C&L
Caporicci & Larson
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oceanside, California (City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the City adopted the Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3).*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 16, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Caporicci & Larson

Costa Mesa, California
September 16, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2005

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2005. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

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

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

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

REPORTING THE CITY AS A WHOLE

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

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

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

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

THE CITY AS A WHOLE

The City's combined Net Assets for the fiscal year ended June 30, 2005 are compared to results for 2004 in the following table:

City of Oceanside Net Assets
(in thousands of dollars)

	Governmental Activities		Business-type Acitivites		Total	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Current & other assets	$ 182,422	$ 163,954	$ 97,135	$ 107,218	$ 279,557	$ 271,172
Capital assets	270,344	262,970	285,355	280,378	555,699	543,348
Total assets	452,766	426,924	382,490	387,596	835,256	814,520
Long-term debt outstanding	129,922	134,158	110,090	116,517	240,012	250,675
Other liabilites	50,938	46,938	12,089	11,126	63,027	58,064
Total liabilities	180,860	181,096	122,179	127,643	303,039	308,740
Net assets						
Invested in capital assets, net of related debt	140,207	127,949	174,542	164,670	314,749	292,619
Restricted	97,692	82,824	3,582	11,275	101,274	94,099
Unrestricted	34,006	35,054	82,187	84,007	116,193	119,061
Total net assets	$ 271,905	$ 245,827	$ 260,311	$ 259,953	$ 532,216	$ 505,780

Net assets represent the most simple test of financial health for the City, indicating the excess (or deficit) of assets over liabilities. Net assets for the City as a whole increased 5.2% from $505.8 million at June 30, 2004 to $532.2 million at June 30, 2005.

Total assets increased $20.7 million or 2.5% during the fiscal year, bolstered mostly by increases in unrestricted and restricted cash of $5.9 million and $10.3 million, respectively. The Statement of Activities and Changes in Net Assets reveals an increase in revenues and transfers of $22.6 million over 2004 while expenses increased only $10.3 million, contributing to the City's financial health. There was a nominal increase in capital assets of 2.2%, which is similar to the increase in the last fiscal year. Total liabilities actually decreased by $5.7 million, due mostly to normal amortization of long-term debt.

City of Oceanside Changes in Net Assets
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Revenues:						
Program revenues:						
Charges for services	$ 24,218	$ 18,534	$ 79,341	$ 84,613	$ 103,559	$ 103,147
Operating grants and contributions	25,831	26,287	166	2,727	25,997	29,014
Capital grants and contributions	5,357	2,338	372	-	5,729	2,338
General revenues:						
Property taxes	40,005	28,537	-	-	40,005	28,537
Sales taxes	15,198	13,842	-	-	15,198	13,842
Other taxes	10,796	16,764	-	-	10,796	16,764
Use of money and property	9,154	8,366	2,520	345	11,674	8,711
Other	28,964	20,105	-	-	28,964	20,105
Total revenues	159,523	134,772	82,400	87,686	241,923	222,458
Expenses:						
General government	11,345	11,852	-	-	11,345	11,852
Public safety	55,728	49,877	-	-	55,728	49,877
Public works	23,141	23,272	-	-	23,141	23,272
Community development	23,377	23,713	-	-	23,377	23,713
Community/cultural services	11,700	11,785	-		11,700	11,785
Interest on long-term debt	9,548	7,598	-	-	9,548	7,598
Other government	-	-	-	-	0	0
Water	-	-	34,101	34,029	34,101	34,029
Sewer	-	-	21,607	19,709	21,607	19,709
Waste disposal	-	-	19,365	18,224	19,365	18,224
Other	-	-	5,573	9,054	5,573	9,054
Total expenses	134,840	128,098	80,646	81,016	215,487	209,114
Increase (decrease) in net assets before Transfers	24,683	6,675	1,753	6,670	26,436	13,344
Transfers	1,395	1,182	(1,395)	(1,182)	-	-
Increase (decrease) in net assets	26,078	7,857	358	5,488	26,436	13,344
Beginning net assets as restated	245,828	237,971	259,953	254,465	505,780	492,436
Ending net assets	$ **271,905**	$ **245,828**	$ **260,311**	$ **259,953**	$ **532,216**	$ **505,780**

Note 13 provides information related to the restatement of beginning net assets.

