	\$ 35,127,291	\$ 5,451,539	\$ 1,956,601	\$ 2,135,790
Restricted cash and investments	-	-	-	75,544
Receivables:				
Accounts	2,648,044	-	123,667	-
Taxes	4,564,619	-	-	-
Notes	12,900,072	37,770,417	21,039,829	-
Accrued interest	582,654	-	-	12,895
Other	5,478,911	-	-	-
Prepaid costs	185,304	150	-	-
Due from other governments	-	1,064,556	2,864	-
Due from other funds	178,602	-	-	-
Advances to other funds	1,444,924	-	-	-
Inventories	32,061	-	-	-
Land held for resale	700,000	-	-	-
Total Assets	\$ 63,842,482	\$ 44,286,662	\$ 23,122,961	\$ 2,224,229
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,628,075	\$ 183,752	\$ 153,476	\$ -
Accrued liabilities	1,562,273	14,602	32,410	-
Unearned revenues	438,893	282,406	-	-
Deposits payable	754,048	-	109,247	-
Due to other governments	-	-	184,258	-
Due to other funds	-	-	-	-
Advances from other funds	-	200,000	-	-
Total Liabilities	4,383,289	680,760	479,391	-
Deferred Inflows of Resources:				
Unavailable revenues	10,761,834	37,431,391	16,726,411	-
Total Deferred Inflows of Resources	10,761,834	37,431,391	16,726,411	-
Fund Balances:				
Nonspendable	11,280,586	1,053,062	4,313,417	-
Restricted	-	5,865,479	1,603,742	2,224,229
Committed	16,213,781	-	-	-
Assigned	12,712,663	-	-	-
Unassigned	8,490,329	(744,030)	-	-
Total Fund Balances	48,697,359	6,174,511	5,917,159	2,224,229
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63,842,482	\$ 44,286,662	\$ 23,122,961	\$ 2,224,229

CITY OF OCEANSIDE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 45,095,658	\$ 89,766,879
Restricted cash and investments	-	75,544
Receivables:		
Accounts	201,168	2,972,879
Taxes	-	4,564,619
Notes	644,893	72,355,211
Accrued interest	-	595,549
Other	21,761	5,500,672
Prepaid costs	4,449	189,903
Due from other governments	526,918	1,594,338
Due from other funds	-	178,602
Advances to other funds	-	1,444,924
Inventories	-	32,061
Land held for resale	-	700,000
Total Assets	\$ 46,494,847	\$ 179,971,181
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 772,168	\$ 2,737,471
Accrued liabilities	28,977	1,638,262
Unearned revenues	474,708	1,196,007
Deposits payable	-	863,295
Due to other governments	-	184,258
Due to other funds	178,602	178,602
Advances from other funds	-	200,000
Total Liabilities	1,454,455	6,997,895
Deferred Inflows of Resources:		
Unavailable revenues	679,391	65,599,027
Total Deferred Inflows of Resources	679,391	65,599,027
Fund Balances:		
Nonspendable	4,449	16,651,514
Restricted	43,500,742	53,194,192
Committed	-	16,213,781
Assigned	909,617	13,622,280
Unassigned	(53,807)	7,692,492
Total Fund Balances	44,361,001	107,374,259
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 46,494,847	\$ 179,971,181

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CITY OF OCEANSIDE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Fund balances of governmental funds		\$ 107,374,259
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		267,134,918
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Certificates of participation	\$(32,680,659)	
Pension obligation bonds	(36,860,000)	
Capital leases payable	(611,468)	
Notes payable	(3,067,000)	
Compensated Absences	<u>(10,149,419)</u>	(83,368,546)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(2,358,851)
Pension contributions were expenditures in the fund financial statements but are deferred and subject to capitalization and amortization on the Statement of Net Position.		35,438,270
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(1,097,785)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		65,599,027
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>25,134,284</u>
Net Position of governmental activities		<u><u>\$ 413,855,576</u></u>

CITY OF OCEANSIDE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Special Revenue Funds		Debt Service Fund
		Grants	Housing Assistance Program	General Debt Service
Revenues:				
Taxes	\$ 81,307,547	\$ -	\$ -	\$ -
Licenses and permits	1,905,119	-	296,509	-
Intergovernmental	576,820	2,592,481	14,305,604	-
Charges for services	11,348,962	21,700	107,833	-
Interest and rentals	4,115,702	270,187	423,628	12,658
Fines and forfeitures	3,999,182	-	-	-
Developer participation	-	776,741	-	-
Administrative and in lieu charges	6,450,012	-	-	-
Miscellaneous	6,807,922	36,454	650,130	6,361,621
Total Revenues	116,511,266	3,697,563	15,783,704	6,374,279
Expenditures:				
Current:				
General government	14,035,232	-	-	67,041
Public safety	72,476,714	1,815,790	-	-
Community development	6,246,854	843,506	16,881,936	-
Community/cultural services	9,408,426	195,023	-	-
Public works	10,986,474	38,227	-	-
Capital outlay	567,506	514,676	-	-
Debt service:				
Principal retirement	108,712	-	-	20,220,257
Interest and fiscal charges	28,447	-	-	2,918,885
Total Expenditures	113,858,365	3,407,222	16,881,936	23,206,183
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,652,901	290,341	(1,098,232)	(16,831,904)
Other Financing Sources (Uses):				
Transfers in	11,370,981	171,962	-	2,731,128
Transfers out	(2,400,270)	(82,810)	-	-
Refunding bonds issued	-	-	-	12,126,893
Total Other Financing Sources (Uses)	8,970,711	89,152	-	14,858,021
Net Change in Fund Balances	11,623,612	379,493	(1,098,232)	(1,973,883)
Fund Balances, Beginning of Year	37,073,747	5,795,018	7,015,391	4,198,112
Fund Balances, End of Year	\$ 48,697,359	\$ 6,174,511	\$ 5,917,159	\$ 2,224,229

CITY OF OCEANSIDE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ -	\$ 81,307,547
Licenses and permits	-	2,201,628
Intergovernmental	11,234,877	28,709,782
Charges for services	171,439	11,649,934
Interest and rentals	6,451	4,828,626
Fines and forfeitures	290,568	4,289,750
Developer participation	1,999,166	2,775,907
Administrative and in lieu charges	2,422,874	8,872,886
Miscellaneous	612,397	14,468,524
Total Revenues	<u>16,737,772</u>	<u>159,104,584</u>
Expenditures:		
Current:		
General government	-	14,102,273
Public safety	478,709	74,771,213
Community development	1,091,746	25,064,042
Community/cultural services	244,195	9,847,644
Public works	5,690,862	16,715,563
Capital outlay	5,817,134	6,899,316
Debt service:		
Principal retirement	823,431	21,152,400
Interest and fiscal charges	179,948	3,127,280
Total Expenditures	<u>14,326,025</u>	<u>171,679,731</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,411,747</u>	<u>(12,575,147)</u>
Other Financing Sources (Uses):		
Transfers in	1,557,543	15,831,614
Transfers out	(1,877,712)	(4,360,792)
Refunding bonds issued	-	12,126,893
Total Other Financing Sources (Uses)	<u>(320,169)</u>	<u>23,597,715</u>
Net Change in Fund Balances	2,091,578	11,022,568
Fund Balances, Beginning of Year	<u>42,269,423</u>	<u>96,351,691</u>
Fund Balances, End of Year	<u><u>\$ 44,361,001</u></u>	<u><u>\$ 107,374,259</u></u>

CITY OF OCEANSIDE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds \$ 11,022,568

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 4,978,484	
Depreciation	(12,595,141)	
Gain/(loss) on sale of capital assets	<u>(1,741,530)</u>	(9,358,187)

Issuance of long-term liabilities (e.g. bonds, leases and loans) provides current financial resources to governmental funds, the issuance of debt increase long-term liabilities in the Statement of Net Position. (12,126,893)

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

Principal repayments	21,152,400	
Amortization of bond premium	<u>51,644</u>	21,204,044

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 214,564

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (203,735)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (277,872)

Payment of unfunded pension liabilities are expenditures at the fund level but are deferred and subject to capitalization and amortization in the Statement of Net Postion. (904,935)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,838,288

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 702,895

Change in net position of governmental activities \$ 12,110,737

PROPRIETARY FUND FINANCIAL STATEMENTS

The City reports the following major proprietary funds:

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

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

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

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

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

CITY OF OCEANSIDE

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Waste Disposal</u>
Assets:			
Current:			
Cash and investments	\$ 58,190,203	\$ 32,747,574	\$ 7,068,065
Restricted cash and investments	-	1,019,886	-
Receivables:			
Accounts	7,036,312	4,563,226	1,406,620
Notes and loans	577,531	-	-
Accrued interest	-	5,786	-
Prepaid costs	13,424	12,366	-
Inventories	383,108	506,663	-
Total Current Assets	<u>66,200,578</u>	<u>38,855,501</u>	<u>8,474,685</u>
Noncurrent:			
Advances to other funds	3,383,409	-	-
Capital assets - net of accumulated depreciation	186,773,846	242,018,009	40,063
Total Noncurrent Assets	<u>190,157,255</u>	<u>242,018,009</u>	<u>40,063</u>
Total Assets	<u>256,357,833</u>	<u>280,873,510</u>	<u>8,514,748</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	-	209,556	-
Total Deferred Outflows of Resources	<u>-</u>	<u>209,556</u>	<u>-</u>
Liabilities:			
Current:			
Accounts payable	6,708,782	1,013,495	1,427,487
Accrued liabilities	127,055	127,121	-
Accrued interest	151,108	342,722	-
Unearned revenues	115,915	-	-
Deposits payable	1,064,671	-	593,725
Compensated absences	461,633	449,637	51,289
Claims and judgments	-	-	-
Bonds, notes, and capital leases	1,380,000	3,889,770	-
Total Current Liabilities	<u>10,009,164</u>	<u>5,822,745</u>	<u>2,072,501</u>
Noncurrent:			
Advances from other funds	-	3,383,409	-
Compensated absences	327,673	523,268	-
Claims and judgments	-	-	-
Bonds, notes, and capital leases	9,030,145	46,827,918	-
Total Noncurrent Liabilities	<u>9,357,818</u>	<u>50,734,595</u>	<u>-</u>
Total Liabilities	<u>19,366,982</u>	<u>56,557,340</u>	<u>2,072,501</u>
Net Position:			
Net investment in capital assets	176,363,701	191,509,877	40,063
Restricted for capital projects	8,455,050	14,643,700	457,858
Restricted for debt service	-	1,019,886	-
Restricted for rate stabilization	-	-	2,318,667
Unrestricted	52,172,100	17,352,263	3,625,659
Total Net Position	<u>\$ 236,990,851</u>	<u>\$ 224,525,726</u>	<u>\$ 6,442,247</u>

Reconciliation of Net Position to the Statement of Net Position

Net Position per Statement of Net Position - Proprietary Funds
 Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds
 Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds
Net Position per Statement of Net Position

CITY OF OCEANSIDE

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Assets:				
Current:				
Cash and investments	\$ 379,684	\$ 3,783,814	\$ 102,169,340	\$ 40,191,078
Restricted cash and investments	-	-	1,019,886	250,000
Receivables:				
Accounts	4,855	210,424	13,221,437	113,526
Notes and loans	-	-	577,531	-
Accrued interest	-	-	5,786	-
Prepaid costs	-	-	25,790	4,778
Inventories	-	-	889,771	257,418
Total Current Assets	384,539	3,994,238	117,909,541	40,816,800
Noncurrent:				
Advances to other funds	-	-	3,383,409	-
Capital assets - net of accumulated depreciation	4,720,803	10,716,810	444,269,531	6,683,090
Total Noncurrent Assets	4,720,803	10,716,810	447,652,940	6,683,090
Total Assets	5,105,342	14,711,048	565,562,481	47,499,890
Deferred Outflows of Resources:				
Deferred charge on refunding	-	-	209,556	-
Total Deferred Outflows of Resources	-	-	209,556	-
Liabilities:				
Current:				
Accounts payable	47,464	74,896	9,272,124	1,428,293
Accrued liabilities	-	-	254,176	114,595
Accrued interest	12,481	89,930	596,241	-
Unearned revenues	-	168,954	284,869	-
Deposits payable	4,580	326,138	1,989,114	-
Compensated absences	-	158,127	1,120,686	308,164
Claims and judgments	-	-	-	2,439,117
Bonds, notes, and capital leases	66,111	313,206	5,649,087	-
Total Current Liabilities	130,636	1,131,251	19,166,297	4,290,169
Noncurrent:				
Advances from other funds	1,244,924	-	4,628,333	-
Compensated absences	-	179,598	1,030,539	467,059
Claims and judgments	-	-	-	12,834,698
Bonds, notes, and capital leases	357,000	1,866,906	58,081,969	-
Total Noncurrent Liabilities	1,601,924	2,046,504	63,740,841	13,301,757
Total Liabilities	1,732,560	3,177,755	82,907,138	17,591,926
Net Position:				
Net investment in capital assets	4,297,692	8,536,698	380,748,031	6,683,090
Restricted for capital projects	-	-	23,556,608	-
Restricted for debt service	-	-	1,019,886	-
Restricted for rate stabilization	-	-	2,318,667	-
Unrestricted	(924,910)	2,996,595	75,221,707	23,224,874
Total Net Position	\$ 3,372,782	\$ 11,533,293	\$ 482,864,899	\$ 29,907,964
			\$ 482,864,899	
			4,532,942	
			240,738	
			<u>\$ 487,638,579</u>	

CITY OF OCEANSIDE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Operating Revenues:			
Sales and service charges	\$ 57,469,143	\$ 39,670,129	\$ 23,568,208
Fines, Forfeitures, and Penalties	560,045	-	-
Developer fees	794,331	890,112	-
Slip rentals and other related fees	-	-	-
Parking	-	-	-
Miscellaneous	4,544	726,938	4,255
Total Operating Revenues	58,828,063	41,287,179	23,572,463
Operating Expenses:			
Administration and general	6,826,361	6,990,909	642,052
Maintenance and operations	10,116,964	14,525,165	18,570,981
Cost of purchased water	28,118,602	-	-
Depreciation expense	6,342,442	8,078,499	4,734
Total Operating Expenses	51,404,369	29,594,573	19,217,767
Operating Income	7,423,694	11,692,606	4,354,696
Nonoperating Revenues (Expenses):			
Intergovernmental	586,367	-	-
Interest revenue	(276,678)	(228,307)	-
Interest expense	(525,148)	(1,858,276)	-
Gain (loss) on disposal of capital assets	-	-	-
Total Nonoperating Expenses	(215,459)	(2,086,583)	-
Income Before Transfers	7,208,235	9,606,023	4,354,696
Transfers in	39,035	9,902	205
Transfers out	(1,883,878)	(233,255)	(3,831,911)
Changes in Net Position	5,363,392	9,382,670	522,990
Net Position:			
Beginning of fiscal year, as previously reported	231,627,459	215,143,056	5,919,257
Restatements	-	-	-
Beginning of fiscal year, as restated	231,627,459	215,143,056	5,919,257
End of Fiscal Year	\$ 236,990,851	\$ 224,525,726	\$ 6,442,247

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

Changes in Net Position, per the Statement of Revenues,
Expenses and Changes in Fund Net Position - Proprietary Funds
Adjustment to reflect the consolidation of current fiscal year
internal service funds activities related to enterprise funds

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

CITY OF OCEANSIDE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Operating Revenues:				
Sales and service charges	\$ 102,084	\$ -	\$ 120,809,564	\$ 51,997,941
Fines, Forfeitures, and Penalties	-	-	560,045	-
Developer fees	-	-	1,684,443	-
Slip rentals and other related fees	-	6,099,713	6,099,713	-
Parking	-	667,857	667,857	-
Miscellaneous	-	6,274	742,011	59,558
Total Operating Revenues	102,084	6,773,844	130,563,633	52,057,499
Operating Expenses:				
Administration and general	-	1,073	14,460,395	33,345,570
Maintenance and operations	3,573	584,300	43,800,983	14,633,090
Cost of purchased water	-	-	28,118,602	-
Depreciation expense	64,326	627,855	15,117,856	2,419,306
Total Operating Expenses	67,899	1,213,228	101,497,836	50,397,966
Operating Income	34,185	5,560,616	29,065,797	1,659,533
Nonoperating Revenues (Expenses):				
Intergovernmental	-	-	586,367	-
Interest revenue	(2,911)	(28,367)	(536,263)	-
Interest expense	(22,710)	(99,229)	(2,505,363)	-
Gain (loss) on disposal of capital assets	-	-	-	14,186
Total Nonoperating Expenses	(25,621)	(127,596)	(2,455,259)	14,186
Income Before Transfers	8,564	5,433,020	26,610,538	1,673,719
Transfers in	-	-	49,142	95,909
Transfers out	(10,608)	(4,830,226)	(10,789,878)	(825,995)
Changes in Net Position	(2,044)	602,794	15,869,802	943,633
Net Position:				
Beginning of fiscal year, as previously reported	3,374,826	10,763,920	466,828,518	28,964,331
Restatements	-	166,579	166,579	-
Beginning of fiscal year, as restated	3,374,826	10,930,499	466,995,097	28,964,331
End of Fiscal Year	\$ 3,372,782	\$ 11,533,293	\$ 482,864,899	\$ 29,907,964
			\$ 15,869,802	
			240,738	
			<u>\$ 16,110,540</u>	

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Waste Disposal</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 58,209,830	\$ 40,540,593	\$ 23,435,844
Cash received from/(paid to) interfund service provided	-	-	-
Cash paid to suppliers for goods and services	(36,884,943)	(14,322,231)	(17,214,693)
Cash paid to employees for services	(6,832,891)	(7,070,013)	(746,666)
Net Cash Provided by Operating Activities	<u>14,491,996</u>	<u>19,148,349</u>	<u>5,474,485</u>
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	39,035	9,902	205
Cash transfers out	(1,883,878)	(233,255)	(3,831,911)
Advance from other funds	-	(698,799)	-
Advance to other funds	672,872	-	-
Intergovernmental	586,367	-	-
Net Cash Used in Non-Capital Financing Activities	<u>(585,604)</u>	<u>(922,152)</u>	<u>(3,831,706)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(3,412,528)	(1,193,844)	-
Proceeds from bonds issued	-	17,094,345	-
Cost of issuance	-	(229,813)	-
Principal paid on capital debt	(1,325,000)	(20,597,900)	-
Interest paid on capital debt	(526,578)	(1,612,174)	-
Proceeds from sales of capital assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,264,106)</u>	<u>(6,539,386)</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest revenue	(276,678)	(228,307)	-
Net Cash Used in Investing Activities	<u>(276,678)</u>	<u>(228,307)</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	8,365,608	11,458,504	1,642,779
Cash and Cash Equivalents, Beginning of Year	49,824,595	22,308,956	5,425,286
Cash and Cash Equivalents, End of Year	<u>\$ 58,190,203</u>	<u>\$ 33,767,460</u>	<u>\$ 7,068,065</u>

CITY OF OCEANSIDE

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 154,303	\$ 6,815,982	\$ 129,156,552	\$ -
Cash received from/(paid to) interfund service provided	-	-	-	51,955,057
Cash paid to suppliers for goods and services	-	(836,828)	(69,258,695)	(11,119,767)
Cash paid to employees for services	-	(1,073)	(14,650,643)	(33,377,419)
Net Cash Provided by Operating Activities	154,303	5,978,081	45,247,214	7,457,871
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	-	49,142	95,909
Cash transfers out	(10,608)	(4,830,226)	(10,789,878)	(825,995)
Advance from other funds	-	-	(698,799)	-
Advance to other funds	-	-	672,872	-
Intergovernmental	-	-	586,367	-
Net Cash Used in Non-Capital Financing Activities	(10,608)	(4,830,226)	(10,180,296)	(730,086)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(414,502)	(5,020,874)	(1,871,902)
Proceeds from bonds issued	-	-	17,094,345	-
Cost of issuance	-	-	(229,813)	-
Principal paid on capital debt	(62,333)	(299,718)	(22,284,951)	-
Interest paid on capital debt	(24,548)	(111,593)	(2,274,893)	-
Proceeds from sales of capital assets	-	-	-	187,477
Net Cash Provided (Used) by Capital and Related Financing Activities	(86,881)	(825,813)	(12,716,186)	(1,684,425)
Cash Flows from Investing Activities:				
Interest revenue	(2,911)	(28,367)	(536,263)	-
Net Cash Used in Investing Activities	(2,911)	(28,367)	(536,263)	-
Net Decrease in Cash and Cash Equivalents	53,903	293,675	21,814,469	5,043,360
Cash and Cash Equivalents, Beginning of Year	325,781	3,490,139	81,374,757	35,397,718
Cash and Cash Equivalents, End of Year	\$ 379,684	\$ 3,783,814	\$ 103,189,226	\$ 40,441,078

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Waste Disposal</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 7,423,694	\$ 11,692,606	\$ 4,354,696
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	6,342,442	8,078,499	4,734
(Increase) decrease in accounts receivable	(618,233)	(746,586)	(136,619)
(Increase) decrease in prepaid expense	(9,422)	(10,166)	-
(Increase) decrease in inventory	7,488	75,025	-
Increase (decrease) in accounts payable	1,204,441	138,075	1,377,100
Increase (decrease) in accrued liabilities	1,716	(4,800)	(18,016)
Increase (decrease) in deposits payable	148,200	-	(20,812)
Increase (decrease) in deferred revenue	(84)	-	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	(8,246)	(74,304)	(86,598)
Total Adjustments	7,068,302	7,455,743	1,119,789
Net Cash Provided by (Used in) Operating Activities	\$ 14,491,996	\$ 19,148,349	\$ 5,474,485

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Special Aviation</u>	<u>Oceanside Small Craft Harbor District</u>	<u>Totals</u>	
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 34,185	\$ 5,560,616	\$ 29,065,797	\$ 1,659,533
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	64,326	627,855	15,117,856	2,419,306
(Increase) decrease in accounts receivable	8,328	42,138	(1,450,972)	(102,442)
(Increase) decrease in prepaid expense	-	-	(19,588)	2,645
(Increase) decrease in inventory	-	-	82,513	(7,814)
Increase (decrease) in accounts payable	47,464	(276,942)	2,490,138	858,945
Increase (decrease) in accrued liabilities	-	-	(21,100)	20,652
Increase (decrease) in deposits payable	-	22,978	150,366	-
Increase (decrease) in deferred revenue	-	1,436	1,352	-
Increase (decrease) in claims and judgments	-	-	-	2,659,547
Increase (decrease) in compensated absences	-	-	(169,148)	(52,501)
Total Adjustments	120,118	417,465	16,181,417	5,798,338
Net Cash Provided by (Used in) Operating Activities	\$ 154,303	\$ 5,978,081	\$ 45,247,214	\$ 7,457,871

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FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary fund types are accounted for according to the nature of the fund.