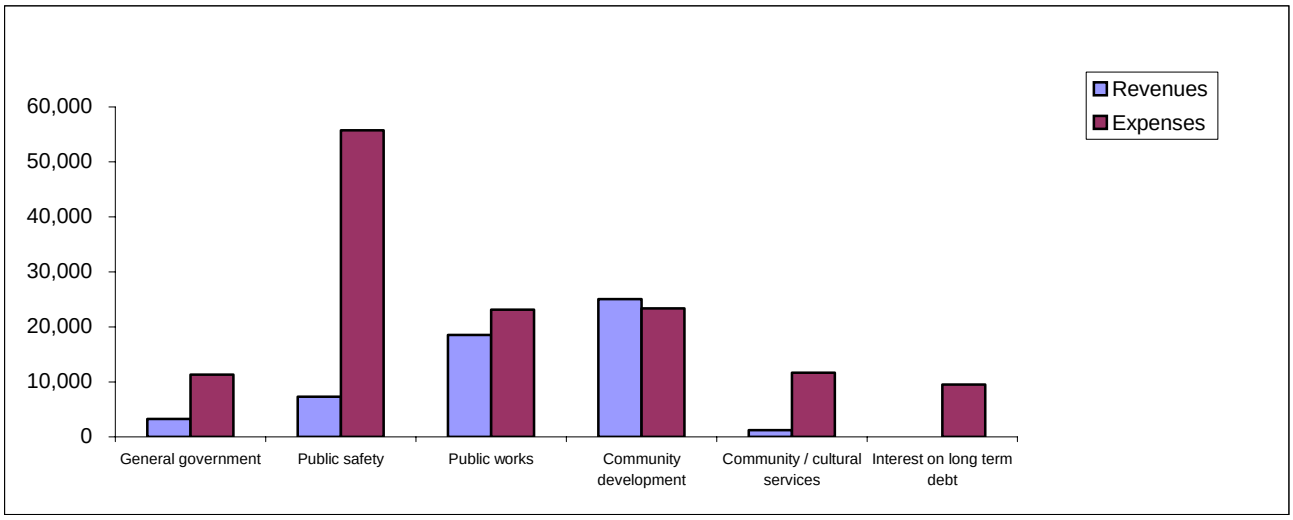
Governmental activities increased net assets $26.0 million due to increases in general revenues such as property taxes, a slight decrease in program expenses and prior period adjustments (see note 13 for additional detail related to prior period adjustments).

Property taxes increased by $11.5 million over 2004. However, $7.5 million of this increase is in the form of triple flip revenue, which is a state reimbursement of the Vehicle License Fee via property tax revenues. Adjusted for the triple flip inclusion, actual property taxes increased by $4 million (13.9%) over 2004 due to continued appreciation in housing prices. The reader will note the corresponding decrease in "Other taxes" in the above chart. Other general revenues increased by $8.9 million due to the sale of real property.

Expenses increased by $6.7 million in 2005. Public safety expense represented $5.9 million of this, mostly attributable to increased payroll expenses for Police Department field operations and investigations. Interest expense on debt service for the City increased by almost $2 million, due to costs associated with refunding the Civic Center debt and interest expense on the 2003 Tax Allocation Bond.

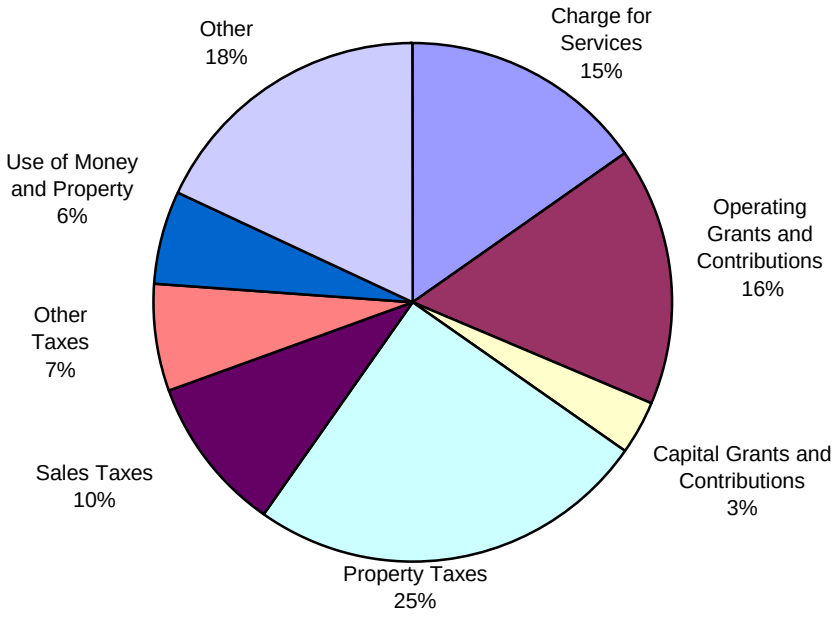
Overall, the increase in net assets can be attributed to an increase in revenues of 17.5% while expenses increased at a relatively flat 5.3% over the prior fiscal year.

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



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

Revenue by Source – Governmental Activities



As depicted on the previous page, the top three categories of revenue comprise almost 60 percent 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.