The **Agency Funds** are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

The **Successor Agency of the Former redevelopment activities of the CDC Private Purpose Trust Fund** is used to account for the activities related to the dissolution of the former redevelopment activities of the Oceanside Community Development Commission.

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CITY OF OCEANSIDE

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund</u>
	<u>Agency Funds</u>	<u>Successor Agency</u>
Assets:		
Cash and investments	\$ 8,626,407	\$ 14,881,525
Restricted cash and investments	5,555,514	2,980,157
Receivables:		
Accounts	10,322	-
Taxes	20,043	-
Deposits	527,387	-
Land held for resale	-	8,792,993
Capital assets:		
Capital assets, not being depreciated	-	22,043,928
Capital assets, net of accumulated depreciation	-	17,643,883
Total Assets	<u>\$ 14,739,673</u>	<u>66,342,486</u>
Liabilities:		
Accounts payable	\$ 1,295,908	243,129
Accrued liabilities	-	1,439
Accrued interest	-	741,232
Deposits payable	3,780,349	-
Due to external parties/other agencies	9,663,416	-
Long-term liabilities:		
Due in one year	-	2,540,000
Due in more than one year	-	58,802,136
Total Liabilities	<u>\$ 14,739,673</u>	<u>62,327,936</u>
Net Position:		
Held in trust for other purposes		4,014,550
Total Net Position		<u>\$ 4,014,550</u>

CITY OF OCEANSIDE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Private-Purpose Trust Fund</u>
	<u>Successor Agency</u>
Additions:	
Taxes	\$ 6,058,617
Interest and change in fair value of investments	(77,293)
Contributions from City	50,319
Miscellaneous	9,075
	<hr/>
Total Additions	6,040,718
	<hr/>
Deductions:	
Administrative expenses	211,560
Contractual services	503,767
Project Costs	508,544
Interest expense	2,252,284
Contributions to other governments	5,460,809
	<hr/>
Total Deductions	8,936,964
	<hr/>
Changes in Net Position	(2,896,246)
	<hr/>
Net Position - Beginning of Year	6,910,796
	<hr/>
Net Position - End of the Year	\$ 4,014,550
	<hr/> <hr/>

Note 1: Summary of Significant Accounting Policies

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

a. Financial Reporting Entity

The City was incorporated on January 3, 1888. On July 8, 2010 the voters ratified Oceanside to become a charter city. The City operates under a Council-Manager form of government and provides basic local governmental services including public safety (police, fire and beach lifeguard), maintenance and construction of public improvements, cultural, recreation planning, zoning, and general administration. In addition, the City operates five enterprise activities: water, sewer, waste disposal, general aviation airport and a harbor district.

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

Oceanside Community Development Commission - The Oceanside Community Development Commission (the Commission) was established on July 16, 1980, and includes all activities previously performed by the Oceanside Redevelopment Agency and the Oceanside Housing Authority. The Oceanside Redevelopment Agency was originally established on February 20, 1974 and dissolved January 31, 2012, due to AB 1X 26. The Oceanside Housing Authority was originally established on February 24, 1971, and dissolved April 9, 1975, due to inactivity. It was reactivated on April 9, 1980, pursuant to the State of California Health and Safety Code. This department is responsible for all assisted housing projects within the City. The operations of the Commission are reported as governmental funds of the City.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Oceanside Public Financing Authority - The Oceanside Public Financing Authority (the Financing Authority) was established January 23, 2002, under the Joint Exercise of Powers Law of the State of California (constituting Chapter 5 of Division 7 of Title 1 of the California Government Code) to assist in the financing of public capital improvements to be owned by any of its members (the City and the Commission). The operations of the Financing Authority are reported as governmental funds of the City.

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

b. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. All fiduciary activities are reported only in the fund financial 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 Position. The Statement of Activities presents changes in Net Position. 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. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position 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:

Note 1: Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and other governmental funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria. The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

The General Debt Service Fund is used to account for payment of interest and principal on debt incurred by the City of Oceanside.

Proprietary Fund Financial Statements

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

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

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 Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major enterprise funds:

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

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

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

The Special Aviation Fund is used to account for the operation of the Oceanside (General Aviation) Airport. Funding for operating expenses is provided by rents and leases.

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

Fiduciary Fund Financial Statements

Fiduciary fund types are accounted for according to the nature of the fund. The private-purpose trust funds are reported using the economic resources measurement and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

The agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The agency funds are used to account for the (1) receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability as well as receipt and disbursement of capital project bond proceeds related to bonds for which the City has no direct liability and (2) money and property held by the City as trustee or custodian such as refundable deposits.

Private-purpose trust funds are used to account for the assets and liabilities of the former redevelopment activities of the community development commission and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment activities of the community development commission are paid in full and assets have been liquidated.

c. Use of Restricted and Unrestricted Net Position

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

d. Cash, Cash Equivalents and Investments

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

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

e. Inventory

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

f. Land and Buildings Held for Resale

Land and buildings held for resale is carried at the lower of cost or market, but not greater than the net realizable value.

g. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital 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	20 - 60 years
Improvements other than buildings	30 - 60 years
Machinery and equipment	5 - 20 years
Infrastructure	15 - 50 years

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

h. Net Pension Assets

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

i. Deferred outflows/inflows of resources

In addition to assets, the Statement of Financial Position and Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Financial Position and Governmental Fund Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

j. Long-Term Liabilities

Government-wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable premium or discount.

Fund Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

k. Fund Balance and Net Position

Government-wide and Proprietary Financial Statements

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

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

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

Unrestricted Net Position - This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position".

Governmental Fund Financial Statements

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

Nonspendable Fund Balance – This includes amounts that cannot be spent because they are either not in spendable form or must be maintained intact pursuant to legal or contractual requirements, such as endowments.

Restricted Fund Balance – This includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of the other governments through enabling litigations.

Committed Fund Balance - This includes amounts that can be used only for the specific purposes determined by a formal action of the City Council via ordinances, resolutions, and formal policy. These amounts cannot be used for any other purposes unless the City Council removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned Fund Balance - This includes amounts that are designated by the City Council for specific purposes and do not meet the criteria to be classified as restricted or committed.

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

Note 1: Summary of Significant Accounting Policies (Continued)

I. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

m. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

n. 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. The City Council has established a post-employment leave reserve fund in the general fund based on 8% of the prior year's compensated absences balance for governmental funds. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund. Vested or accumulated compensated absences of proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

o. Use of Estimates

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

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 2: Cash and Investments

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

The following is a summary of cash and investments at June 30, 2013:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 129,957,957	\$ 102,169,340	\$ 23,507,932	\$ 255,635,229
Restricted cash and investments	325,544	1,019,886	8,535,671	9,881,101
Total cash and investments	\$ 130,283,501	\$ 103,189,226	\$ 32,043,603	\$ 265,516,330

Cash and investments at June 30, 2013 consisted of the following:

Demand deposits	\$ 679,122
Petty Cash	14,933
Investments	264,822,275
Total cash and investments	\$ 265,516,330

Demand Deposits

At June 30, 2013, the carrying amount of the City's deposits was \$679,122 and the bank balance was \$1,524,964. The \$845,842 difference represents outstanding checks and other reconciling items.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 2: Cash and Investments (Continued)**Investments Authorized by the California Government Code and the City's Investment Policy**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Enterprise Securities	5 years	None	25%
Banker's Acceptance	180 days	20%	5%
Time Deposits (CD's)	3 years	5%	None
Repurchase Agreements	30 days	30%	None
Reverse Repurchase Agreements	60 days	15%	None
Commercial Paper	270 days	15%	1%
Corporate Medium Term Notes	36-60 months	15%	1%
Municipal Bonds	36-60 months	15%	1%
Local Agency Investment Fund (LAIF)	N/A	None	None

N/A - Not Applicable

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

Investments Authorized by Debt Agreements

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

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 2: Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Enterprise Securities	5 years	None	25%
Banker's Acceptance	180 days	20%	5%
Certificates of Deposit	3 years	5%	None
Repurchase Agreements	30 days	30%	None
Reverse Repurchase Agreements	60 days	15%	None
Commercial Paper	270 days	15%	1%
Municipal Bonds	3 years	15%	1%
Local Agency Investment Fund	N/A	None	None

N/A- Not Applicable

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	<i>Remaining Maturity (in Months)</i>				Total
	12 Months or Less	13 to 36 Months	36 to 48 Months	48 to 60 Months	
United States Treasury Obligations	\$ -	\$ -	\$ -	\$ 1,932,812	\$ 1,932,812
United States Government Sponsored Enterprise Securities	5,026,330	16,963,515	39,168,491	115,855,122	177,013,458
Corporate Medium Term Notes	2,514,730	7,271,632	3,734,207	-	13,520,569
Municipal Bonds	8,354,647	7,889,856	3,968,220	-	20,212,723
Local Agency Investment Fund (LAIF)	42,511,611	-	-	-	42,511,611
Held by Bond Trustees:					
Money Market Mutual Funds	9,631,102	-	-	-	9,631,102
	\$ 68,038,420	\$ 32,125,003	\$ 46,870,918	\$ 117,787,934	\$ 264,822,275

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 2: Cash and Investments (Continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City holds investments in callable federal agency securities that are highly sensitive to interest rate fluctuations. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes their fair values highly sensitive to changes in interest rates. The fair value of callable investments in the City's portfolio at June 30, 2013, is \$251,944,545 or 95.14% of the City's portfolio (excluding held by bond trustees).

Disclosures Relating to Credit Risk

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

Investment Type	Total as of June 30, 2013	Minimum Legal Rating	Exempt from Disclosure	AAA/Aaa	AA+/Aa1	AA to AA-/ Aa2 to Aa3	A+ to A/ A1 to A2	SP-1 to SP-1+	Unrated
United States Treasury Obligations	\$ 1,932,812	N/A	\$ 1,932,812	\$ -	\$ -	\$ -		\$ -	\$ -
United States Government Sponsored Enterprise Securities	177,013,458	N/A	-	-	177,013,458	-	-	-	-
Corporate Medium Term Notes	13,520,569	N/A	-	-	2,761,922	8,752,157	2,006,490	-	-
Municipal Bonds	20,212,723	N/A	-	2,092,210	-	9,324,846	4,797,347	3,998,320	-
Local Agency Investment Fund (LAIF)	42,511,611	N/A	-	-	-	-	-	-	42,511,611
Held by Bond Trustees: Money Market Mutual Funds	9,631,102	AAA/Aaa	-	-	9,631,102	-	-	-	-
	<u>\$ 264,822,275</u>		<u>\$ 1,932,812</u>	<u>\$ 2,092,210</u>	<u>\$ 189,406,482</u>	<u>\$ 18,077,003</u>	<u>\$ 6,803,837</u>	<u>\$ 3,998,320</u>	<u>\$ 42,511,611</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount	Percent of Investment
Federal Farm Credit Bank	United States Government Sponsored Enterprise Securities	\$ 46,644,982	17.6%
Federal Home Loan Bank	United States Government Sponsored Enterprise Securities	40,811,121	15.4%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	35,578,635	13.4%
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	53,978,720	20.4%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 2: Cash and Investments (Continued)

Custodial Credit Risk

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

As of June 30, 2013, none of the City's deposits or investments were exposed to custodial credit risk.

Investment in State Investment Pool

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

Note 3: Property Taxes

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

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

Note 4: Notes Receivable

At June 30, 2013, the City had notes receivable reported in the following funds:

General Fund	\$ 12,900,072
Grants Special Revenue Fund	37,770,417
Housing Assistance Program Special Revenue Fund	21,039,829
Community Development Block Grant Non-major Special Revenue Fund	644,893
Water Fund	<u>577,531</u>
Total	<u>\$ 72,932,742</u>

On June 10, 2009, the Community Development Commission loaned \$606,380 to California Surf Museum in accordance with the tenant improvement loan agreement executed by the Commission and the Museum on August 13, 2008. Pursuant to the agreement, in the event that the Museum satisfies the performance standards set forth in the agreement, the Commission agrees to forgive 1/5th of the loan amount each year for five years. At June 30, 2013, the outstanding balance is \$242,552 and is now being recorded in the General Fund.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 4: Notes Receivable (Continued)

The Grants Special Revenue Fund has made various low or noninterest bearing loans to property owners for the rehabilitation of property and first time home buyer program within the City. The notes are payable upon the sale of the property or upon the death of the current property owner. As of June 30, 2013, the outstanding balance including accrued interest of \$3,948,972 is \$37,770,417.

The Housing Assistance Program Special Revenue Fund has made various low or noninterest bearing loans to property owners for the rehabilitation of property and first time home buyer program within the City. The notes are payable upon the sale of the property or upon the death of the current property owner. As of June 30, 2013, the outstanding balance including accrued interest of \$383,272 is \$21,039,829. In addition amounts borrowed pertaining to the Supplemental Educational Revenue Augmentation Fund (SERAF) are now being recorded in the Housing Assistance Program Special Revenue Fund in the amount of \$4,317,085.

The City loaned monies to the Community Development Commission in 1986 and 1989 to fund redevelopment projects. As a result of the dissolution of the redevelopment activities of the Community Development Commission, the City believes in consultation with the City Attorney that these monies will be repaid by the Successor Agency in future years and therefore has recorded a loan receivable in the General Fund for amounts due from the Successor Agency in the amount of \$12,657,520.

The Water Fund made various loans to the Oceanside Community Development Commission for operational purposes of the redevelopment activities. The note is payable by the Successor Agency of the former redevelopment activities of the Oceanside Community Development Commission. At June 30, 2013, the outstanding balance is \$577,531.

The Community Development Block Grant Fund loaned \$655,000 in the current year. The principal outstanding at June 30, 2013 is \$644,893.

Note 5: Interfund Transactions

a. Due To/From Other Funds

At June 30, 2013, there were the following short-term interfund receivables and payables:

	Due to Other Funds	
	Non-Major Governmental Funds	Total
<u>Due from Other Funds</u>		
General Fund	\$ 178,602	\$ 178,602

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

CITY OF OCEANSIDE

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

Note 5: Interfund Transactions (Continued)

b. Advances To/From Other Funds

At June 30, 2013, the City had the following long-term interfund receivables and payables:

Advances to Other Funds	Advances from Other Funds			Total
	Housing Assistance Program	Sewer Enterprise Fund	Special Aviation Enterprise Fund	
General Fund	\$ 200,000	\$ -	\$ 1,244,924	\$ 1,444,924
Water Enterprise Fund	-	3,383,409	-	3,383,409
Total	\$ 200,000	\$ 3,383,409	\$ 1,244,924	\$ 4,828,333

The Water Fund advanced funds to the Sewer Enterprise Fund for operational purposes. As of June 30, 2013, the outstanding balance of the loan was \$3,383,409.

The General Fund advanced funds to the Housing Assistance Program Special Revenue Fund and Special Aviation Enterprise Fund for operational purposes. As of June 30, 2013, the outstanding balance of the loan was \$200,000 and \$1,244,924, respectively.

c. Transfers In/Out

Transfers in and out for the year ended June 30, 2013, are as follows:

Transfers Out	Transfers In								Total
	General Fund	Grants	General Debt Service	Other Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Waste Disposal Enterprise Fund	Internal Service Fund	
General Fund	\$ -	\$ 171,962	\$ 1,500,000	\$ 728,308	\$ -	\$ -	\$ -	\$ -	\$ 2,400,270
Grants	72,908	-	-	-	-	9,902	-	-	82,810
Other Governmental Funds	1,190,532	-	331,128	250,560	20,496	-	-	84,996	1,877,712
Water Enterprise Fund	797,664	-	900,000	186,214	-	-	-	-	1,883,878
Sewer Enterprise Fund	-	-	-	233,255	-	-	-	-	233,255
Waste Disposal Enterprise Fund	3,681,911	-	-	150,000	-	-	-	-	3,831,911
Special Aviation Enterprise Fund	10,608	-	-	-	-	-	-	-	10,608
Small Craft Harbor District	4,830,226	-	-	-	-	-	-	-	4,830,226
Internal Service Funds	787,132	-	-	9,206	18,539	-	205	10,913	825,995
Total	\$ 11,370,981	\$ 171,962	\$ 2,731,128	\$ 1,557,543	\$ 39,035	\$ 9,902	\$ 205	\$ 95,909	\$ 15,976,665

Transfers between funds were for operating expenses and capital costs.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 6: Capital Assets

a. Governmental Activities Capital Assets

A summary of changes in the governmental activities capital assets at June 30, 2013, is as follows:

	Balance at July 1, 2012	Transfers	Additions	Deletions	Balance at June 30, 2013
Capital assets not being depreciated:					
Land	\$ 40,958,585	\$ 2,481,041	\$ -	\$ -	\$ 43,439,626
Construction in progress	11,040,266	(7,590,084)	4,974,507	1,741,530	6,683,159
Total Capital Assets, Not Being Depreciated	51,998,851	(5,109,043)	4,974,507	1,741,530	50,122,785
Capital assets being depreciated:					
Buildings and improvements	74,758,564	-	-	-	74,758,564
Improvements other than buildings	28,661,076	4,831,592	-	-	33,492,668
Machinery and equipment	63,916,151	277,451	1,875,878	1,438,448	64,631,032
Infrastructure	302,413,084	-	-	-	302,413,084
Total Capital Assets, Being Depreciated	469,748,875	5,109,043	1,875,878	1,438,448	475,295,348
Less accumulated depreciation for:					
Buildings and improvements	20,032,475	-	2,063,507	-	22,095,982
Improvements other than buildings	7,091,920	-	1,446,843	-	8,538,763
Machinery and equipment	46,510,602	-	4,600,381	1,265,157	49,845,826
Infrastructure	164,215,839	-	6,903,715	-	171,119,554
Total Accumulated Depreciation	237,850,836	-	15,014,446	1,265,157	251,600,125
Total Capital Assets, Being Depreciated, Net	231,898,039	5,109,043	(13,138,568)	173,291	223,695,223
Governmental Activities Capital Assets, Net	<u>\$ 283,896,890</u>	<u>\$ -</u>	<u>\$ (8,164,061)</u>	<u>\$ 1,914,821</u>	<u>\$ 273,818,008</u>