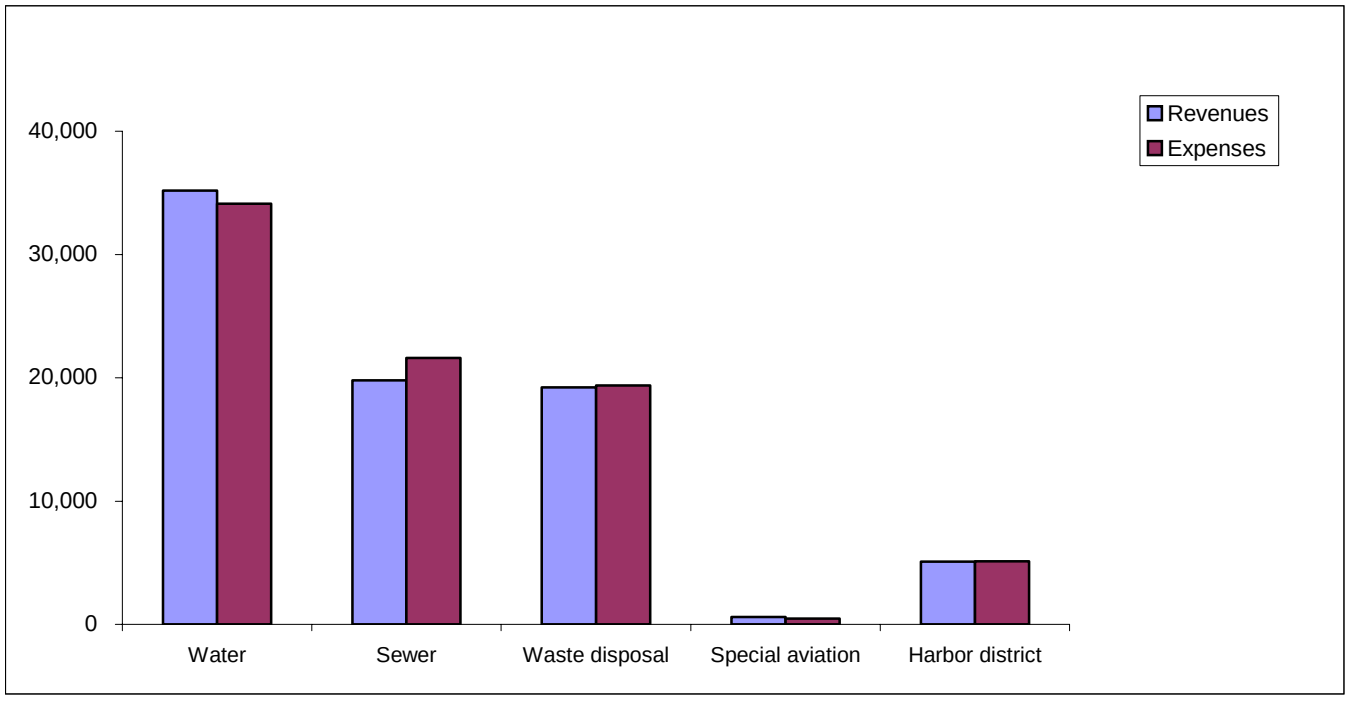
BUSINESS-TYPE ACTIVITIES

Business-type activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and the Airport. These activities marginally increased net assets by $358,000 in the last fiscal year. A prior period adjustment is reflected in Note 14.

The Statement of Revenues, Expenses, and Changes in Net Assets for proprietary funds indicates the marked decrease in revenues for the Water and Sewer funds. Developer fees for Water Utilities dropped almost $2 million from the last fiscal year and $1.7 million for Sewer. These precipitous falls in developer fees are a result of a decrease in new building permits.

Overall revenues outpaced expenses by $1.8 million (before transfers) in 2005, but this is down markedly from $7.5 million in the fiscal year ending 2004. As the chart below indicates, unlike governmental activities, program revenues from business-type activities cover program expenses.

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



Fees charged for these services make up 96 percent of the revenues collected, with a small portion made up of grants and contributions ($538,000) and interest income ($2.5 million). Only Water Utilities and Special Aviation enterprises operated at a surplus, as referenced in the Statement of Activities and Changes in Net Assets.

DEBT ADMINISTRATION

Debt of governmental activities realized a net decrease of $3.8 million, due to refunding of prior bond issues and normal amortization. More detail about the City's long-term liabilities is presented in Note 8 to the financial statements.

	Balance July 1, 2004	Incurred or Issued	Satisfied or Matured	Balance June 30, 2005
Governmental Activities:				
Bonds Payable	$ 60,220,000	$ 13,510,000	$ (13,835,000)	$ 59,895,000
Certificates of Participation	63,585,000	20,170,000	(24,305,000)	59,450,000
Capital Leases Payable	6,328,132	2,064,583	(645,835)	7,746,880
Notes Payable	1,285,000	-	(215,000)	1,070,000
Special Assessment Debt	2,740,000	-	(980,000)	1,760,000
Claims Payable	8,240,590	2,788,699	(2,434,018)	8,595,271
Compensated Absences	7,468,240	86,492	-	7,554,732
Total Governmental Activities	$ 149,866,962	$ 38,619,774	$ (42,414,853)	$ 146,071,883

Debt of the business-type activities, likewise, decreased in the fiscal year ending 2005 by $5.6 million. The following table is a synopsis of detail presented in Note 8.

	Balance July 1, 2004	Incurred or Issued	Satisfied or Matured	Balance June 30, 2005
Business-Type Activities:				
Bonds Payable	$ 10,365,000	-	$ (675,000)	$ 9,690,000
Certificates of Participation	26,520,000	-	(1,725,000)	24,795,000
Notes Payable	78,781,943	$ 12,832,397	(16,008,843)	75,605,497
Total Business-Type Activities	$ 115,666,943	$ 12,832,397	$ (18,408,843)	$ 110,090,497

CAPITAL ASSETS

The capital assets of the City are those assets that are used in the performance of the City's functions, including infrastructure. At June 30, 2005, net capital assets of the governmental activities totaled $270 million and the net capital assets of the business-type activities totaled $285 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. The $12 million increase in Capital Assets from 2004 to 2005 is indicative of the City's continuing investment in infrastructure and other capital assets.