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

General Government	\$ 424,526
Public Safety	1,678,724
Public Works	8,222,398
Community Development	38,412
Community/ Cultural Services	2,231,080
Internal Service Funds	2,419,306
Total depreciation expense-business type activities	<u>\$ 15,014,446</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 6: Capital Assets (Continued)

b. Business-Type Activities Capital Assets

A summary of changes in the business-type activities capital assets at June 30, 2013, is as follows:

	Balance at July 1, 2012	Transfers	Additions	Deletions	Balance at June 30, 2013
Capital assets not being depreciated:					
Land	\$ 29,613,703	\$ -	\$ -	\$ -	\$ 29,613,703
Construction in progress	7,792,510	(5,583,874)	5,040,185	-	7,248,821
Total Capital Assets, Not Being Depreciated	37,406,213	(5,583,874)	5,040,185	-	36,862,524
Capital assets being depreciated:					
Buildings and improvements	178,523,595	5,227,478	166,576	-	183,917,649
Improvements other than buildings	530,223,776	356,396	-	-	530,580,172
Machinery and equipment	12,628,849	-	42,045	-	12,670,894
Total Capital Assets, Being Depreciated	721,376,220	5,583,874	208,621	-	727,168,715
Less accumulated depreciation for:					
Buildings and improvements	44,315,680	-	3,645,935	-	47,961,615
Improvements other than buildings	253,656,249	-	10,396,836	-	264,053,085
Machinery and equipment	6,671,923	-	1,075,085	-	7,747,008
Total Accumulated Depreciation	304,643,852	-	15,117,856	-	319,761,708
Total Capital Assets, Being Depreciated, Net	416,732,368	5,583,874	(14,909,235)	-	407,407,007
Business-Type Activities Capital Assets, Net	<u>\$ 454,138,581</u>	<u>\$ -</u>	<u>\$ (9,869,050)</u>	<u>\$ -</u>	<u>\$ 444,269,531</u>

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

Water	\$ 6,342,442
Sewer	8,078,499
Waste Disposal	4,734
Special Aviation	64,326
Oceanside Small Craft Harbor District	627,855
Total depreciation expense-business type activities	<u>\$ 15,117,856</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Liabilities

a. Governmental Activities Long-Term Debt

The following is a summary of changes in governmental activities long-term debt for the year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013	Due Within One Year	Due in More Than One Year
Certificate of Participation:						
2003 COP	\$ 15,270,000	\$ -	\$ (15,270,000)	\$ -	\$ -	\$ -
2005 Refunding COP	16,290,000	-	(1,765,000)	14,525,000	1,835,000	12,690,000
2011 COP	7,255,000	-	(525,000)	6,730,000	540,000	6,190,000
2013 COPS 2003 Refunding	-	12,126,893	(1,325,257)	10,801,636	1,158,306	9,643,330
Total COPs	38,815,000	12,126,893	(18,885,257)	32,056,636	3,533,306	28,523,330
Capital Leases:						
2004 Streetlight Lease/ Purchase Agreement	706,431	-	(706,431)	-	-	-
2011 Fire Apparatus	720,180	-	(108,712)	611,468	113,006	498,462
Total Capital Leases	1,426,611	-	(815,143)	611,468	113,006	498,462
Notes Payable:						
2008 HUD 108 Loans	3,184,000	-	(117,000)	3,067,000	124,000	2,943,000
Total Notes Payable	3,184,000	-	(117,000)	3,067,000	124,000	2,943,000
Pension Obligation Bonds	38,195,000	-	(1,335,000)	36,860,000	1,535,000	35,325,000
Claims Payable	12,614,268	4,673,954	(2,014,407)	15,273,815	2,439,117	12,834,698
Compensated Absences	10,773,408	4,433,848	(4,282,614)	10,924,642	4,034,568	6,890,074
Other post-employment benefit obligation	2,080,979	277,872	-	2,358,851	-	2,358,851
Subtotal	\$ 107,089,266	\$ 21,512,567	\$ (27,449,421)	101,152,412	\$ 11,778,997	\$ 89,373,415
				Add: Unamortized Bond Premium	624,023	
				Total	\$ 101,776,435	

Certificates of Participation

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

The 2003 Certificates of Participation were issued by the Financing Authority to refinance \$24,510,000 outstanding 1993 Series A Refunding Certificates of Participation and to lease certain facilities and projects from the Financing Authority at an amount necessary to meet the annual debt service and related costs. The Oceanside 2013 Refunding Certificate of Participation was issued to refund the 2003 Certificates of Participation. There was no remaining balance as of June 30, 2013.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)

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

The 2005 Refunding Certificates of Participation were issued by the Community Development Commission to partially refund the 1995 Refunding Certificates of Participation, which was used for the City's Civic Center Project and to pay the costs of issuance. The certificates consist of serial certificates in the amount of \$20,170,000 due in annual installments of \$135,000 to \$2,350,000. Interest rates range from 3% to 5% and are payable semiannually on February 1 and August 1. Certificates maturing before August 1, 2016, are not subject to redemption prior to maturity. Certificates maturing on or after August 1, 2016, are subject to redemption in whole or in part on August 1, 2016, and each interest date thereafter. At June 30, 2013, the outstanding balance of these certificates was \$14,525,000.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 1,835,000	\$ 583,088	\$ 2,418,088
2015	1,905,000	510,375	2,415,375
2016	1,990,000	434,963	2,424,963
2017	2,060,000	356,450	2,416,450
2018	2,150,000	272,250	2,422,250
2019-2020	4,585,000	232,125	4,817,125
Totals	<u>\$ 14,525,000</u>	<u>\$ 2,389,251</u>	<u>\$ 16,914,251</u>

2011 Refunding Certificates of Participation - Original Issue \$7,725,000

The 2011 Refunding Certificates of Participation were issued by the City to refund the 1998 Certificates of Participation, which were issued by the Financing Authority for the purpose of reimbursing the City for costs of acquisition of certain real property and improvements to be used as police and library facilities. The certificates consist of serial certificates in the amount of \$7,725,000 due in annual installments of \$470,000 to \$840,000. Interest rates range from 2.19% to 4.77% and are payable semiannually on December 1 and June 1. At June 30, 2013, the outstanding balance of these certificates was \$6,730,000.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 540,000	\$ 245,614	\$ 785,614
2015	565,000	231,672	796,672
2016	590,000	215,457	805,457
2017	620,000	196,864	816,864
2018	640,000	175,616	815,616
2019-2023	3,775,000	445,157	4,220,157
Totals	<u>\$ 6,730,000</u>	<u>\$ 1,510,380</u>	<u>\$ 8,240,380</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)2013 Refunding Certificates of Participation Series A - Original Issue \$12,126,893

The 2013 Refunding Certificates of Participation were issued by the City to refund the 2003 Certificates of Participation, which were issued by the Financing Authority for the purpose of refinance outstanding 1993 Series A Refunding Certificates of Participation and to lease certain facilities and projects. The current refunding resulted in a cash flow difference of \$6,289,645 and resulted in an economic gain (difference between the present values of the old debt and new debt service payments) of \$5,816,271 or (\$2,137,653 less prior funds on hand). The certificates consist of serial certificates in the amount of \$12,500,000 due in annual installments of \$1,345,000 including interest. Interest rate is 1.776% and payments are payable semiannually on October 1 and April 1. As of June 30, 2013, the outstanding balance of these certificates was \$10,801,636.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 1,158,306	\$ 186,694	\$ 1,345,000
2015	1,178,969	166,031	1,345,000
2016	1,200,001	144,999	1,345,000
2017	1,221,408	123,592	1,345,000
2018	1,243,197	101,803	1,345,000
2019-2023	4,799,755	222,328	5,022,083
Totals	<u>\$ 10,801,636</u>	<u>\$ 945,447</u>	<u>\$ 11,747,083</u>

Capital Lease Obligations2004 Streetlight Lease/Purchase Agreement

On October 1, 2004, the City entered into a lease/purchase agreement with Zion First National Bank in the amount of \$2,064,583 for the streetlight improvement and appurtenance currently existing upon public streets and right of way within the boundaries of the City of Oceanside. The City paid the remaining amount on the lease purchase in the fiscal year, therefore there is no outstanding balance as of June 30, 2013.

2011 Fire Apparatus Lease/Purchase Agreement

On February 4, 2011, the City entered into a lease/purchase agreement with Oshkosh Capital in the amount of \$1,624,761 for the purchase of one 2011 Pierce PUC Tiller and one 2011 Pierce PUC Pumper. The lease is due in annual installments of \$137,159. The lease bears an interest rate of 3.95% and is payable annually on February 4. As of June 30, 2013, the outstanding balance of this lease was \$611,468.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)

The future minimum lease payments are as follows:

Year Ending June 30	Annual Payment
2014	\$ 137,159
2015	137,159
2016	137,159
2017	137,159
2018	137,159
	<u> </u>
Less Interest Portion	<u>(74,327)</u>
Total Future Minimum Lease Payments	<u>\$ 611,468</u>

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

Notes Payable2008 HUD 108 Loans - Original Issue \$3,500,000

In June 2008, the City entered into a contract with the United States Department of Housing and Urban Development for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308 for Series 2008-A Certificates. The loans are due in annual installments ranging from \$100,000 to \$279,000. Interest is payable quarterly at a rate equal to 20 basis points above the applicable LIBOR, adjusted monthly on the first day of each month. At June 30, 2013, the outstanding balance of the loans was \$3,067,000.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 124,000	\$ 150,302	\$ 274,302
2015	130,000	145,131	275,131
2016	138,000	139,452	277,452
2017	146,000	133,194	279,194
2018	154,000	126,413	280,413
2019-2023	907,000	509,585	1,416,585
2024-2028	1,189,000	240,875	1,429,875
2029	279,000	7,581	286,581
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 3,067,000</u>	<u>\$ 1,452,533</u>	<u>\$ 4,519,533</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)**Pension Obligation Bonds**2005 Taxable Pension Obligation Bonds - Original Issuance \$42,780,000

On August 1, 2005, the City issued \$42,780,000 Taxable Pension Obligation Bonds, Series 2005 for the purpose of paying the City's unamortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System (CalPERS) for the benefit of the City's employees. The bonds are due in annual installments of \$825,000 to \$4,975,000. Interest rates range from 4.17% to 5.25% and are payable semiannually on February 15 and August 15. At June 30, 2013, the outstanding balance of the bonds was \$36,860,000 and the unamortized bond premium was \$624,023.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 1,535,000	\$ 1,872,129	\$ 3,407,129
2015	1,745,000	1,793,147	3,538,147
2016	1,975,000	1,703,112	3,678,112
2017	2,215,000	1,600,397	3,815,397
2018	2,480,000	1,483,080	3,963,080
2019-2023	17,110,000	5,050,955	22,160,955
2024-2026	9,800,000	555,673	10,355,673
Totals	<u>\$ 36,860,000</u>	<u>\$ 14,058,493</u>	<u>\$ 50,918,493</u>

Claims Payable

Claims payable have been accrued. Amounts determined to be debts of either the business-type and/or the proprietary funds have been recorded as liabilities in those funds. There is no fixed payment schedule to pay these liabilities. Additional information can be obtained from note 10. Total amount of claims payable for the governmental activities as of June 30, 2013, was \$15,273,815.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities has been accrued and amounts to \$10,924,642 as of June 30, 2013. The general fund has a committed fund balance in the amount of \$1,221,120 in the post-employment leave reserve fund. The remaining liability is liquidated from the appropriate fund that employees are funded from.

Other post-employment benefit obligation

The City's liability in the governmental activities has been accrued and amounts to \$2,358,851. Additional information on the plan can be obtained from note 12. The liability is liquidated from the appropriate fund that employees are funded from.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)

b. Business-Type Activities Long-Term Debt

The following is a summary of changes in business-type and proprietary funds activities long-term debt for the year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013	Due Within One Year	Due in More Than One Year
Revenue Refunding Bonds:						
1998 Water Revenue Refunding Bonds	\$ 5,165,000	\$ -	\$ (765,000)	\$ 4,400,000	\$ 800,000	\$ 3,600,000
2013A Sewer Revenue Refunding Bonds	-	15,135,000	-	15,135,000	1,570,000	13,565,000
Total Refunding Bonds	5,165,000	15,135,000	(765,000)	19,535,000	2,370,000	17,165,000
Certificate of Participation:						
Revenue COP (1993 Water System Refunding Project) Series 2003	6,580,000	-	(560,000)	6,020,000	580,000	5,440,000
Revenue COP (1993 Wastewater System Refunding Project) Series 2003	6,515,000	-	(6,515,000)	-	-	-
Revenue COP Series 2008	9,340,000	-	(9,340,000)	-	-	-
Total COPs	22,435,000	-	(16,415,000)	6,020,000	580,000	5,440,000
Notes Payable:						
State Revolving Loan	35,923,800	-	(2,278,686)	33,645,114	2,319,770	31,325,344
State Water Resources Control Board	2,464,214	-	(2,464,214)	-	-	-
Department of Boating and Waterways						
1984 Loan	231,361	-	(54,078)	177,283	56,512	120,771
1986 Loan	1,190,320	-	(177,213)	1,013,107	185,188	827,919
1994 Loan	1,058,149	-	(68,427)	989,722	71,506	918,216
Department of Transportation	485,444	-	(62,333)	423,111	66,111	357,000
Total Notes Payable	41,353,288	-	(5,104,951)	36,248,337	2,699,087	33,549,250
Compensated Absences	2,320,373	917,284	(1,086,432)	2,151,225	1,120,686	1,030,539
Subtotal	\$ 71,273,661	\$ 16,052,284	\$ (23,371,383)	63,954,562	\$ 6,769,773	\$ 57,184,789
				Less: Unamortized Bond Discounts	1,927,719	
				Total	\$ 65,882,281	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)**Bonds Payable**1998 Water Revenue Refunding Bonds - Original Issue \$11,445,000

The bonds were issued by the City to refund a portion of the outstanding 1992 Series A Certificates of Participation, which were originally used to finance the acquisition, expansion, construction and improvement of certain water facilities within the City. The bonds are due in annual installments of \$670,000 to \$965,000 through October 2017. Interest rates range from 3.5% to 5.0% and are payable semiannually on April 1 and October 1. Bonds maturing before October 1, 2008, are not subject to redemption prior to maturity. Bonds maturing on or after October 1, 2008, are subject to redemption in whole or in part on October 1, 2007, and each interest date thereafter. As of June 30, 2013, the outstanding balance of these bonds was \$4,400,000.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 800,000	\$ 196,628	\$ 996,628
2015	835,000	157,179	992,179
2016	880,000	115,590	995,590
2017	920,000	71,250	991,250
2018	965,000	24,125	989,125
Totals	<u>\$ 4,400,000</u>	<u>\$ 564,772</u>	<u>\$ 4,964,772</u>

2013A Sewer Revenue Refunding Bonds - Original Issue \$15,135,000

The bonds were issued by the City to (a) prepay all of City of Oceanside Revenue Certificates of Participation (1993 Wastewater System Refunding Project) Series 2003 and City of Oceanside Revenue Refunding Certificates of Participation, Series 2008; (b) to prepay all amounts due under the 1993 State Loan; (c) to finance certain improvements to the City's Sewer System; and (d) to pay the costs of issuing the 2013A Bonds. The bonds are due in semi-annual installments ranging from \$735,000 to \$1,570,000 through November 2028. Interest rates range from 2.0% to 5.0% and are payable semiannually on May 1 and November 1. Bonds are subject to optional redemption prior to maturity. A portion of the proceeds of were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2003 and 2008 Certificates of Participation. As a result, the 2003 and 2008 Certificates of Participation are considered to be defeased and the liability for those bonds has been removed from the statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$209,556. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2028. The City completed the advance refunding to reduce its total debt service payments by \$5,248,340 and to obtain an economic gain

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)

(difference between the present values of the old and new debt service payments) of \$4,649,651 or (\$3,714,329 less refunding funds on hand). As of June 30, 2013, the outstanding balance of these bonds was \$15,135,000. The unamortized bond premium at June 30, 2013, was \$1,937,574.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 1,570,000	\$ 550,698	\$ 2,120,698
2015	1,590,000	530,219	2,120,219
2016	1,615,000	498,419	2,113,419
2017	1,075,000	433,819	1,508,819
2018	1,120,000	390,819	1,510,819
2019-2023	4,790,000	1,270,045	6,060,045
2024-2028	3,375,000	445,895	3,820,895
Totals	<u>\$ 15,135,000</u>	<u>\$ 4,119,914</u>	<u>\$ 19,254,914</u>

Certificates of Participation

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 (the Authority) to refinance \$14,835,000 outstanding 1993 Water System Refunding Plan Certificates of Participation. The City has entered into an installment sale agreement with the Authority which provides for the payment by the City from the pledged revenues derived from the operation of the water system equivalent to the principal and interest on the certificates and related costs. Annual payments of \$540,000 to \$1,430,000 will be made through August 1, 2021; interest ranges from 2.00% to 4.13%. Certificates maturing before August 1, 2014, are not subject to redemption prior to maturity. Certificates maturing on or after August 1, 2014, are subject to redemption in whole or in part on August 1, 2013, and each interest date thereafter. As of June 30, 2013, the outstanding balance of these certificates was \$6,020,000.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 580,000	\$ 224,100	\$ 804,100
2015	595,000	205,369	800,369
2016	615,000	183,400	798,400
2017	640,000	158,300	798,300
2018	665,000	132,200	797,200
2019-2022	2,925,000	245,419	3,170,419
Totals	<u>\$ 6,020,000</u>	<u>\$ 1,148,788</u>	<u>\$ 7,168,788</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)

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 Authority to refinance \$10,960,000 outstanding 1993 Wastewater System Refunding Plan Certificates of Participation. On May 1, 2013, the Oceanside Public Financing Authority Sewer Revenue Refunding Bonds, Series 2013A were issued to refund the 2003 Revenue Certificates of Participation and the 2008 Revenue Certificates of Participation. There was no remaining balance as of June 30, 2013.

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

The 2008 Revenue Certificates of Participation were issued by the Authority to prepay all outstanding obligations of the City under the Installment Purchase Contract, dated as of April 1, 2002, by and between the City and the Financing Authority. On May 1, 2013, the Oceanside Public Financing Authority Sewer Revenue Refunding Bonds, Series 2013A were issued to refund the 2003 Revenue Certificates of Participation and the 2008 Revenue Certificates of Participation. There was no remaining balance as of June 30, 2013.

Notes Payable

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

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$60,000,000 to fund the San Luis Rey Wastewater Treatment Plant generally consisting of upgrades to control odors and improve process performance. The loan is due in installments of \$2,926,391 commencing in January 2007 through 2026. The interest rate is 1.803% payable annually on January 26. As of June 30, 2013, the outstanding balance of these notes was \$33,645,115.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 2,319,770	\$ 606,621	\$ 2,926,391
2015	2,361,596	564,796	2,926,392
2016	2,404,175	522,216	2,926,391
2017	2,447,522	478,869	2,926,391
2018	2,491,651	434,740	2,926,391
2019-2023	13,148,544	1,483,413	14,631,957
2024-2026	8,471,857	307,315	8,779,172
Totals	<u>\$ 33,645,115</u>	<u>\$ 4,397,970</u>	<u>\$ 38,043,085</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)

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 \$546,209 to \$640,887 through 2015. In the current fiscal year, the City paid off the remaining outstanding debt of \$2,464,214 therefore as of June 30, 2013, there was no outstanding loan relating to the State Water Resources Control Board.

Department of Boating and Waterways

These loans were issued as follows: (1) for dock system replacement repair and maintenance. The 1984 loan payable is due in annual installments of \$64,490 through 2015, including interest of 4.5% per annum, (2) for dock system replacement and modification to commercial dock. The 1986 loan payable is due in annual installments of \$230,778 through 2017, including interest of 4.5% per annum, and (3) for harbor entrance modification. The 1994 loan payable is due in annual installments of \$116,043 through 2023, including interest of 4.5% per annum.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 313,206	\$ 98,106	\$ 411,312
2015	327,300	84,011	411,311
2016	342,029	69,282	411,311
2017	292,930	53,891	346,821
2018	306,111	40,709	346,820
2019-2023	487,489	92,726	580,215
2024	111,047	4,997	116,044
Totals	<u>\$ 2,180,112</u>	<u>\$ 443,722</u>	<u>\$ 2,623,834</u>

Department of Transportation - Original Issue \$850,000

On June 9, 2003, the City entered into a California Airport Loan Agreement with the California Department of Transportation for the purpose of planning, acquisition, construction, improvement, maintenance or operation of the airport located in the City of Oceanside. The interest on the agreement is 5.0569%; annual principal payments range from \$51,000 to \$81,222 through 2020. As of June 30, 2013, the outstanding balance of this note was \$423,111.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Liabilities (Continued)

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 66,111	\$ 21,396	\$ 87,507
2015	69,889	18,053	87,942
2016	73,667	14,519	88,186
2017	77,444	10,794	88,238
2018	81,222	6,908	88,130
2019	54,778	2,739	57,517
Totals	<u>\$ 423,111</u>	<u>\$ 74,409</u>	<u>\$ 497,520</u>

Compensated Absences

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

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

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

Issuer	Date of Issue	Amount of Issue	Balance at June 30, 2013
2002 Series A Multifamily Housing Rev Bonds (Vintage Pointe II Senior Apartments)	December 1, 2002	\$ 11,300,000	\$ 9,875,621
Multi-Family Housing Revenue Bonds (Country Club Apartments) 2008 Series A	June 12, 2008	11,707,272	3,190,139
Multi-Family Housing Revenue Bonds (ShadowWay Apartments)	September 10, 2008	15,000,000	15,000,000

CITY OF OCEANSIDE

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

Note 8: Fund Balances

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

	<u>General Fund</u>	<u>Grants</u>	<u>Housing Assistance Program</u>	<u>General Debt Service</u>	<u>Other Governmental Funds</u>	<u>Governmental Activities</u>
Non Spendable						
Inventories	\$ 32,061	\$ -	\$ -	\$ -	\$ -	\$ 32,061
Prepaid Costs	185,304	-	-	-	4,449	189,753
Notes and loans	8,918,297	1,053,062	4,313,417	-	-	14,284,776
Land held for resale	700,000	-	-	-	-	700,000
Advances to other funds	1,444,924	-	-	-	-	1,444,924
Restricted						
Community development projects	-	620,887	-	-	21,696	642,583
Public Safety	-	150,301	-	-	892,449	1,042,750
Highways	-	-	-	-	12,851,892	12,851,892
Debt service	-	-	-	2,224,229	32,429	2,256,658
Street lighting and landscape maintenance	-	-	-	-	1,907,987	1,907,987
Housing program	-	5,094,291	1,603,742	-	-	6,698,033
Capital Projects	-	-	-	-	27,794,289	27,794,289
Committed						
Community development projects	492,661	-	-	-	-	492,661
Healthy city policy	14,500,000	-	-	-	-	14,500,000
Post employment	1,221,120	-	-	-	-	1,221,120
Assigned						
Infrastructure	5,386,086	-	-	-	-	5,386,086
Capital projects	6,767,784	-	-	-	909,617	7,677,401
Debt service	-	-	-	-	-	-
Other projects	558,793	-	-	-	-	558,793
Unassigned	8,490,329	(744,030)	-	-	(53,807)	7,692,492
Total Fund Balance	<u>\$ 48,697,359</u>	<u>\$ 6,174,511</u>	<u>\$ 5,917,159</u>	<u>\$ 2,224,229</u>	<u>\$ 44,361,001</u>	<u>\$ 107,374,259</u>

Note 9: Other Required Individual Fund Disclosures

a. Deficit Fund Balances

The following funds reported deficit in fund balance at June 30, 2013:

Nonmajor Funds:

Library	\$4,978
Strategic Traffic Offender Program (STOP)	48,829

The Library Fund deficit balance is due to revenues under budget. The Strategic Traffic Offender Program (STOP) deficit balance is due to the timing of reimbursements.

b. Budgetary schedules

The Storm Damage Fund did not adopt a budget and therefore no comparison schedule is presented.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 9: Other Required Individual Fund Disclosures (Continued)

c. Excess of Expenditures over Appropriations

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
City treasurer	\$ 801,707	\$ 909,887	\$ (108,180) (1)
Fire	23,935,001	24,768,618	(833,617) (2)
Transfers out	2,383,938	2,400,270	(16,332) (3)
Grants Special Revenue Fund:			
Community/Cultural Services	30,000	38,227	(8,227) (4)
General Debt Service Fund:			
General government	3,000	67,041	(64,041) (6)
Debt Service	9,370,228	23,139,142	(13,768,914) (6)
Non-Major Funds:			
Asset Seizure Special Revenue Fund:			
Capital Outlay	-	6,787	(6,787) (5)
Library Special Revenue Fund:			
Community/Cultural Services	236,750	244,195	(7,445) (4)
Gas Tax Special Revenue Fund:			
Public Works	3,411,960	3,832,160	(420,200) (3)
Maintenance Districts Special Revenue Fund:			
Transfers out	516,071	516,096	(25) (2)
Strategic Traffic Offender Program (STOP)			
Public Safety	470,243	474,561	(4,318) (3)

Excess of expenditures over appropriations are due to: (1) department unit exceeding the budget due to higher than expected miscellaneous administration expenses, (2) Fire unit exceeding the overtime allotted budget for the fiscal year, (3) higher than expected expenditures transferred to other funds, (4) department unit exceeding the budget due to higher than expected miscellaneous materials and supplies expenses, (5) no expenditure budgeted for purchase of capital outlay however fund expenditures overall are under budget, and (6) refunding bonds were issued and final amounts were higher than expected.

Note 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 \$500,000 and is insured through SANDPIPA from \$500,000 to \$2,000,000. In addition, SANDPIPA has purchased excess insurance coverage from \$2,000,000 to \$35,000,000 for all of its members, including the City. There have been no significant changes in insurance coverage during the current year and settlements have not exceeded coverage in each of the past four fiscal years.

The workers' compensation and general/auto liability claims payable of \$11,576,000 and \$3,697,815, respectively, reported at June 30, 2013, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 10: Risk Management (Continued)

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
2011	\$ 11,995,457	\$ 4,284,743	\$ 3,707,450	\$ 12,572,750
2012	12,572,750	2,640,049	2,598,531	12,614,268
2013	12,614,268	4,673,954	2,014,407	15,273,815

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

Detailed financial information may be obtained from SANDPIPA.

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

Note 11: Retirement Plans

Pension Plan Description

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 11: Retirement Plans (Continued)**Funding Policy**

Active plan members are required by State statute to contribute 8% for miscellaneous and 9% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$251,358 for the year ended June 30, 2013. Employees are currently contributing from 4% to 9% depending on their bargaining group memorandum of understanding. The City employer is required to contribute at an actuarially determined rate. The rates for fiscal year 2012-2013, were 19.194% and 26.943% of annual covered payroll for the miscellaneous and safety employees, respectively.

Annual Pension Cost

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

	Miscellaneous	Safety	Total
Annual required contribution	\$ 6,703,636	\$ 8,686,704	\$ 15,390,340
Interest on net pension asset	(655,995)	(1,070,307)	(1,726,302)
Adjustment to annual required contribution	999,870	1,631,367	2,631,237
Annual pension cost	7,047,511	9,247,764	16,295,275
Contributions made	6,703,636	8,686,704	15,390,340
Decrease in net pension asset	<u>\$ 343,875</u>	<u>\$ 561,060</u>	<u>\$ 904,935</u>
Net pension asset-beginning of year, as originally reported	\$ 13,810,418	\$ 22,532,787	\$ 36,343,205
Decrease in net pension asset	<u>(343,875)</u>	<u>(561,060)</u>	<u>(904,935)</u>
Net pension asset- end of year	<u>\$ 13,466,543</u>	<u>\$ 21,971,727</u>	<u>\$ 35,438,270</u>

The required contribution for the fiscal year 2012-2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.55% to 14.45% for miscellaneous and 3.55% to 13.15% for safety employees, and (c) 3% per year cost-of-living adjustments. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. CalPERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2010, was 29 years for both miscellaneous and safety employees.

Three-Year Trend Information for CalPERS - Miscellaneous

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution	Percentage of	
			APC Contributed	Net Pension Assets
2011	\$ 6,586,783	\$ 6,273,388	95%	\$ 14,138,700
2012	6,690,069	6,361,787	95%	13,810,418
2013	7,047,511	6,703,636	95%	13,466,543

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 11: Retirement Plans (Continued)

Three-Year Trend Information for CalPERS - Safety				
Fiscal Year	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Assets
2011	\$ 7,644,878	\$ 7,133,548	93%	\$ 23,068,405
2012	9,151,650	8,616,032	94%	22,532,787
2013	9,247,764	8,686,704	94%	21,971,727

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the miscellaneous and safety plans were funded as follows:

Schedule of Funding Progress for PERS						
Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a)-(b)]/(c)
2010	\$ 287,838,678	\$ 236,506,447	\$ 51,332,231	82.2%	\$ 41,587,082	123.4%
2011	312,677,302	252,390,327	60,286,975	80.7%	40,869,457	147.5%
2012	317,026,139	264,817,689	52,208,450	83.5%	35,627,327	146.5%
<i>Safety</i>						
2010	332,133,576	292,822,752	39,310,824	88.2%	31,919,649	123.2%
2011	356,061,245	308,398,688	47,662,557	86.6%	32,333,751	147.4%
2012	374,364,841	322,627,664	51,737,177	86.2%	31,535,606	164.1%

Note 12: Post-Employment Benefits Other Than Pensions**a. The Retiree Health Plan****Plan Description**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 12: Post-Employment Benefits Other Than Pensions (Continued)**Funding Policy**

Contribution requirements are also negotiated between the City and the non-OFA employee associations. Eligible non-OFA retirees and their covered dependents receiving benefits contribute 100% of their premium costs. While the City does not directly contribute towards the cost of premiums for non-OFA retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the non-OFA retirees, called an "implicit subsidy". This implicit subsidy is considered to be an other post-employment benefit (OPEB) obligation of the City. For the year ended June 30, 2013, the City contribution including subsidy amounted to \$349,161 in health care costs for its non-OFA retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$ 540,107
Interest on net OPEB obligation	80,218
Adjustment to annual required contribution	<u>(104,366)</u>
Annual OPEB cost (expense)	515,959
Contribution including subsidy	<u>(349,161)</u>
Increase in net OPEB obligation	166,798
Net OPEB obligation - beginning of year	<u>1,604,368</u>
Net OPEB obligation - end of year	<u><u>\$ 1,771,166</u></u>

The City's annual OPEB cost, contribution including subsidy, percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the year ended June 30, 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution including subsidy	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/2011	\$ 429,228	\$ 153,223	35.7%	\$ 1,236,089
6/30/2012	521,502	153,223	29.4%	1,604,368
6/30/2013	515,959	349,161	67.7%	1,771,166

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 12: Post-Employment Benefits Other Than Pensions (Continued)

Funded Status and Funding Progress

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

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

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a)-(b)/(c)]
2009	\$ 3,187,232	\$ -	\$ 3,187,232	0.0%	\$ 66,597,119	4.79%
2011	4,563,531	-	4,563,531	0.0%	55,600,000	8.21%
2013	6,271,148	-	6,271,148	0.0%	62,225,267	10.08%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2013, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 4.0% per annum, a rate of return on assets of 5.0% per annum and a healthcare cost trend rate of 8.0%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over 30 years on a closed basis.

b. The PERS Health Program

Plan Description

In connection with the retirement benefits for safety employees described, the City provides post-retirement health care benefits to retirees belonging to the Firefighters Association (OFA) through the California Public Employees' Retirement System Health Benefits program (the PERS Health program). The program is an agent multiple-employer defined benefit health care plan that provides healthcare insurance for eligible OFA retirees and their covered dependents, through the City's group plans, which cover both active and retired OFA employees. OFA employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by qualifying disability retirement status. Retired OFA members over the age of 65 may join one of the supplemental (Medicare-coordinated) options under the PERS Health Program. Benefits are paid for the lifetime of the retiree. Benefit provisions are established by city ordinance which references state statutes (the Public Employees' Medical and Hospital Care Act). The PERS Health Program does not issue a publicly available financial report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 12: Postemployment Benefits Other Than Pensions (Continued)

The OFA MOU was ratified on August 1, 2012. Effective January 1, 2013 the City moved OFA members from CalPERS medical plan to the City offered medical plan. As a result, the OFA OPEB is eliminated for all members except retirees at December 31, 2012.

Funding Policy

The City's contribution on behalf of all OFA retirees is determined under the "unequal contribution method" as described in California Government Code Section 22892(c). The current rate for retirees is \$112/month for calendar year 2012 and \$117/month for calendar year 2013, increased in all future years according to the rate of medical inflation which is set at the minimum contribution required by CalPERS. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2013, the City paid \$30,912 in health care costs for its OFA retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 149,159
Interest on net OPEB obligation	23,831
Adjustment to annual required contribution	<u>(31,004)</u>
Annual OPEB cost (expense)	141,986
Contributions made, including subsidy	<u>(30,912)</u>
Increase in net OPEB obligation	111,074
Net OPEB obligation - beginning of year	<u>476,611</u>
Net OPEB obligation - end of year	<u><u>\$ 587,685</u></u>

The City's annual OPEB cost, actual contribution, percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the year ended June 30, 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/2011	\$ 136,554	\$ 46,656	34.2%	\$ 379,983
6/30/2012	143,440	46,812	32.6%	476,611
6/30/2013	141,986	30,912	21.8%	587,685

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 12: Postemployment Benefits Other Than Pensions (Continued)**Funded Status and Funding Progress**

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

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

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a)- (b)]/(c)
2009	\$ 1,408,928	\$ -	\$ 1,408,928	0.0%	\$ 12,563,175	11.21%
2011	1,494,098	-	1,494,098	0.0%	7,656,472	19.51%
2013	403,223	-	403,223	0.0%	9,415,640	4.28%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2013, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 4.0% per annum, a rate of return on assets of 5.0% per annum and a healthcare cost trend rate of 8.0% initially. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over 30 years on a closed basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 13: Commitments and Contingencies**Commitments**

The following material construction commitments existed at June 30, 2013:

Contractor Name	Contract Amount	Expenditures to date as of June 30, 2013	Remaining Commitments
Nolte Associates, Inc.	\$ 1,440,166	\$ 50,480	\$ 1,389,686
Value Strategies, Inc.	420,000	417,000	3,000
NEWest Construction Co., Inc.	428,488	24,253	404,235
California Skateparks	784,155	729,843	54,312
Carollo Engineers	1,179,279	53,973	1,125,306

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.

Note 14: Restatement of Fund Balance and Net Position

There was a restatement of Net Position for \$166,579 in the Oceanside Small Craft Harbor District Enterprise Fund due to additions in capital assets that should have been capitalized previously.

In addition, fund balances were reclassified from the Housing Assistance Program Fund to the Grants fund for \$4,465,278 for the inclusionary in-lieu funds.

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Oceanside that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-R0058-1.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The Successor Agency to the former Redevelopment Agency is reported as a fiduciary fund (private purpose trust fund).

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 14,881,525
Cash and investments with fiscal agent	<u>2,980,157</u>
	<u><u>\$ 17,861,682</u></u>

b. Capital Assets

An analysis of capital assets as of June 30, 2013, follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets not being depreciated:				
Land	\$ 16,959,469	\$ -	\$ -	\$ 16,959,469
Construction in progress	3,777,068	1,307,391	-	5,084,459
Total Capital Assets, Not Being Depreciated	<u>20,736,537</u>	<u>1,307,391</u>	<u>-</u>	<u>22,043,928</u>
Capital assets being depreciated:				
Buildings and improvements	27,750,875	-	-	27,750,875
Machinery and equipment	200,413	-	-	200,413
Infrastructure	1,995,329	-	-	1,995,329
Total Capital Assets, Being Depreciated	<u>29,946,617</u>	<u>-</u>	<u>-</u>	<u>29,946,617</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,053,198)	(612,884)	-	(11,666,082)
Machinery and equipment	(189,097)	(11,316)	-	(200,413)
Infrastructure	(294,299)	(141,940)	-	(436,239)
Total Accumulated Depreciation	<u>(11,536,594)</u>	<u>(766,140)</u>	<u>-</u>	<u>(12,302,734)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,410,023</u>	<u>(766,140)</u>	<u>-</u>	<u>17,643,883</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 39,146,560</u></u>	<u><u>\$ 541,251</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,687,811</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

c. Land and Building Held For Resale

Land and buildings held for resale are recorded in the Successor Agency of the former redevelopment activities of the Community Development Commission at the lower of cost or market, but not greater than net realizable value. The amount recorded as land and buildings held for resale at June 30, 2013, was \$8,792,993.

d. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2013, follows.

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year	Due in More than One Year
Fiduciary Funds:						
2002 Tax Allocation Refunding Bonds	\$ 16,495,000	\$ -	\$ (825,000)	\$ 15,670,000	\$ 865,000	\$ 14,805,000
2003 Tax Allocation Refunding Bonds	4,160,000	-	(525,000)	3,635,000	545,000	3,090,000
2003 Subordinate Tax Allocation Bonds	14,385,000	-	(720,000)	13,665,000	755,000	12,910,000
2004 Tax Allocation Refunding Bonds	11,190,000	-	(370,000)	10,820,000	375,000	10,445,000
Compensated absences	46,295	-	(46,295)	-	-	-
Advances from City of Oceanside	17,526,209	25,927	-	17,552,136	-	17,552,136
Total Fiduciary Funds	\$ 63,802,504	\$ 25,927	\$ (2,486,295)	\$ 61,342,136	\$2,540,000	\$ 58,802,136

Tax Allocation Bonds

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

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

The bonds mature annually through 2026, in amounts ranging from \$715,000 to \$1,640,000. Interest rates vary from 3.0% to a maximum of 5.5% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2013, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2013, are subject to redemption in whole or in part on September 1, 2012, and each interest date thereafter. As of June 30, 2013, the outstanding balance of these bonds was \$15,670,000.

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

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Year Ending June 30	Principal	Interest	Total
2014	\$ 865,000	\$ 845,963	\$ 1,710,963
2015	910,000	801,019	1,711,019
2016	955,000	752,631	1,707,631
2017	1,005,000	701,181	1,706,181
2018	1,055,000	674,800	1,729,800
2019-2023	6,225,000	2,258,419	8,483,419
2024-2026	4,655,000	411,556	5,066,556
Totals	<u>\$ 15,670,000</u>	<u>\$ 6,445,569</u>	<u>\$ 22,115,569</u>

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

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

The bonds mature annually through 2019, in amounts ranging from \$460,000 to \$670,000. Interest rates vary from 2.0% to a maximum of 4.0% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2014, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2014, are subject to redemption in whole or in part on September 1, 2013, and each interest date thereafter. At June 30, 2013, the outstanding balance of these bonds was \$3,635,000.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 545,000	\$ 128,813	\$ 673,813
2015	570,000	109,300	679,300
2016	590,000	88,263	678,263
2017	615,000	64,900	679,900
2018	645,000	39,700	684,700
2019	670,000	13,400	683,400
Totals	<u>\$ 3,635,000</u>	<u>\$ 444,376</u>	<u>\$ 4,079,376</u>

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The bonds mature annually through 2026, in amounts ranging from \$620,000 to \$1,425,000. Interest rates vary from 2.0% to a maximum of 5.2% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2013, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2013, are subject to redemption in whole or in part on September 1, 2012, and each interest date thereafter. At June 30, 2013, the outstanding balance of these bonds was \$13,665,000.