	Governmental Activities		Business-Type Activities	
Description	**2005**	**2004**	**2005**	**2004**
Land	$ 49,330,799	$ 46,220,167	$ 20,836,745	$ 17,480,097
Buildings	63,121,260	60,178,337	60,632,078	60,632,078
Improvements	8,635,607	8,635,607	208,338,292	200,699,576
Equipment	50,662,416	48,709,507	2,928,286	2,914,259
Construction in Progress	15,714,901	9,185,541	107,971,518	106,314,336
Infrastructure	248,212,508	244,468,863	-	-
Capital Assets	435,677,491	417,398,022	400,706,919	388,040,346
Accumulated Depreciation	(165,333,736)	(154,428,261)	(115,351,759)	(107,662,108)
Total Capital Assets	$ 270,343,755	$ 262,969,761	$ 285,355,160	$ 280,378,238

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

GENERAL FUND ACTUAL & BUDGET

	Amended Budget	Actual	Variance Pos/(Neg)
Resources (inflows)			
Taxes	$ 55,971,826	$ 59,070,548	$ 3,098,722
Licenses and permits	2,642,423	2,142,671	(499,752)
Fines and penalties	3,125,339	3,113,647	(11,692)
Investment Earnings	3,438,534	3,662,573	224,039
Intergovernmental revenue	2,015,899	2,896,816	880,917
Charges for services	9,507,291	10,638,501	1,131,210
Other revenues	13,277,747	12,998,801	(278,946)
Amount available for appropriation	89,979,059	94,523,557	4,544,498
Charges to appropriations (outflows)			
General government	12,925,377	10,683,849	2,241,528
Public Safety	52,695,183	54,030,791	(1,335,608)
Public Works	8,137,057	8,457,347	(320,290)
Community development	4,111,912	4,011,134	100,778
Community/cultural services	9,727,710	9,080,406	647,304
Charges to appropriations	87,597,239	86,263,527	1,333,712
Transfers out	5,032,362	4,091,405	940,957
Total charges to appropriations and transfers	92,629,601	90,354,932	2,274,669
Excess of resources over (under) charges to appropriations and transfers	$ (2,650,542)	$ 4,168,625	$ 6,819,167

Note: The above table does not include proceeds from the sale of real property of $5.6 million.

Taxes and Charges for Service exceeded budget due to strong property valuations, new growth and an improving economy. Intergovernmental Revenues were under budget due to reduced and delayed payments from the State for Vehicle License Fees and Investment Earnings were short of the budget due to a year-end accounting entry in compliance with GASB Statement 31 to record unrealized losses in the market value of the City's investments.

Total charges to appropriations and transfers closely approximated budget.

BUDGETS AND BUDGETARY ACCOUNTING

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

1. During May of even numbered fiscal years, the City Manager submits to the City Council a proposed biennial operating budget for the two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain public comment.
3. The budget is subsequently adopted through passage of a resolution and is not included herein; but is published separately.
4. All appropriations are as originally adopted or as amended by the City Council and all budgeted amounts lapse at year-end unless the adopting resolutions specifically allows the carryover of specific unexpended amounts into the next fiscal year.

5. Continuing Appropriations (other than those mentioned in note 4, above) are re-budgeted by the City Council as a separate agenda item.
6. Legally adopted budget appropriations are set for all funds.
7. The City Manager is authorized to transfer funds appropriated within the same fund. Revisions that alter the total appropriations of any fund must be approved by the City Council.
8. The Budget is adopted on a basis consistent with generally accepted accounting principles.

General Fund Budget

Comparing the FY 2004-05 original budget (as adopted) General Fund amount of $89.2 million to the final budget amount of $92.6 million shows a net increase of $3.4 million, as delineated below.

	Adopted	Amended	Variance
General Government			
Operational	$ 9,406,757	$ 9,791,010	$ 384,253
Non-Departmental	3,084,367	3,134,367	50,000
Public Safety			
Police	34,835,041	35,070,906	235,865
Fire	17,381,579	17,624,277	242,698
Public Works	8,109,841	8,137,057	27,216
Community Development	4,112,499	4,111,912	(587)
Community & Cultural Services			
Library	4,755,256	4,780,146	24,890
Beach & Recreation	4,929,334	4,947,564	18,230
Transfers	2,613,834	5,032,362	2,418,528
Total Budget	$ 89,228,508	$ 92,629,601	$ 3,401,093

The $3.4 million variance between the adopted and amended budget is due, in large part, to transfers, including over $2 million to the Capital Improvement Fund for El Corazon Senior Center project.