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 755,000	\$ 728,798	\$ 1,483,798
2015	790,000	689,590	1,479,590
2016	835,000	648,205	1,483,205
2017	875,000	604,469	1,479,469
2018	925,000	558,265	1,483,265
2019-2023	5,435,000	1,945,602	7,380,602
2024-2026	4,050,000	352,676	4,402,676
Totals	<u>\$ 13,665,000</u>	<u>\$ 5,527,605</u>	<u>\$ 19,192,605</u>

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

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

The bonds mature annually through 2024, in amounts ranging from \$340,000 to \$1,550,000. Interest rates vary from 2.5% to a maximum of 4.5% and are payable semiannually on March 1 and September 1, commencing March 1, 2005. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2015, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2015, are subject to redemption in whole or in part on September 1, 2014, and each interest date thereafter. At June 30, 2013, the outstanding balance of these bonds was \$10,820,000.

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

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Year Ending June 30	Principal	Interest	Total
2014	\$ 375,000	\$ 462,773	\$ 837,773
2015	385,000	448,041	833,041
2016	400,000	432,341	832,341
2017	415,000	416,041	831,041
2018	425,000	399,241	824,241
2019-2023	5,785,000	1,416,313	7,201,313
2024-2025	3,035,000	138,038	3,173,038
Totals	<u>\$ 10,820,000</u>	<u>\$ 3,712,788</u>	<u>\$ 14,532,788</u>

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it received. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the redevelopment activities of the Community Development Commission, property taxes allocated to redevelopment activities no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt as of June 30, 2013, is \$59,920,338 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$6,058,617 and the debt service obligation on the bonds was \$4,719,400.

Advances from the City of Oceanside

The Commission borrowed in prior years \$1,116,968 for the Supplemental Educational Revenue Augmentation Fund (SERAF) which are now owed to the City of Oceanside Community Development Commission. The Commission also borrowed in prior years \$3,200,117 from the Low-Mod Housing Authority set-aside. The amount is owed to the City of Oceanside Community Development Commission as a result of the dissolution of the redevelopment activities of the Commission.

The City of Oceanside's General Fund loaned monies to the Commission in 1986 and 1989 to fund redevelopment projects. As of June 30, 2013, the outstanding balance is \$12,657,520.

The Oceanside Community Development Commission borrowed monies from the City of Oceanside's Water Fund for operational purposes. As of June 30, 2013, the outstanding balance is \$577,531.

As a result of the dissolution of the redevelopment activities of the Community Development Commission, the City believes in consultation with the City Attorney that these monies will be repaid by the Successor Agency in future years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

e. Insurance

The Successor Agency is covered under the City of Oceanside's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 10.

f. Commitments and Contingencies

As of June 30, 2013, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

Note 16: Subsequent Events

On July 16, 2013, the City issued Water Revenue/Refunding, Series 2013A for \$19,490,000. The proceeds of the bonds will be used to (a) redeem all of the currently outstanding City of Oceanside 1998 Water Revenue Refunding Bonds, (b) prepay all of the currently outstanding City of Oceanside Revenue Certification of Participation (1993 Water System Refunding Project), Series 2003, (c) finance certain improvements to the City's Water System, and lastly (d) to pay the costs of the issuing the 2013A Bonds. The principal of the bonds is payable commencing May 1, 2014, through 2028 and interest rate ranges from 2.0 to 5.0%.

On September 25, 2013, the City entered into a lease/purchase agreement to retrofit street lights for \$4,644,757 to be paid over 13 years beginning on November 1, 2013 and ending December 1, 2026.

On October 16, 2013, the City issued \$1,935,000 in bonds with the purpose of refunding the Oceanside Small Craft Harbor District's 1984, 1986, and 1994 State Loans. The interest rate is 2% and will be repaid over 10 years beginning on August 1, 2014.

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CITY OF OCEANSIDE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2013

Budgetary Information

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

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

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

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

Expenditures may not legally exceed appropriations at the activity level.

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$37,073,747	\$37,073,747	\$37,073,747	\$ -
Resources (Inflows):				
Taxes	75,092,500	79,261,032	81,307,547	2,046,515
Assessments	6,485,855	6,485,855	6,450,012	(35,843)
Licenses and permits	1,465,560	1,799,660	1,905,119	105,459
Intergovernmental	607,379	611,879	576,820	(35,059)
Charges for services	11,139,124	11,047,078	11,348,962	301,884
Use of money and property	4,783,890	4,922,758	4,115,702	(807,056)
Fines and forfeitures	3,942,060	3,869,010	3,999,182	130,172
Miscellaneous	312,290	5,607,842	6,807,922	1,200,080
Transfers in	11,003,000	11,581,448	11,370,981	(210,467)
Amounts Available for Appropriations	151,905,405	162,260,309	164,955,994	2,695,685
Charges to Appropriations (Outflow):				
General government				
City Council	894,447	898,718	837,230	61,488
City Clerk	1,218,201	1,246,922	1,135,855	111,067
City Treasurer	799,219	801,707	909,887	(108,180)
City Manager	687,775	659,999	561,450	98,549
City Attorney	1,493,115	1,507,073	1,504,259	2,814
Financial Services	4,297,271	4,319,920	4,199,348	120,572
Human Resources	660,527	651,854	601,007	50,847
Nondepartmental	4,032,730	4,433,730	4,286,196	147,534
Public safety				
Police	48,412,832	48,272,004	47,708,096	563,908
Fire	23,824,100	23,935,001	24,768,618	(833,617)
Community development				
Engineering	3,007,538	3,040,453	2,461,011	579,442
Planning	2,114,703	2,133,948	2,048,403	85,545
Building	1,763,361	1,843,839	1,737,440	106,399
Community/cultural services				
Library	4,265,434	4,288,075	4,141,628	146,447
Neighborhood Services Department	4,215,537	4,391,632	4,263,532	128,100
Economic and Community Development	360,199	397,792	361,680	36,112
Property Management	693,111	685,985	641,586	44,399
Public works				
Public Works	11,496,114	11,470,720	10,986,474	484,246
Capital outlay	214,000	706,877	567,506	139,371
Debt service:				
Principal retirement	108,712	108,712	108,712	-
Interest and fiscal charges	28,447	28,447	28,447	-
Transfers out	401,438	2,383,938	2,400,270	(16,332)
Total Charges to Appropriations	114,988,811	118,207,346	116,258,635	1,948,711
Budgetary Fund Balance, June 30	\$36,916,594	\$44,052,963	\$48,697,359	\$ 4,644,396

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
GRANTS
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$5,795,018	\$ 5,795,018	\$ 5,795,018	\$ -
Resources (Inflows):				
Intergovernmental	4,519,094	4,086,673	2,592,481	(1,494,192)
Charges for services	5,000	17,400	21,700	4,300
Interest and rentals	57,784	36,515	270,187	233,672
Developer participation	195,000	714,667	776,741	62,074
Miscellaneous	28,050	11,796	36,454	24,658
Transfers in	258,638	258,638	171,962	(86,676)
Amounts Available for Appropriations	10,858,584	10,920,707	9,664,543	(1,256,164)
Charges to Appropriations (Outflow):				
Public safety	1,807,309	2,251,541	1,815,790	435,751
Community development	3,009,931	1,695,765	843,506	852,259
Parks and recreation	311,962	450,451	195,023	255,428
Community/Cultural Services	34,019	30,000	38,227	(8,227)
Capital outlay	-	858,479	514,676	343,803
Transfers out	103,000	156,690	82,810	73,880
Total Charges to Appropriations	5,266,221	5,442,926	3,490,032	1,952,894
Budgetary Fund Balance, June 30	\$ 5,592,363	\$ 5,477,781	\$ 6,174,511	\$ 696,730

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
HOUSING ASSISTANCE PROGRAM
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,015,391	\$ 7,015,391	\$ 7,015,391	\$ -
Resources (Inflows):				
Licenses and permits	302,248	302,248	296,509	(5,739)
Intergovernmental	14,779,609	14,779,609	14,305,604	(474,005)
Charges for services	100,372	100,372	107,833	7,461
Interest and rentals	188,058	425,883	423,628	(2,255)
Developer participation	-	-	-	-
Miscellaneous	2,271,168	2,268,773	650,130	(1,618,643)
Transfers in	60,000	60,000	-	(60,000)
Amounts Available for Appropriations	24,716,846	24,952,276	22,799,095	(2,153,181)
Charges to Appropriations (Outflow):				
Community development	18,886,894	17,855,924	16,881,936	973,988
Transfers out	60,000	60,000	-	60,000
Total Charges to Appropriations	18,946,894	17,915,924	16,881,936	1,033,988
Budgetary Fund Balance, June 30	\$ 5,769,952	\$ 7,036,352	\$ 5,917,159	\$ (1,119,193)

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

The **Storm Damage Fund** is used to account for the damage from the storm of December 2010 and the reimbursement from FEMA.

Capital Project Fund

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

Debt Service Funds

The **General Debt Service Fund** is used to account for payment of interest and principal on debt incurred by the City of Oceanside.

CITY OF OCEANSIDE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Special Revenue Funds</u>			
	<u>Asset Seizure</u>	<u>Library</u>	<u>Gas Tax and Transportation</u>	<u>Community Development Block Grant</u>
Assets:				
Cash and investments	\$ 880,349	\$ 11,149	\$ 12,589,688	\$ -
Receivables:				
Accounts	1,395	-	126,070	-
Notes and loans	-	-	-	644,893
Other	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	351,195	175,723
Total Assets	<u>\$ 881,744</u>	<u>\$ 11,149</u>	<u>\$ 13,066,953</u>	<u>\$ 820,616</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 16,127	\$ 163,032	\$ 17,857
Accrued liabilities	-	-	17,531	6,484
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	129,686
Total Liabilities	<u>-</u>	<u>16,127</u>	<u>180,563</u>	<u>154,027</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	34,498	644,893
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>34,498</u>	<u>644,893</u>
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted for:				
Community development	-	-	-	21,696
Public safety	881,744	-	-	-
Capital projects	-	-	-	-
Highways	-	-	12,851,892	-
Street lighting and landscape maintenance	-	-	-	-
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	<u>-</u>	<u>(4,978)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>881,744</u>	<u>(4,978)</u>	<u>12,851,892</u>	<u>21,696</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 881,744</u>	<u>\$ 11,149</u>	<u>\$ 13,066,953</u>	<u>\$ 820,616</u>

CITY OF OCEANSIDE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Maintenance Districts	Strategic Traffic Offender Program (STOP)	State & Local Asset Seizure	Storm Damage
Assets:				
Cash and investments	\$ 1,981,101	\$ -	\$ 10,792	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Other	21,761	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 2,002,862	\$ -	\$ 10,792	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 94,875	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	48,829	87	-
Total Liabilities	94,875	48,829	87	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	10,705	-
Capital projects	-	-	-	-
Highways	-	-	-	-
Street lighting and landscape maintenance	1,907,987	-	-	-
Debt service	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	(48,829)	-	-
Total Fund Balances	1,907,987	(48,829)	10,705	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,002,862	\$ -	\$ 10,792	\$ -

CITY OF OCEANSIDE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	
	<u>General Improvement</u>	<u>Oceanside Lighting District</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Cash and investments	\$ 29,590,150	\$ 32,429	\$ 45,095,658
Receivables:			
Accounts	73,703	-	201,168
Notes and loans	-	-	644,893
Other	-	-	21,761
Prepaid costs	4,449	-	4,449
Due from other governments	-	-	526,918
Total Assets	<u>\$ 29,668,302</u>	<u>\$ 32,429</u>	<u>\$ 46,494,847</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 480,277	\$ -	\$ 772,168
Accrued liabilities	4,962	-	28,977
Unearned revenues	474,708	-	474,708
Due to other funds	-	-	178,602
Total Liabilities	<u>959,947</u>	<u>-</u>	<u>1,454,455</u>
Deferred Inflows of Resources:			
Unavailable revenues	-	-	679,391
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>679,391</u>
Fund Balances:			
Nonspendable:			
Prepaid costs	4,449	-	4,449
Restricted for:			
Community development	-	-	21,696
Public safety	-	-	892,449
Capital projects	27,794,289	-	27,794,289
Highways	-	-	12,851,892
Street lighting and landscape maintenance	-	-	1,907,987
Debt service	-	32,429	32,429
Assigned to:			
Capital Projects	909,617	-	909,617
Unassigned	<u>-</u>	<u>-</u>	<u>(53,807)</u>
Total Fund Balances	<u>28,708,355</u>	<u>32,429</u>	<u>44,361,001</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,668,302</u>	<u>\$ 32,429</u>	<u>\$ 46,494,847</u>

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	141,376	-	9,681,990	1,376,929
Charges for services	-	103,281	-	-
Interest and rental	(7,911)	(58)	(115,685)	7,827
Fines and forfeitures	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	50,182	-	702
Total Revenues	133,465	153,405	9,566,305	1,385,458
Expenditures:				
Current:				
Public safety	4,148	-	-	-
Community development	-	-	-	1,091,746
Community/cultural services	-	244,195	-	-
Public works	-	-	3,832,160	-
Capital outlay	6,787	-	1,044,246	-
Debt service:				
Principal retirement	-	-	-	117,000
Interest and fiscal charges	-	-	-	155,016
Total Expenditures	10,935	244,195	4,876,406	1,363,762
Excess (Deficiency) of Revenues Over (Under) Expenditures	122,530	(90,790)	4,689,899	21,696
Other Financing Sources (Uses):				
Transfers in	-	85,812	155,221	-
Transfers out	-	-	(945,492)	-
Total Other Financing Sources (Uses)	-	85,812	(790,271)	-
Net Change in Fund Balances	122,530	(4,978)	3,899,628	21,696
Fund Balances, Beginning of Year	759,214	-	8,952,264	-
Fund Balances, End of Year	\$ 881,744	\$ (4,978)	\$ 12,851,892	\$ 21,696

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Maintenance Districts	Strategic Traffic Offender Program (STOP)	State & Local Asset Seizure	Storm Damage
Revenues:				
Assessments	\$ 2,422,874	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest and rental	(16,862)	364	(87)	-
Fines and forfeitures	-	290,568	-	-
Developer participation	-	-	-	-
Miscellaneous	2,369	-	-	-
Total Revenues	2,408,381	290,932	(87)	-
Expenditures:				
Current:				
Public safety	-	474,561	-	-
Community development	-	-	-	-
Community/cultural services	-	-	-	-
Public works	1,858,702	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,858,702	474,561	-	-
Excess (Deficiency) of Revenue: Over (Under) Expenditures	549,679	(183,629)	(87)	-
Other Financing Sources (Uses):				
Transfers in	1,827	-	-	233,255
Transfers out	(516,096)	-	-	-
Total Other Financing Sources (Uses)	(514,269)	-	-	233,255
Net Change in Fund Balances	35,410	(183,629)	(87)	233,255
Fund Balances, Beginning of Year	1,872,577	134,800	10,792	(233,255)
Fund Balances, End of Year	\$ 1,907,987	\$ (48,829)	\$ 10,705	\$ -

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	
	<u>General Improvement</u>	<u>Oceanside Lighting District</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Assessments	\$ -	\$ -	\$ 2,422,874
Intergovernmental	34,582	-	11,234,877
Charges for services	68,158	-	171,439
Interest and rental	138,863	-	6,451
Fines and forfeitures	-	-	290,568
Developer participation	1,999,166	-	1,999,166
Miscellaneous	559,144	-	612,397
Total Revenues	2,799,913	-	16,737,772
Expenditures:			
Current:			
Public safety	-	-	478,709
Community development	-	-	1,091,746
Community/cultural services	-	-	244,195
Public works	-	-	5,690,862
Capital outlay	4,766,101	-	5,817,134
Debt service:			
Principal retirement	-	706,431	823,431
Interest and fiscal charges	-	24,932	179,948
Total Expenditures	4,766,101	731,363	14,326,025
Excess (Deficiency) of Revenue: Over (Under) Expenditures	(1,966,188)	(731,363)	2,411,747
Other Financing Sources (Uses):			
Transfers in	348,368	733,060	1,557,543
Transfers out	(416,124)	-	(1,877,712)
Total Other Financing Sources (Uses)	(67,756)	733,060	(320,169)
Net Change in Fund Balances	(2,033,944)	1,697	2,091,578
Fund Balances, Beginning of Year	30,742,299	30,732	42,269,423
Fund Balances, End of Year	\$ 28,708,355	\$ 32,429	\$ 44,361,001

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 759,214	\$ 759,214	\$ 759,214	\$ -
Resources (Inflows):				
Intergovernmental	50,000	159,000	141,376	(17,624)
Interest and rentals	-	-	(7,911)	(7,911)
Amounts Available for Appropriations	809,214	918,214	892,679	(25,535)
Charges to Appropriations (Outflow):				
Public safety	450,000	225,000	4,148	220,852
Capital outlay	-	-	6,787	(6,787)
Total Charges to Appropriations	450,000	225,000	10,935	214,065
Budgetary Fund Balance, June 30	\$ 359,214	\$ 693,214	\$ 881,744	\$ 188,530

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Charges for services	110,000	110,000	103,281	(6,719)
Interest and rentals	-	-	(58)	(58)
Miscellaneous	48,000	48,000	50,182	2,182
Transfers in	85,800	85,800	85,812	12
Amounts Available for Appropriations	243,800	243,800	239,217	(4,583)
Charges to Appropriations (Outflow):				
Community/cultural services	243,800	236,750	244,195	(7,445)
Total Charges to Appropriations	243,800	236,750	244,195	(7,445)
Budgetary Fund Balance, June 30	\$ -	\$ 7,050	\$ (4,978)	\$ (12,028)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
GAS TAX AND TRANSPORTATION
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,952,264	\$ 8,952,264	\$ 8,952,264	\$ -
Resources (Inflows):				
Intergovernmental	11,403,697	11,399,922	9,681,990	(1,717,932)
Interest and rentals	68,511	68,098	(115,685)	(183,783)
Transfers in	150,000	150,000	155,221	5,221
Amounts Available for Appropriations	20,574,472	20,570,284	18,673,790	(1,896,494)
Charges to Appropriations (Outflow):				
Community/Cultural Services	4,974,394	3,411,960	3,832,160	(420,200)
Capital outlay	7,197,120	5,014,689	1,044,246	3,970,443
Transfers out	945,500	945,500	945,492	8
Total Charges to Appropriations	13,117,014	9,372,149	5,821,898	3,550,251
Budgetary Fund Balance, June 30	\$ 7,457,458	\$ 11,198,135	\$ 12,851,892	\$ 1,653,757

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	2,886,384	2,830,135	1,376,929	(1,453,206)
Interest and rentals	-	-	7,827	7,827
Miscellaneous	-	-	702	702
Amounts Available for Appropriations	2,886,384	2,830,135	1,385,458	(1,444,677)
Charges to Appropriations (Outflow):				
Community development	2,614,368	2,238,542	1,091,746	1,146,796
Debt service:				
Principal retirement	117,000	117,000	117,000	-
Interest and fiscal charges	155,016	155,016	155,016	-
Total Charges to Appropriations	2,886,384	2,510,558	1,363,762	1,146,796
Budgetary Fund Balance, June 30	\$ -	\$ 319,577	\$ 21,696	\$ (297,881)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 MAINTENANCE DISTRICTS
 YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,872,577	\$ 1,872,577	\$ 1,872,577	\$ -
Resources (Inflows):				
Assessments	2,330,452	2,349,218	2,422,874	73,656
Interest and rentals	11,782	11,782	(16,862)	(28,644)
Miscellaneous	10,000	10,000	2,369	(7,631)
Transfers in	-	-	1,827	1,827
Amounts Available for Appropriations	4,224,811	4,243,577	4,282,785	39,208
Charges to Appropriations (Outflow):				
Community/Cultural Services	2,012,148	2,027,886	1,858,702	169,184
Transfers out	516,071	516,071	516,096	(25)
Total Charges to Appropriations	2,528,219	2,543,957	2,374,798	169,159
Budgetary Fund Balance, June 30	\$ 1,696,592	\$ 1,699,620	\$ 1,907,987	\$ 208,367

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 STRATEGIC TRAFFIC OFFENDER PROGRAM (STOP)
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 134,800	\$ 134,800	\$ 134,800	\$ -
Resources (Inflows):				
Interest and rentals	1,708	1,708	364	(1,344)
Fines and forfeitures	355,000	295,000	290,568	(4,432)
Amounts Available for Appropriations	491,508	431,508	425,732	(5,776)
Charges to Appropriations (Outflow):				
Public safety	470,243	470,243	474,561	(4,318)
Total Charges to Appropriations	470,243	470,243	474,561	(4,318)
Budgetary Fund Balance, June 30	\$ 21,265	\$ (38,735)	\$ (48,829)	\$ (10,094)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
STATE & LOCAL ASSET SEIZURE
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 10,792	\$ 10,792	\$ 10,792	\$ -
Resources (Inflows):				
Intergovernmental	1,176	-	-	-
Interest and rentals	-	-	(87)	(87)
Amounts Available for Appropriations	11,968	10,792	10,705	(87)
Charges to Appropriations (Outflow):				
Public safety	1,176	-	-	-
Total Charges to Appropriations	1,176	-	-	-
Budgetary Fund Balance, June 30	\$ 10,792	\$ 10,792	\$ 10,705	\$ (87)

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 GENERAL IMPROVEMENT
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$30,742,299	\$30,742,299	\$30,742,299	\$ -
Resources (Inflows):				
Intergovernmental	539,000	-	34,582	34,582
Charges for services	30,000	30,000	68,158	38,158
Use of money and property	260,543	409,743	138,863	(270,880)
Developer participation	826,814	1,590,096	1,999,166	409,070
Miscellaneous	200,000	591,500	559,144	(32,356)
Transfers in	11,733,000	1,326,982	348,368	(978,614)
Amounts Available for Appropriations	44,331,656	34,690,620	33,890,580	(800,040)
Charges to Appropriations (Outflow):				
Capital outlay	18,797,407	6,019,109	4,766,101	1,253,008
Transfers out	992,933	1,108,114	416,124	691,990
Total Charges to Appropriations	19,790,340	7,127,223	5,182,225	1,944,998
Budgetary Fund Balance, June 30	\$24,541,316	\$27,563,397	\$28,708,355	\$ 1,144,958

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$4,198,112	\$ 4,198,112	\$ 4,198,112	\$ -
Resources (Inflows):				
Interest and rentals	-	-	12,658	12,658
Miscellaneous	7,427,858	6,642,096	6,361,621	(280,475)
Transfers in	1,231,132	2,731,132	2,731,128	(4)
Refunding bonds issued	-	-	12,126,893	12,126,893
Amounts Available for Appropriations	12,857,102	13,571,340	25,430,412	11,859,072
Charges to Appropriations (Outflow):				
General government	-	3,000	67,041	(64,041)
Debt service:				
Principal retirement	5,003,000	6,500,000	20,220,257	(13,720,257)
Interest and fiscal charges	3,655,990	2,870,228	2,918,885	(48,657)
Total Charges to Appropriations	8,658,990	9,373,228	23,206,183	(13,832,955)
Budgetary Fund Balance, June 30	\$4,198,112	\$ 4,198,112	\$ 2,224,229	\$ (1,973,883)

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
 OCEANSIDE LIGHTING DISTRICT
 YEAR ENDED JUNE 30, 2013

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 30,732	\$ 30,732	\$ 30,732	\$ -
Resources (Inflows):				
Transfers in	250,563	733,063	733,060	(3)
Amounts Available for Appropriations	281,295	763,795	763,792	(3)
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	225,631	706,631	706,431	200
Interest and fiscal charges	24,932	24,932	24,932	-
Total Charges to Appropriations	250,563	731,563	731,363	200
Budgetary Fund Balance, June 30	\$ 30,732	\$ 32,232	\$ 32,429	\$ 197

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INTERNAL SERVICE FUNDS

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

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

CITY OF OCEANSIDE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	<u>Loss Prevention</u>	<u>General Services</u>	<u>Total</u>
Assets:			
Current:			
Cash and investments	\$ 21,035,555	\$ 19,155,523	\$ 40,191,078
Restricted cash and investments	250,000	-	250,000
Receivables:			
Accounts	45,486	68,040	113,526
Prepaid costs	-	4,778	4,778
Inventories	-	257,418	257,418
Total Current Assets	<u>21,331,041</u>	<u>19,485,759</u>	<u>40,816,800</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	106,401	6,576,689	6,683,090
Total Noncurrent Assets	<u>106,401</u>	<u>6,576,689</u>	<u>6,683,090</u>
Total Assets	<u>\$ 21,437,442</u>	<u>\$ 26,062,448</u>	<u>\$ 47,499,890</u>
Liabilities and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 26,467	\$ 1,401,826	\$ 1,428,293
Accrued liabilities	5,566	109,029	114,595
Compensated absences	10,491	297,673	308,164
Claims and judgments	2,439,117	-	2,439,117
Total Current Liabilities	<u>2,481,641</u>	<u>1,808,528</u>	<u>4,290,169</u>
Noncurrent:			
Compensated absences	15,901	451,158	467,059
Claims and judgments	12,834,698	-	12,834,698
Total Noncurrent Liabilities	<u>12,850,599</u>	<u>451,158</u>	<u>13,301,757</u>
Total Liabilities	<u>15,332,240</u>	<u>2,259,686</u>	<u>17,591,926</u>
Net Position:			
Net investment in capital assets	106,401	6,576,689	6,683,090
Unrestricted	5,998,801	17,226,073	23,224,874
Total Net Position	<u>6,105,202</u>	<u>23,802,762</u>	<u>29,907,964</u>
Total Liabilities and Net Position	<u>\$ 21,437,442</u>	<u>\$ 26,062,448</u>	<u>\$ 47,499,890</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>Loss Prevention</u>	<u>General Services</u>	<u>Total</u>
Operating Revenues:			
Sales and service charges	\$ 6,566,733	\$ 45,431,208	\$ 51,997,941
Miscellaneous	2,786	56,772	59,558
Total Operating Revenues	<u>6,569,519</u>	<u>45,487,980</u>	<u>52,057,499</u>
Operating Expenses:			
Personnel services	415,025	32,930,545	33,345,570
Maintenance and operations	6,046,137	8,586,953	14,633,090
Depreciation expense	21,280	2,398,026	2,419,306
Total Operating Expenses	<u>6,482,442</u>	<u>43,915,524</u>	<u>50,397,966</u>
Operating Income (loss)	<u>87,077</u>	<u>1,572,456</u>	<u>1,659,533</u>
Nonoperating Revenues (Expenses):			
Gain (loss) on disposal of capital assets	<u>-</u>	<u>14,186</u>	<u>14,186</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>14,186</u>	<u>14,186</u>
Income Before Transfers	87,077	1,586,642	1,673,719
Transfers in	-	95,909	95,909
Transfers out	<u>(91,775)</u>	<u>(734,220)</u>	<u>(825,995)</u>
Changes in Net Position	(4,698)	948,331	943,633
Net Position:			
Beginning of Fiscal Year	<u>6,109,900</u>	<u>22,854,431</u>	<u>28,964,331</u>
End of Fiscal Year	<u>\$ 6,105,202</u>	<u>\$ 23,802,762</u>	<u>\$ 29,907,964</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013**

	Loss Prevention	General Services	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 6,535,117	\$ 45,419,940	\$ 51,955,057
Cash paid to suppliers for goods and services	(3,405,358)	(7,714,409)	(11,119,767)
Cash paid to employees for services	(414,624)	(32,962,795)	(33,377,419)
Net Cash Provided (Used) by Operating Activities	2,715,135	4,742,736	7,457,871
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(91,775)	(734,220)	(825,995)
Cash transfers in	-	95,909	95,909
Net Cash Provided (Used) by Non-Capital Financing Activities	(91,775)	(638,311)	(730,086)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(1,871,902)	(1,871,902)
Proceeds from sales of capital assets	-	187,477	187,477
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,684,425)	(1,684,425)
Net Increase (Decrease) in Cash and Cash Equivalents	2,623,360	2,420,000	5,043,360
Cash and Cash Equivalents at Beginning of Year	18,662,195	16,735,523	35,397,718
Cash and Cash Equivalents at End of Year	\$ 21,285,555	\$ 19,155,523	\$ 40,441,078
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 87,077	\$ 1,572,456	\$ 1,659,533
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	21,280	2,398,026	2,419,306
(Increase) decrease in accounts receivable	(34,402)	(68,040)	(102,442)
(Increase) decrease in prepaid expense	-	2,645	2,645
(Increase) decrease in inventory	-	(7,814)	(7,814)
Increase (decrease) in accounts payable	(18,768)	877,713	858,945
Increase (decrease) in accrued liabilities	(1,671)	22,323	20,652
Increase (decrease) in claims and judgments	2,659,547	-	2,659,547
Increase (decrease) in compensated absences	2,072	(54,573)	(52,501)
Total Adjustments	2,628,058	3,170,280	5,798,338
Net Cash Provided (Used) by Operating Activities	\$ 2,715,135	\$ 4,742,736	\$ 7,457,871

FIDUCIARY FUNDS

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

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

CITY OF OCEANSIDE

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2013

	Special Assessment District	Deposit	Total
Assets:			
Cash and investments	\$ 4,392,338	\$ 4,234,069	\$ 8,626,407
Restricted cash and investments	5,555,514	-	5,555,514
Receivables:			
Accounts	-	10,322	10,322
Taxes	20,043	-	20,043
Deposits	-	527,387	527,387
Total Assets	<u>\$ 9,967,895</u>	<u>\$ 4,771,778</u>	<u>\$ 14,739,673</u>
Liabilities:			
Accounts payable	\$ 13,564	\$ 1,282,344	\$ 1,295,908
Deposits payable	290,915	3,489,434	3,780,349
Due to external bondholders	9,663,416	-	9,663,416
Total Liabilities	<u>\$ 9,967,895</u>	<u>\$ 4,771,778</u>	<u>\$ 14,739,673</u>

CITY OF OCEANSIDE

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2013**

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<u>Special Assessment District</u>				
Assets:				
Pooled cash and investments	\$ 5,887,824	\$ 7,513,086	\$ 9,008,572	\$ 4,392,338
Restricted cash and investments	5,956,714	25,359,994	25,761,194	5,555,514
Receivables:				
Accounts	17,922	-	17,922	-
Taxes	-	20,043	-	20,043
Accrued interest	944	-	944	-
Total Assets	<u>\$ 11,863,404</u>	<u>\$ 32,893,123</u>	<u>\$ 34,788,632</u>	<u>\$ 9,967,895</u>
Liabilities:				
Accounts payable	\$ 4,587	\$ 98,591	\$ 89,614	\$ 13,564
Deposits payable	290,915	-	-	290,915
Due to external parties/other agencies	11,567,902	-	1,904,486	9,663,416
Total Liabilities	<u>\$ 11,863,404</u>	<u>\$ 98,591</u>	<u>\$ 1,994,100</u>	<u>\$ 9,967,895</u>
<u>Deposit</u>				
Assets:				
Pooled cash and investments	\$ 4,659,675	\$ 22,912,677	\$ 23,338,283	\$ 4,234,069
Receivables:				
Accounts	10,322	-	-	10,322
Deposits	-	15,099,964	14,572,577	527,387
Total Assets	<u>\$ 4,669,997</u>	<u>\$ 38,012,641</u>	<u>\$ 37,910,860</u>	<u>\$ 4,771,778</u>
Liabilities:				
Accounts payable	\$ 768,255	\$ 23,133,188	\$ 22,619,099	\$ 1,282,344
Deposits payable	3,901,742	666,216	1,078,524	3,489,434
Total Liabilities	<u>\$ 4,669,997</u>	<u>\$ 23,799,404</u>	<u>\$ 23,697,623</u>	<u>\$ 4,771,778</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 10,547,499	\$ 30,425,763	\$ 32,346,855	\$ 8,626,407
Restricted cash and investments	5,956,714	25,359,994	25,761,194	5,555,514
Receivables:				
Accounts	28,244	-	17,922	10,322
Taxes	-	20,043	-	20,043
Accrued interest	944	-	944	-
Deposits	-	15,099,964	14,572,577	527,387
Total Assets	<u>\$ 16,533,401</u>	<u>\$ 70,905,764</u>	<u>\$ 72,699,492</u>	<u>\$ 14,739,673</u>
Liabilities:				
Accounts payable	\$ 772,842	\$ 23,231,779	\$ 22,708,713	\$ 1,295,908
Deposits payable	4,192,657	666,216	1,078,524	3,780,349
Due to external parties/other agencies	11,567,902	-	1,904,486	9,663,416
Total Liabilities	<u>\$ 16,533,401</u>	<u>\$ 23,897,995</u>	<u>\$ 25,691,723</u>	<u>\$ 14,739,673</u>

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2013

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

Contents:

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

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

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

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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

City of Oceanside

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Net investment in capital assets	\$ 127,949,282	\$ 140,206,876	\$ 162,782,050	\$ 192,580,094
Restricted for:				
Debt Service	25,485,168	20,725,317	27,428,593	10,400,086
Capital Projects	49,438,960	58,342,462	51,988,076	56,584,296
Specific Projects and Programs	15,924,959	18,624,363	30,309,265	56,971,726
Total Restricted	<u>90,849,087</u>	<u>97,692,142</u>	<u>109,725,934</u>	<u>123,956,108</u>
Unrestricted	<u>27,925,986</u>	<u>34,006,389</u>	<u>28,199,762</u>	<u>45,103,813</u>
Total governmental activities net position	\$ 246,724,355	\$ 271,905,407	\$ 300,707,746	\$ 361,640,015
Business-type Activities				
Net investment in capital assets	\$ 164,670,433	\$ 174,541,773	\$ 175,923,102	\$ 187,894,276
Restricted for:				
Capital projects	11,275,256	3,582,124	1,876,361	1,899,746
Debt service	-	-	-	-
Rate stabilization	-	-	-	-
Unrestricted	<u>84,857,099</u>	<u>82,186,952</u>	<u>77,186,066</u>	<u>63,744,851</u>
Total business-type activities net position	\$ 260,802,788	\$ 260,310,849	\$ 254,985,529	\$ 253,538,873
Primary Government				
Net investment in capital assets	\$ 292,619,715	\$ 314,748,649	\$ 338,705,152	\$ 380,474,370
Restricted	102,124,343	101,274,266	111,602,295	125,855,854
Unrestricted	<u>112,783,085</u>	<u>116,193,341</u>	<u>105,385,828</u>	<u>108,848,664</u>
Total Primary Government net position	<u>\$ 507,527,143</u>	<u>\$ 532,216,256</u>	<u>\$ 555,693,275</u>	<u>\$ 615,178,888</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 223,022,078	\$ 234,316,806	\$ 234,789,461	\$ 235,574,067	\$ 243,655,279	\$ 241,149,904
9,401,419	5,007,853	2,174,867	4,141,868	2,161,962	2,256,658
75,302,178	78,554,859	40,191,226	58,506,353	-	28,708,355
45,513,582	44,045,329	39,150,717	42,884,232	106,653,971	82,545,895
<u>130,217,179</u>	<u>127,608,041</u>	<u>81,516,810</u>	<u>105,532,453</u>	<u>108,815,933</u>	<u>113,510,908</u>
<u>45,039,132</u>	<u>39,968,095</u>	<u>73,283,539</u>	<u>53,795,980</u>	<u>49,273,627</u>	<u>59,194,764</u>
\$ 398,278,389	\$ 401,892,942	\$ 389,589,810	\$ 394,902,500	\$ 401,744,839	\$ 413,855,576
\$ 196,363,003	\$ 207,637,088	\$ 400,340,807	\$ 395,086,570	\$ 385,375,753	\$ 380,748,031
2,252,846	33,894,838	27,552,284	32,998,023	38,054,343	23,556,608
-	-	955,236	936,607	930,832	1,019,886
-	-	-	1,700,000	2,318,667	2,318,667
<u>59,188,035</u>	<u>12,766,808</u>	<u>21,602,927</u>	<u>28,535,592</u>	<u>44,681,865</u>	<u>79,995,387</u>
\$ 257,803,884	\$ 254,298,734	\$ 450,451,254	\$ 459,256,792	\$ 471,361,460	\$ 487,638,579
\$ 419,385,081	\$ 441,953,894	\$ 635,130,268	\$ 630,660,637	\$ 629,031,032	\$ 621,897,935
132,470,025	161,502,879	110,024,330	139,467,083	150,119,775	140,406,069
104,227,167	52,734,903	94,886,466	82,331,572	93,955,492	139,190,151
<u>\$ 656,082,273</u>	<u>\$ 656,191,676</u>	<u>\$ 840,041,064</u>	<u>\$ 852,459,292</u>	<u>\$ 873,106,299</u>	<u>\$ 901,494,155</u>

City of Oceanside

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 11,852,001	\$ 11,345,079	\$ 11,936,686	\$ 13,958,047
Public safety	49,876,905	55,728,435	61,977,977	64,713,256
Community development	23,713,393	23,377,424	23,295,927	26,915,033
Community/cultural services	11,784,754	11,700,438	12,806,800	14,224,389
Public works	23,272,166	23,140,587	25,475,444	24,585,242
Depreciation (unallocated)	-	-	-	-
Interest on long-term debt	7,598,288	9,548,310	8,634,066	7,634,724
Total governmental activities	<u>\$ 128,097,507</u>	<u>\$ 134,840,273</u>	<u>\$ 144,126,900</u>	<u>\$ 152,030,691</u>
Business-type activities:				
Water	34,028,999	34,100,516	37,074,165	41,066,482
Sewer	19,708,826	21,607,092	23,735,275	26,465,182
Waste disposal	18,223,894	19,365,317	19,105,879	20,074,362
Special aviation	259,743	457,490	483,012	467,505
Oceanside Small Craft Harbor District	4,883,873	5,115,937	5,501,277	5,700,513
Total business-type activities	<u>77,105,335</u>	<u>80,646,352</u>	<u>85,899,608</u>	<u>93,774,044</u>
Total primary government expenses	<u>\$ 205,202,842</u>	<u>\$ 215,486,625</u>	<u>\$ 230,026,508</u>	<u>\$ 245,804,735</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,315,566	\$ 2,435,479	\$ 2,556,047	\$ 2,726,649
Public safety	4,043,265	4,360,499	5,121,602	4,506,019
Community development	6,416,404	10,641,984	7,539,632	7,426,082
Community/cultural services	737,450	870,579	851,456	952,830
Public works	5,917,747	5,909,863	6,830,916	6,546,976
Operating Grants and Contributions	26,287,219	25,830,552	33,579,124	42,771,143
Capital Grants and Contributions	2,337,569	5,356,513	5,274,095	7,612,717
Total governmental activities program revenues	<u>48,055,220</u>	<u>55,405,469</u>	<u>61,752,872</u>	<u>72,542,416</u>
Business-type activities:				
Charges for services:				
Water	39,255,725	35,120,057	36,716,820	39,415,143
Sewer	22,457,309	19,791,178	20,723,540	23,054,008
Waste disposal	18,082,898	19,210,840	19,816,761	20,405,194
Special aviation	205,778	296,693	394,072	439,422
Oceanside Small Craft Harbor District	4,611,728	4,921,907	4,996,577	5,299,861
Operating Grants and Contributions	2,726,913	166,152	-	-
Capital Grants and Contributions	850,000	372,451	-	-
Total business-type activities program revenues	<u>88,190,351</u>	<u>79,879,278</u>	<u>82,647,770</u>	<u>88,613,628</u>
Total primary government program revenues	<u>\$ 136,245,571</u>	<u>\$ 135,284,747</u>	<u>\$ 144,400,642</u>	<u>\$ 161,156,044</u>
Net (Expense)/Revenue				
Governmental activities	\$ (80,042,287)	\$ (79,434,804)	\$ (82,374,028)	\$ (79,488,275)
Business-type activities	11,085,016	(767,074)	(3,251,838)	(5,160,416)
Total primary government net expense	<u>\$ (68,957,271)</u>	<u>\$ (80,201,878)</u>	<u>\$ (85,625,866)</u>	<u>\$ (84,648,691)</u>

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 16,004,013	\$ 19,051,433	\$ 13,967,349	\$ 14,899,107	\$ 16,101,719	\$ 14,830,050	
68,521,173	76,759,409	81,635,635	74,767,172	70,989,600	76,558,916	
24,715,209	28,756,441	39,476,894	28,968,430	28,291,313	25,082,898	
14,191,135	14,193,259	14,565,149	11,669,455	11,615,707	11,910,768	
27,088,207	28,263,292	27,101,514	32,341,519	27,020,879	28,329,168	
-	-	-	-	-	-	
7,486,339	7,363,801	9,213,229	7,472,655	5,441,528	2,861,072	
<u>\$ 158,006,076</u>	<u>\$ 174,387,635</u>	<u>\$ 185,959,770</u>	<u>\$ 170,118,338</u>	<u>\$ 159,460,746</u>	<u>\$ 159,572,872</u>	
40,649,208	41,651,535	44,640,059	43,930,562	51,309,115	51,800,928	
27,039,628	28,233,964	29,744,119	29,272,281	33,251,371	31,340,700	
20,846,158	21,282,754	19,073,268	20,035,442	20,111,113	19,217,767	
432,432	565,477	230,378	380,711	94,106	90,609	
5,807,752	6,551,918	4,454,450	1,382,005	1,292,291	1,312,457	
94,775,178	98,285,648	98,142,274	95,001,001	106,057,996	103,762,461	
<u>\$ 252,781,254</u>	<u>\$ 272,673,283</u>	<u>\$ 284,102,044</u>	<u>\$ 265,119,339</u>	<u>\$ 265,518,742</u>	<u>\$ 263,335,333</u>	
\$ 2,910,185	\$ 2,735,446	\$ 1,510,087	\$ 1,618,641	\$ 2,112,141	\$ 2,479,719	
5,546,313	6,016,525	8,123,510	6,116,702	5,005,344	6,514,143	
5,992,226	5,509,157	5,180,697	6,127,879	6,073,887	6,864,969	
1,283,498	2,421,512	1,111,571	1,203,242	897,301	974,234	
21,137,007	6,881,633	6,721,474	8,424,047	6,978,316	6,984,599	
31,173,230	24,119,622	38,057,394	45,593,539	36,121,277	31,216,913	
9,418,160	9,997,029	4,824,134	7,479,535	7,490,018	5,593,000	
<u>77,460,619</u>	<u>57,680,924</u>	<u>65,528,867</u>	<u>76,563,585</u>	<u>64,678,284</u>	<u>60,627,577</u>	
42,185,950	42,313,563	41,865,765	45,307,197	53,176,890	57,469,143	
24,749,371	25,304,602	28,570,644	32,440,442	37,638,074	39,670,129	
20,961,319	21,442,968	20,795,455	23,119,454	22,756,966	23,568,208	
464,774	465,150	144,269	97,633	100,865	102,084	
5,322,666	5,311,555	5,028,536	5,003,985	5,792,048	6,099,713	
4,220,677	1,132,596	1,787,839	384,697	1,881,956	586,367	
-	-	238,500	-	-	-	
97,904,757	95,970,434	98,431,008	106,353,408	121,346,799	127,495,644	
<u>\$ 175,365,376</u>	<u>\$ 153,651,358</u>	<u>\$ 163,959,875</u>	<u>\$ 182,916,993</u>	<u>\$ 186,025,083</u>	<u>\$ 188,123,221</u>	
\$ (80,545,457)	\$ (116,706,711)	\$ (120,430,903)	\$ (93,554,753)	\$ (94,782,462)	\$ (98,945,295)	
3,129,579	(2,315,214)	288,734	11,352,407	15,288,803	23,733,183	
<u>\$ (77,415,878)</u>	<u>\$ (119,021,925)</u>	<u>\$ (120,142,169)</u>	<u>\$ (82,202,346)</u>	<u>\$ (79,493,659)</u>	<u>\$ (75,212,112)</u>	

City of Oceanside

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

	Fiscal Year			
	2004	2005	2006	2007
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 28,536,578	\$ 40,004,828	\$ 48,001,309	\$ 54,785,119
Sales taxes	13,841,866	15,198,456	15,675,218	17,814,047
Other taxes	16,764,144	10,796,296	14,027,416	11,437,735
Total taxes	59,142,588	65,999,580	77,703,943	84,036,901
Intergovernmental unrestricted	9,792,530	11,339,407	11,981,723	12,682,555
Investment Earnings	8,366,058	9,153,835	9,711,778	14,095,895
Developer contributions	7,974,965	6,368,599	10,663,038	-
Miscellaneous	2,337,777	1,651,856	329,321	1,072,547
Loss on sale of assets	-	9,604,277	61,726	219,935
Extraordinary gain(loss)	-	-	-	-
Transfers	1,181,848	1,395,108	2,391,713	1,408,380
Total Governmental activities	88,795,766	105,512,662	112,843,242	113,516,213
Business-type activities:				
Investment Earnings	345,296	2,520,243	2,274,912	3,945,045
Miscellaneous	-	-	-	-
Loss on sale of assets	(3,910,742)	-	-	5,599
Transfers	(1,181,848)	(1,395,108)	(2,391,713)	(1,408,380)
Total business-type activities:	(4,747,294)	1,125,135	(116,801)	2,542,264
Total primary government	\$ 84,048,472	\$ 106,637,797	\$ 112,726,441	\$ 116,058,477
Change in Net Position				
Governmental activities	\$ 8,753,479	\$ 26,077,858	\$ 30,469,214	\$ 34,027,938
Business-type activities:	6,337,722	358,061	(3,368,639)	(2,618,152)
Total primary government	\$ 15,091,201	\$ 26,435,919	\$ 27,100,575	\$ 31,409,786

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 58,663,948	\$ 61,239,407	\$ 55,979,593	\$ 54,923,310	\$ 51,774,298	\$ 49,143,021
18,734,655	16,914,344	17,326,635	18,141,424	19,397,588	20,716,764
<u>11,746,323</u>	<u>12,424,966</u>	<u>10,577,615</u>	<u>11,091,446</u>	<u>11,461,700</u>	<u>16,565,848</u>
89,144,926	90,578,717	83,883,843	84,156,180	82,633,586	86,425,633
13,633,572	14,083,346	504,448	830,682	90,581	-
13,343,619	9,861,241	8,380,289	9,585,836	-	-
-	-	-	-	-	-
563,443	423,227	3,673,334	5,749,504	23,213,669	13,889,663
157,154	-	-	-	-	-
-	-	-	-	(11,501,480)	-
<u>1,883,945</u>	<u>8,214,295</u>	<u>4,961,121</u>	<u>7,025,199</u>	<u>6,883,340</u>	<u>10,740,736</u>
<u>118,726,659</u>	<u>123,160,826</u>	<u>101,403,035</u>	<u>107,347,401</u>	<u>101,319,696</u>	<u>111,056,032</u>
3,017,902	2,109,687	982,961	568,677	932,868	(536,263)
-	-	3,860,425	4,461,855	2,766,337	3,654,356
-	4,964,630	-	-	-	-
<u>(1,883,945)</u>	<u>(8,214,295)</u>	<u>(4,961,121)</u>	<u>(7,025,199)</u>	<u>(6,883,340)</u>	<u>(10,740,736)</u>
<u>1,133,957</u>	<u>(1,139,978)</u>	<u>(117,735)</u>	<u>(1,994,667)</u>	<u>(3,184,135)</u>	<u>(7,622,643)</u>
<u>\$ 119,860,616</u>	<u>\$ 122,020,848</u>	<u>\$ 101,285,300</u>	<u>\$ 105,352,734</u>	<u>\$ 98,135,561</u>	<u>\$ 103,433,389</u>
\$ 38,181,202	6,454,115	(19,027,868)	13,792,648	6,537,234	12,110,737
4,263,536	(3,455,192)	170,999	9,357,740	12,104,668	16,110,540
<u>\$ 42,444,738</u>	<u>\$ 2,998,923</u>	<u>\$ (18,856,869)</u>	<u>\$ 23,150,388</u>	<u>\$ 18,641,902</u>	<u>\$ 28,221,277</u>

City of Oceanside

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 7,111,978	\$ 3,700,253	\$ 3,701,873	\$ 3,740,229
Unreserved, designated	-	-	-	-
Unreserved, undesignated	24,706,920	37,879,006	41,657,973	46,202,605
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 31,818,898	\$ 41,579,259	\$ 45,359,846	\$ 49,942,834
All Other Governmental Funds				
Reserved:				
Special revenue funds	\$ 2,429,146	\$ 3,224,903	\$ 9,014,958	\$ 9,179,056
Debt service funds	14,727,685	16,572,344	13,514,019	9,721,949
Capital projects funds	24,380,725	-	14,807,661	13,727,570
Unreserved, designated:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	13,047,258	12,607,488	17,875,218	45,615,179
Debt service funds	29,524,502	7,689,118	-	(12,434,455)
Capital projects funds	-	47,606,317	41,465,183	61,608,352
Nonspendable				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Other Governmental Funds	-	-	-	-
Restricted				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Other Governmental Funds	-	-	-	-
Committed				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Other Governmental Funds	-	-	-	-
Assigned				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Other Governmental Funds	-	-	-	-
Unassigned				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Other Governmental Funds	-	-	-	-
Total all other Governmental Funds	\$ 84,109,316	\$ 87,700,170	\$ 96,677,039	\$ 127,417,651
All Governmental Funds	\$ 115,928,214	\$ 129,279,429	\$ 142,036,885	\$ 177,360,485

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 3,607,416	\$ -	\$ -	\$ -	\$ -	\$ -
35,804,645	-	-	-	-	-
4,711,757	-	-	-	-	-
-	3,680,434	11,693,612	13,378,851	11,255,881	11,280,586
-	15,442,512	15,737,602	15,667,245	16,348,074	16,213,781
-	15,680,540	9,051,338	5,806,222	7,472,057	12,712,663
-	6,558,093	1,008,053	-	1,997,735	8,490,329
<u>\$ 44,123,818</u>	<u>\$ 41,361,579</u>	<u>\$ 37,490,605</u>	<u>\$ 34,852,318</u>	<u>\$ 37,073,747</u>	<u>\$ 48,697,359</u>
\$ 22,373,194	\$ -	\$ -	\$ -	\$ -	\$ -
9,401,419	-	-	-	-	-
13,525,685	-	-	-	-	-
21,812,104	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,808,283	-	-	-	-	-
(12,669,680)	-	-	-	-	-
61,776,493	-	-	-	-	-
-	214	23,597,506	23,575,682	5,406,933	\$ 5,366,479
-	-	-	-	-	-
-	13,285,070	18,949,270	335,047	-	-
-	-	4,051,048	24,176,027	-	4,449
-	1,790,736	7,354,557	7,889,448	7,493,591	7,469,221
-	4,412,804	-	-	-	2,224,229
-	2,645,521	-	1,432,594	-	-
-	17,306,801	6,489,499	17,881,727	42,681,033	43,500,742
-	-	-	-	-	-
-	-	412,349	-	-	-
-	206,462	-	21,030	-	-
-	-	-	-	-	-
-	31,967,903	-	-	-	-
-	-	-	-	-	-
-	54,739,867	56,242,413	46,908,822	-	-
-	3,231,453	2,821,010	1,967,025	4,019,757	909,617
-	-	-	-	(90,115)	(744,030)
-	(13,242,660)	(9,817,564)	(12,029,374)	-	-
-	-	-	-	-	-
-	-	(167,026)	(373,292)	(233,255)	(53,807)
<u>\$ 131,027,498</u>	<u>\$ 116,344,171</u>	<u>\$ 109,933,062</u>	<u>\$ 111,784,736</u>	<u>\$ 59,277,944</u>	<u>\$ 58,676,900</u>
<u>\$ 175,151,316</u>	<u>\$ 157,705,750</u>	<u>\$ 147,423,667</u>	<u>\$ 146,637,054</u>	<u>\$ 96,351,691</u>	<u>\$ 107,374,259</u>

City of Oceanside

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 51,579,405	\$ 65,421,689	\$ 75,175,577	\$ 84,150,853
Licenses and permits	2,747,218	2,264,692	2,640,136	2,296,979
Intergovernmental	34,397,718	28,032,701	37,417,423	28,451,602
Charges for services	11,067,922	11,762,268	13,174,726	10,842,358
Interest and rentals	6,095,994	8,970,023	5,600,963	12,375,093
Fines and forfeitures	3,397,840	3,821,194	4,320,726	4,299,450
Lease revenue	2,193,296	2,319,107	2,262,236	4,644,958
Developer fees	8,195,886	6,358,585	10,855,028	10,997,445
Special assessments	4,005,577	7,253,902	7,605,943	12,453,958
Administrative and in lieu charges	9,792,530	11,339,407	11,981,723	12,682,555
Other	2,195,752	1,815,169	596,106	1,140,081
Total Revenues	135,669,138	149,358,737	171,630,587	184,335,332
Expenditures:				
General government	11,240,628	11,252,291	11,675,141	12,913,269
Public safety	50,307,345	55,421,998	59,977,872	65,460,131
Community development	20,071,741	22,786,226	22,569,033	33,913,454
Community/cultural services	10,560,829	10,388,449	11,482,495	12,381,047
Public works	12,497,077	16,400,288	15,198,022	15,746,646
Capital outlay	24,946,758	16,354,681	22,492,632	25,540,153
Debt service				
Principal	3,620,000	5,685,000	4,760,780	6,252,146
Interest	7,495,816	9,150,912	8,021,110	8,526,638
Total Expenditures	140,740,194	147,439,845	156,177,085	180,733,484
Excess of Revenues over (under) expenditures	(5,071,056)	1,918,892	15,453,502	3,601,848
Other Financing Sources (Uses)				
Issuance of long-term debt	17,800,000	-	42,780,000	-
Issuance of refunding debt	7,740,000	35,744,583	-	-
Bond premium	-	-	1,032,871	-
Payment of unfunded pension liability	-	-	(42,072,326)	-
Redemption of refunded debt	(7,725,000)	(33,650,000)	-	-
Loan proceeds	-	-	-	-
Proceed from sale of real property	-	9,434,809	228,100	1,663,000
Transfers in	24,877,011	12,410,052	16,750,522	37,997,067
Transfers out	(29,640,481)	(11,610,315)	(21,587,024)	(36,697,390)
Total other financing sources (uses)	13,051,530	12,329,129	(2,867,857)	2,962,677
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-
Net change in fund balances	\$ 7,980,474	\$ 14,248,021	\$ 12,585,645	\$ 6,564,525
Debt Service as a percentage of noncapital expenditures.	9.6%	11.3%	9.6%	9.5%

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

		Fiscal Year					
		2008	2009	2010	2011	2012	2013
\$	88,632,073	\$ 91,340,010	\$ 83,508,603	\$ 84,252,109	\$ 82,159,554	\$ 81,307,547	
	1,899,169	1,877,798	973,602	2,501,483	1,987,843	2,201,628	
	42,765,760	27,941,755	28,700,124	38,281,505	34,823,491	28,709,782	
	10,554,651	10,366,112	14,492,767	12,999,466	9,254,906	11,649,934	
	12,166,634	8,673,200	6,318,649	3,629,981	6,051,536	4,828,626	
	4,974,638	4,770,065	1,890,806	1,949,170	4,536,471	4,289,750	
	4,656,346	4,738,281	2,342,583	2,348,728	1,234,704	-	
	4,026,658	4,439,021	2,744,171	2,782,358	2,191,048	2,775,907	
	8,286,857	2,351,621	-	-	-	-	
	13,633,572	14,083,346	16,537,589	10,911,973	8,798,042	8,872,886	
	1,486,331	770,811	4,639,198	8,258,197	9,138,214	14,468,524	
	<u>193,082,689</u>	<u>171,352,020</u>	<u>162,148,092</u>	<u>167,914,970</u>	<u>160,175,809</u>	<u>159,104,584</u>	
	14,588,366	16,229,297	13,705,854	14,204,862	15,040,557	14,102,273	
	69,336,877	73,479,724	76,616,881	72,109,425	71,220,254	74,771,213	
	24,861,865	33,420,647	38,432,800	27,655,390	27,968,667	25,064,042	
	13,852,218	12,898,183	14,881,758	10,843,234	9,591,839	9,847,644	
	15,669,045	17,813,964	18,664,638	17,130,401	15,999,867	16,715,563	
	46,019,219	22,067,047	8,953,305	14,513,009	11,290,953	6,899,316	
	5,724,192	6,100,728	6,596,713	7,616,985	14,967,189	21,152,400	
	7,964,401	8,152,267	9,638,213	7,608,092	6,186,648	3,127,280	
	<u>198,016,183</u>	<u>190,161,857</u>	<u>187,490,162</u>	<u>171,681,398</u>	<u>172,265,974</u>	<u>171,679,731</u>	
	(4,933,494)	(18,809,837)	(25,342,070)	(3,766,428)	(12,090,165)	(12,575,147)	
	-	-	-	1,624,761	7,725,000	12,126,893	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	3,500,000	-	-	-	-	-	
	1,560	7,905	-	-	-	-	
	25,040,614	24,680,835	27,723,634	32,976,259	23,022,366	15,831,614	
	<u>(24,377,845)</u>	<u>(20,484,907)</u>	<u>(22,306,443)</u>	<u>(28,437,187)</u>	<u>(14,530,805)</u>	<u>(4,360,792)</u>	
	4,164,329	4,203,833	5,417,191	6,163,833	16,216,561	23,597,715	
	-	-	-	-	(19,505,666)	-	
\$	<u>(769,165)</u>	<u>(14,606,004)</u>	<u>(19,924,879)</u>	<u>2,397,405</u>	<u>(15,379,270)</u>	<u>11,022,568</u>	
	9.0%	8.5%	9.1%	9.7%	13.1%	5.7%	

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City of Oceanside

Tax Revenues by Source, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

Fiscal Year	Property	Sales and Use	Property Transfer	Transient Occupancy	Franchises	Licenses	Total
2004	\$ 21,166,344	\$ 15,298,955	\$ 1,351,548	\$ 2,239,271	\$ 3,155,125	\$ 2,871,865	\$ 46,083,109
2005	32,063,276	16,802,110	1,525,040	2,473,674	3,519,787	3,171,676	59,555,564
2006	38,983,217	17,404,797	1,451,267	2,908,792	3,711,531	3,671,388	68,130,992
2007	44,484,217	19,548,981	897,005	2,938,174	3,882,369	3,627,323	75,378,069
2008	48,002,987	19,355,845	760,351	3,389,739	3,932,716	3,687,900	79,129,538
2009	49,112,892	18,610,365	666,349	3,889,238	4,130,601	4,064,677	80,474,123
2010	41,072,836	17,045,656	664,486	3,184,613	3,912,710	2,590,262	68,470,562
2011	44,345,948	18,408,283	548,660	3,325,825	4,125,808	2,788,662	73,543,186
2012	45,631,731	18,923,556	627,729	3,817,155	4,041,626	2,557,232	75,599,029
2013	45,578,034	20,427,305	690,461	4,239,186	3,981,353	2,344,023	77,260,362
Change 2004-2013	115.3%	33.5%	-48.9%	89.3%	26.2%	-18.4%	67.7%

Source: Financial Services Department, Accounting Division

Note: Revenues are from the General Fund only

City of Oceanside

Schedule of Assessed Valuation Last Ten Fiscal Years

Fiscal Year	ASSESSED VALUATIONS			
	Land	Improvements	Personal Property	Total
2004	\$ 4,606,106,935	\$ 6,527,429,835	\$ 230,249,013	\$ 11,363,785,783
2005	5,446,445,740	7,111,669,686	322,243,551	12,880,358,977
2006	6,676,968,166	7,920,412,950	341,089,785	14,938,470,901
2007	8,052,273,214	8,424,362,316	453,725,069	16,930,360,599
2008	8,946,406,079	9,080,678,149	424,946,166	18,452,030,394
2009	9,024,067,353	9,438,343,330	455,685,518	18,918,096,201
2010	8,134,265,718	9,032,754,746	156,958,673	17,323,979,137
2011	7,887,878,904	9,021,522,163	206,519,262	17,115,920,329
2012	7,961,957,259	9,137,698,273	210,019,528	17,309,675,060
2013	7,872,723,361	9,188,547,651	172,271,697	17,233,542,709

Source: County of San Diego

NOTE:

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

* See Note15: Dissolution of redevelopment agency

EXEMPTIONS

Homeowner's	Tax Increment	All Other	Net Taxable Value	Direct Tax Rate	Property Tax Revenue
\$ 214,520,710	\$ 523,768,158	\$ 150,502,216	\$ 10,474,994,699	0.202 %	21,166,344
216,130,116	584,103,912	190,068,080	11,890,056,869	0.270 %	32,063,276
222,311,284	697,018,563	202,450,936	13,816,690,118	0.282 %	38,983,217
223,131,924	832,836,578	216,620,223	15,657,771,874	0.284 %	44,484,217
223,068,966	931,606,219	223,594,652	17,073,760,557	0.281 %	48,002,987
223,598,913	1,089,025,866	248,883,479	17,356,587,943	0.283 %	49,112,892
221,666,443	1,105,792,566	249,819,005	15,746,701,123	0.261 %	41,072,836
218,883,810	1,097,822,948	289,636,525	15,509,577,046	0.286 %	44,345,948
215,170,966	*	320,337,222	16,774,166,872	0.265 %	44,410,611
209,521,671	*	335,956,443	16,688,064,595	0.246 %	41,072,836

City of Oceanside

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Education</u>	<u>Special Districts Improvements</u>	<u>City of Oceanside</u>	<u>Basic County/ City Rate</u>	<u>Total Tax Rate (1)</u>
2004	0.11032%	0.05932%	0.00067%	1.00000%	1.17031%
2005	0.12550%	0.04989%	0.00000%	1.00000%	1.17539%
2006	0.13498%	0.03393%	0.00000%	1.00000%	1.16891%
2007	0.15597%	0.03022%	0.00000%	1.00000%	1.18619%
2008	0.19334%	0.02793%	0.00000%	1.00000%	1.22127%
2009	0.19342%	0.02075%	0.00000%	1.00000%	1.21417%
2010	0.21311%	0.02318%	0.00000%	1.00000%	1.23629%
2011	0.22287%	0.02507%	0.00000%	1.00000%	1.24794%
2012	0.26110%	0.03004%	0.00000%	1.00000%	1.29114%
2013	0.26665%	0.03175%	0.00000%	1.00000%	1.29840%

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

Source: San Diego County Assessor and HdL Coren & Cone

City of Oceanside

Principal Property Owners Current Year and Ten Years Ago

Principal Tax Payers	2013			2004		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Genentech Inc.	\$ 436,280,098	1	2.52%			
P K II El Camino North LP	95,628,507	2	0.55%			
Wyndham Vacation Resorts	68,360,074	3	0.39%			
W2005 M R D Realty LLC	63,000,000	4	0.36%			
Lakeridge-Island Club Apartments Partners	62,681,967	5	0.36%			
Apple Ten Hospitality Ownership Inc	55,517,758	6	0.32%			
Cole of Oceanside California LP	54,500,000	7	0.31%			
Prime Mesa LP	52,800,109	8	0.30%			
Piazza Doro LLC	52,067,032	9	0.30%			
Pacific Coast Plaza Investments LLC	51,925,064	10	0.30%			
Northwestern Mutual Life Ins. Company				\$ 59,705,473	1	0.53%
Lakeridge Associates				54,377,829	2	0.48%
C T Retail Properties Finance 12 LLC				52,195,891	3	0.47%
IDEC Pharmaceuticals Corporation				51,653,030	4	0.46%
Pacific Coast Plaza Investments LLC				40,063,820	5	0.36%
CREA Rancho Del Oro LLC				34,993,945	6	0.31%
Trendwest Leasing LLC LF Worldmark				33,286,946	7	0.30%
Cox Communications San Diego				32,401,474	8	0.29%
C T F-2 Vista Way LLC				31,350,846	9	0.28%
Frank Mission Marketplace LLC				31,271,237	10	0.28%
	<u>992,760,609</u>		<u>5.71%</u>	<u>421,300,491</u>		<u>3.76%</u>

Source: San Diego County Assessor and HdL Coren & Cone

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City of Oceanside

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Penalties Interest and Other Years Collections (2)	Total Collections		Delinquent Taxes Receivable	
		Amount (2)	% of Levy		Amount	% of Current Levy	Amount	% of Current Levy
2004	\$ 21,027,106	\$ 19,772,652	94.0%	\$ 204,803	\$ 19,977,454	95.0%	\$ 852,186	4.1%
2005	23,664,948	22,246,003	94.0%	192,902	22,438,905	94.8%	1,407,404	5.9%
2006	27,527,769	25,724,882	93.5%	264,784	25,989,665	94.4%	1,669,035	6.1%
2007	31,383,881	28,910,129	92.1%	183,106	29,093,235	92.7%	2,133,102	6.8%
2008	34,633,156	31,292,435	90.4%	700,023	31,992,458	92.4%	2,800,859	8.1%
2009	35,775,425	32,112,699	89.8%	1,091,106	33,203,804	92.8%	2,595,185	7.3%
2010	33,609,099	25,917,944	77.1%	847,183	26,765,127	79.6%	2,363,983	7.0%
2011	32,797,312	29,896,898	91.2%	361,117	30,258,015	92.3%	1,816,848	5.5%
2012	32,816,210	30,357,852	92.5%	72,685	30,430,537	92.7%	1,690,640	5.2%
2013	32,717,637	30,899,311	94.4%	284,066	31,183,377	95.3%	1,512,637	4.6%

Source: County of San Diego

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

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

City of Oceanside

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	Pension Obligation Bonds	Redevelopment Bonds	Capital Leases & Notes Payable	Certificates of Participation	Special Assessment Bonds
2004	\$ -	\$ 60,220,000	\$ 7,613,133	\$ 63,585,000	\$ 2,740,000
2005	-	59,895,000	8,816,880	59,450,000	1,760,000
2006	42,780,000	58,420,000	3,015,944	57,020,000	1,300,000
2007	42,365,000	56,950,000	2,554,195	54,345,000	-
2008	41,825,000	54,975,000	5,589,096	51,535,000	-
2009	41,150,000	52,925,000	5,114,241	48,565,000	-
2010	40,325,000	50,790,000	4,530,024	45,440,000	-
2011	39,345,000	48,560,000	5,042,800	42,145,000	-
2012	38,195,000	*	4,610,611	38,815,000	-
2013	36,860,000	*	3,678,468	32,056,636	-

¹ 2004 - 2012 ratios were calculated using the Price and Population received from the State of California Department of Finance.

² 2013 ratio was calculated using Per Capita Personal Income as provided by HDL.

* See Note 15: Dissolution of redevelopment agency

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

Business-Type Activities						
Revenue Bonds	Certificates of Participation	Loans Payable	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹	
\$ 10,365,000	\$ 26,520,000	\$ 78,781,943	\$ 249,825,076	3.53 %	1,444	
9,690,000	24,795,000	75,605,497	240,012,377	3.42 %	1,374	
9,115,000	23,035,000	74,369,260	269,055,204	3.74 %	1,538	
8,525,000	21,215,000	72,763,761	258,717,956	3.50 %	1,468	
7,905,000	19,335,000	69,208,463	250,372,559	3.41 %	1,406	
7,265,000	27,800,000	50,621,564	233,440,805	3.16 %	1,299	
6,595,000	25,900,000	47,601,969	221,181,993	2.97 %	1,226	
5,890,000	23,930,000	44,513,086	209,425,886	2.74 %	1,245	
5,165,000	22,435,000	41,353,288	150,573,899	1.90 %	888	
19,535,000	6,020,000	36,248,337	134,398,441	2.78 %	794	

City of Oceanside

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Total	Percent of Assessed Value ¹	Per Capita	Total Assessed Valuation	Population
	Pension Obligation Bonds	Redevelopment Bonds	Certificates of Participation	Special Assessment Bonds						
2004	\$ -	\$60,220,000	\$63,585,000	\$ 2,740,000		\$ 126,545,000	1.11%	731	\$ 11,363,785,783	173,021
2005	-	59,895,000	59,450,000	1,760,000		121,105,000	0.94%	693	12,880,358,977	174,741
2006	42,780,000	58,420,000	57,020,000	1,300,000		159,520,000	1.07%	912	14,938,470,901	174,953
2007	42,365,000	56,950,000	54,345,000	-		153,660,000	0.91%	872	16,930,360,599	176,271
2008	41,825,000	54,975,000	51,535,000	-		148,335,000	0.80%	833	18,452,030,394	178,102
2009	41,150,000	52,925,000	48,565,000	-		142,640,000	0.75%	794	18,918,096,201	179,681
2010	40,325,000	50,790,000	45,440,000	-		136,555,000	0.78%	757	17,493,006,303	180,376
2011	39,345,000	48,560,000	42,145,000	-		130,050,000	0.76%	773	17,205,265,780	168,173
2012	38,195,000	*	38,815,000	-		77,010,000	0.44%	455	17,381,056,626	169,319
2013	36,860,000	*	32,056,636	-		68,916,636	0.40%	407	17,323,915,631	169,350

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

* See Note 15: Dissolution of redevelopment agency

City of Oceanside

Direct and Overlapping Governmental Activities Debt As of June 30, 2013

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt		City's Share of Debt 6/30/12
	Debt 6/30/13	% Applicable (1)	
Metropolitan Water District	\$ 165,085,000	0.823%	\$ 1,358,650
Palomar Community College District	315,828,901	5.159%	16,293,613
Carlsbad Unified School District	194,846,035	2.032%	3,959,271
Oceanside Unified School District	230,939,327	99.843%	230,576,752
Vista Unified School District	119,154,882	33.845%	40,327,970
Fallbrook Union High School district	10,335,071	7.732%	799,108
Bonsall Unified School District	15,879,680	20.524%	3,259,146
City of Oceanside Community Facilities District No. 2000-1	23,715,000	100.000%	23,715,000
City of Oceanside Community Facilities District No. 2001-1	18,365,000	100.000%	18,365,000
City of Oceanside Community Facilities District No. 2001-1, Improvement Area No. 1	7,840,000	100.000%	7,840,000
City of Oceanside Community Facilities District No. 2006-1	8,865,000	100.000%	8,865,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 355,359,510
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Diego County General Fund Obligations	\$ 399,780,000	4.534%	\$ 18,126,025
San Diego County Pension Obligations	753,897,748	4.534%	34,181,724
San Diego County Superintendent of Schools Certificates of Participation	17,462,500	4.534%	791,750
Mira Costa Community College District Certificates of Participation	2,405,000	16.216%	389,995
Palomar Community College District Certificates of Participation	5,345,000	5.159%	275,749
Carlsbad Unified School District Certificates of Participation	46,100,000	2.032%	936,752
Vista Unified School District Certificates of Participation	4,815,000	33.845%	1,629,637
Bonsall Union School District Certificates of Participation	1,785,000	20.524%	366,353
City of Oceanside General Fund Obligations	35,150,000	100.000%	35,150,000
City of Oceanside Pension Obligations	36,860,000	100.000%	36,860,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 128,707,985
GROSS COMBINED TOTAL DEBT (2)			\$ 484,067,496 (2)

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

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

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.05%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$76,895,000) 0.42%

Combined Total Debt 3.05%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/13: \$0

Source: California Municipal Statistics, Inc

City of Oceanside

Legal Debt Margin Information Last Ten Years

	Fiscal Year			
	2004	2005	2006	2007
Assessed valuation	\$ 10,474,994,699	\$ 11,890,056,869	\$ 13,816,690,118	\$ 15,657,771,874
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,618,748,675	2,972,514,217	3,454,172,530	3,914,442,969
Debt limit percentage	15%	15%	15%	15%
Debt limit	392,812,301	445,877,133	518,125,879	587,166,445
Total net debt applicable to limit:				
General & Pension Obligation Bonds	-	-	42,780,000	42,365,000
Legal debt margin	392,812,301	445,877,133	475,345,879	544,801,445
Total debt applicable to the limit as a percentage of the debt limit	0.0%	0.0%	8.3%	7.2%

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 17,073,760,557	\$ 17,356,587,943	\$ 17,493,006,303	\$ 17,205,265,780	\$ 17,381,056,626	\$ 17,323,915,631
25%	25%	25%	25%	25%	25%
4,268,440,139	4,339,146,986	4,373,251,576	4,301,316,445	4,345,264,157	4,330,978,908
15%	15%	15%	15%	15%	15%
640,266,021	650,872,048	655,987,736	645,197,467	651,789,623	649,646,836
41,825,000	41,150,000	40,325,000	39,345,000	38,195,000	36,860,000
598,441,021	609,722,048	615,662,736	605,852,467	613,594,623	612,786,836
6.5%	6.3%	6.1%	6.1%	5.9%	5.7%

City of Oceanside

Pledged-Revenue Coverage Last Ten Years

Fiscal Year	Water Revenue Bonds						Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Total	
				Principal	Interest		
2004	\$ 39,255,729	\$ 25,928,705	\$ 13,327,024	\$ 650,000	\$ 488,286	\$ 1,138,286	11.71
2005	33,147,648	28,772,741	4,374,907	675,000	461,949	1,136,949	3.85
2006	38,067,319	36,127,676	1,939,643	575,000	436,661	1,011,661	1.92
2007	39,415,143	40,413,262	(998,119)	590,000	412,631	1,002,631	(1.00)
2008	42,185,950	40,190,946	1,995,004	620,000	387,214	1,007,214	1.98
2009	42,247,961	40,651,984	1,595,977	640,000	360,279	1,000,279	1.60
2010	43,225,444	44,170,890	(945,446)	670,000	331,779	1,001,779	(0.94)
*2011	47,185,491	43,347,722	3,837,769	705,000	301,176	1,006,176	3.81
*2012	55,177,939	50,913,163	4,264,776	725,000	268,548	993,548	4.29
*2013	58,828,063	51,404,369	7,423,694	765,000	233,805	998,805	7.43

*Debt coverage improved due to increase in water revenue. The additional revenue is the result of a rate increase approved by City Council November 2010.

City of Oceanside

Demographic and Economic Statistics Last Ten Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (Millions \$)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	\$ 173,021	\$ 7,083	\$ 40,940	4.9%
2005	174,741	7,011	40,120	4.5%
2006	174,953	7,186	41,070	4.1%
2007	176,271	7,387	41,910	3.8%
2008	178,102	7,335	41,180	4.3%
2009	179,681	7,789	43,352	5.7%
2010	183,095	7,987	43,621	9.3%
2011	168,173	7,381	43,891	10.1%
2012	169,319	7,712	45,546	9.5%
2013	169,350	8,108	47,878	6.6%

Note: Fiscal Year 2011 reflects the 2010 Federal Census; 2011 and 2012 estimated using the Price and Population information received from the State of California.

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

City of Oceanside

**Top 25 Sales tax Producers
Current Year and Ten Years Ago**

Business Name	2013	2004
	Business Category	Business Category
7 Eleven	Service Stations	
Apro	Service Stations	
Best Buy	Electronics/Appliance Stores	
Chevron	Service Stations	
Circle K	Service Stations	
CVS Pharmacy	Drug Stores	
Discount Tire	Automotive Supply Store	
G & M Oil Company	Service Stations	
Home Depot	Lumber/Building Materials	
Kohls	Department Stores	
Lowe's	Lumber/Building Materials	
Melrose Arco	Service Stations	
Mission AM PM	Service Stations	
Moshen Oil	Service Stations	
Mossy Nissan	New Motor Vehicle Dealers	
MWI	Plumbing/Electrical Supplies	
North San Diego County Transit Development	Transportation/Rentals	
Oceanside Gas & Market	Service Stations	
One Source Distributors	Electrical Equipment	
One Source Supply Solutions	Electrical Equipment	
Ralphs	Grocery Stores Liquor	
Ross	Family Apparel	
San Luis Rey Service Station	Service Stations	
Target	Discount Dept Store	
Walmart	Discount Dept Store	
Barnes & Noble		Stationary/Book Stores
Bed Bath & Beyond		Home Furnishings
Best Buy		Electronics/Appliance Stores
Chevron		Service Stations
Chicks Sporting Goods		Sporting Goods/Bike Stores
Home Depot		Lumber/Building Materials
K Mart		Discount Dept Store
Kia of Oceanside		New Motor Vehicle Sales
Lowe's		Lumber/Building Materials
McDonalds 6278		Restaurants - No Alcohol
Melrose Arco		Service Stations
Mervyns		Department Stores
Mobil Oil		Service Stations
Morally Wholesale		Plumbing/Electrical Supplies
Moshen Oil		Service Stations
Mossy Nissan		New Motor Vehicle Sales
Motopro		Boats/Motorcycles
Oceanside Ready Mix		Contractors
Ralphs		Grocery Stores Liquor
Rite Aid		Drug Stores
Stater Bros		Grocery Stores Liquor
Superior Ready Mix Concrete		Contractors
Target		Discount Dept Store
Toys R Us		Specialty Store
Walmart		Discount Dept Store
Percent of Fiscal Year Total Paid by Top 25 Accounts	44%	45%

* Firms listed alphabetically

Source: HdL Coren & Cone

City of Oceanside

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011*	2012	2013
General Government	118	114	114	117	116	117	105	102	99	120
Public Safety										
Police	272	281	287	298	323	319	321	321	320	320
Fire	145	149	149	129	131	129	114	120	118	119
Public Works	163	167	167	165	119	119	109	121	110	91
Development Services	33	30	31	32	75	68	51	48	48	47
Neighborhood Services	48	47	47	79	82	78	71	69	63	59
Economic & Community Development	13	15	12	14	14	14	14	13	12	2
Library	76	76	76	44	37	36	35	32	27	26
Water Utilities	141	141	141	142	141	143	144	143	138	138
Harbor	41	40	40	39	37	37	26	0	0	0
Total	1,050	1,060	1,064	1,059	1,075	1,059	990	969	935	922

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

* Corrected 2011 employee count.

Source: Financial Services Department- Budgeted Positions

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City of Oceanside

Operating Indicators by Function/Program Last Eight Fiscal Years

	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
Police								
Arrests	9,296	10,646	9,139	8,391	7,245	5,961	9,086	7,920
Citations	24,502	25,233	22,514	19,697	17,491	23,464	26,639	23,467
Fire								
Number of Emergency Calls	11,256	14,090	15,678	15,553	16,692	16,662	17,913	17,811
Inspections	2,000	1,700	1,702	1,854	2,000	1,765	1,741	2,225
Public Works								
Street Resurfacing (lane miles)	25	25	65	43	54	46	0	40
Water								
Average Daily Consumption (million gallons)	30	30	30	30	24	23	24	24
Wastewater								
Average Daily Sewage Treatment (million gallons)	14	13	13	13	12	12	12	12
Recreation								
Number of Recreation Classes (quarterly)	55	55	157	98	140	120	100	130
Library								
Total Volumes in Collection	354,105	353,464	298,976	338,773	305,346	274,289	274,097	261,999
Total Volumes Loaned	488,848	480,406	516,222	553,323	561,182	497,563	501,410	489,361

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

Source: Various City Departments

City of Oceanside

Capital Asset Statistics by Function Last Ten Fiscal Years

	Fiscal Year		
	2004	2005	2006
Police			
Number of Police Stations	1	1	1
Fire			
Number of Fire Stations	7	7	8
Number of Engine Companies	5	5	7
Number of Truck/Rescue Companies	2	2	1
Number of Ambulances	4	4	4
Public Works			
Miles of Streets:	394	394	400
Number of Street Lights (City Owned):	7,823	8,002	8,002
Utilities:			
Miles of Lines and Mains	500	500	550
Number of Wastewater Treatment Plants	2	2	2
Miles of Sewers	450	450	450
Recreation and Cultural:			
Number of Parks (Improved and Unimproved)	38	38	38
Area of Parks (In Acres)	600	600	600
Recreation & Senior Centers	5	5	5
Pools	2	2	2
Number of Libraries	2	2	3
Number of Library Outlets	n/a	n/a	n/a
Number of Bookmobiles	2	2	2
Computer Terminals for Internet Access (Public)	100	100	103
Number of Visitors to Library	n/a	n/a	570,560

Source: Various City Departments

^a Estimated

^b Does not include El Corazon

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

^d John Landes Recreation Center is currently closed due to budgetary restraints.

							Fiscal Year						
2007		2008		2009		2010		2011		2012		2013	
1		1		1		1		1		1		1	
8		8		8		8		8		8		8	
6		6		6		6		6		6		6	
2		2		2		2		2		2		2	
4		4		4		4		4		4		4	
400		400		400		400		475		475		480	
8,000		10,000	a	9,345		8,345		8,345		8,345		8,445	
550		600		600		600		580		580		580	
2		2		2		2		2		2		2	
450		450		450		450		450		450		450	
38		34	c	40		33		33		33		33	
670		375	b	594		810		810		810		810	
5		8		9		6		6		6		6	
2		2		2		2		2		2		2	
2		2		2		2		2		2		2	
2		6		6		4		3		3		3	
2		2		2		1		1		1		1	
106		107		107		76		85		85		85	
609,497		679,120		716,957		576,223		469,610		472,617		485,035	

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