The adopted budget for all City funds for the fiscal year 2005-06 is $297 million and is summarized as follows:

Governmental and Internal Service Funds		
General Fund	$ 93,914,132	
Special Revenue Funds	35,846,785	
Internal Service Funds	43,382,646	
Capital Project Funds	41,693,496	
Debt Service	13,784,075	
Subtotal General Operations		$ 228,621,134
Enterprise Funds		
Water Utility	$ 53,645,984	
Wastewater Utility	46,492,683	
Waste Disposal	19,995,999	
Special Aviation	462,460	
Harbor District Operations	5,027,156	
Subtotal Enterprise Operations		$ 125,624,282
Total Budget		$ 354,245,416

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investor and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Office of the Director of Financial Services at 300 North Coast Highway, Oceanside, California, 92054 or phone (760) 435-3832.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Oceanside
Statement of Net Assets
June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Unrestricted Assets:			
Cash and investments	$ 49,671,657	$ 85,618,969	$ 135,290,626
Accounts receivable, net	2,288,784	6,132,151	8,420,935
Interest receivable	1,463,663	-	1,463,663
Taxes receivable	3,056,321	-	3,056,321
Other receivables	384,123	28,646	412,769
Internal balances	(344,985)	344,985	-
Prepaid items	544,594	-	544,594
Inventories	226,738	1,241,586	1,468,324
Other assets	-	186,464	186,464
Total unrestricted assets	57,290,895	93,552,801	150,843,696
Restricted Assets:			
Cash and investments	85,940,527	-	85,940,527
Cash and investments with fiscal agent	22,809,330	3,582,124	26,391,454
Accounts receivable, net	33,792	-	33,792
Notes receivable	4,446,852	-	4,446,852
Interest receivable	18,214	-	18,214
Taxes receivable	494,725	-	494,725
Other receivables	50,339	-	50,339
Due from other governments	1,821,400	-	1,821,400
Prepaid items	22,798	-	22,798
Land and buildings held for resale	9,492,993	-	9,492,993
Total restricted assets	125,130,970	3,582,124	128,713,094
Total current assets	182,421,865	97,134,925	279,556,790
Noncurrent assets:			
Capital assets:			
Non depreciable assets	65,045,700	128,808,263	193,853,963
Depreciable assets	370,631,791	271,898,656	642,530,447
Total capital assets	435,677,491	400,706,919	836,384,410
Less accumulated depreciation	(165,333,736)	(115,351,759)	(280,685,495)
Capital assets, net	270,343,755	285,355,160	555,698,915
Total noncurrent assets	270,343,755	285,355,160	555,698,915
Total assets	$ 452,765,620	$ 382,490,085	$ 835,255,705

City of Oceanside
Statement of Net Assets, Continued
June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Unrestricted liabilities:			
Accounts payable	$ 2,489,350	$ 7,006,398	$ 9,495,748
Interest payable	2,256,820	722,891	2,979,711
Accrued liabilities	2,602,432	470,212	3,072,644
Deposits held for others	900	866,992	867,892
Unearned revenue	-	956,835	956,835
Claims and judgments payable - due within one year	1,719,054	-	1,719,054
Long-term debt - due within one year	4,948,554	3,605,237	8,553,791
Total unrestricted liabilities	14,017,110	13,628,565	27,645,675
Restricted liabilities:			
Accounts payable	1,903,085	-	1,903,085
Accrued liabilities	152,936	-	152,936
Due to other governments	927,386	-	927,386
Deposits held for others	21,044,725	-	21,044,725
Unearned revenue	3,410,697	-	3,410,697
Total restricted liabilities	27,438,829	-	27,438,829
Total current liabilities	41,455,939	13,628,565	55,084,504
Noncurrent liabilities (due in more than a year):			
Compensated absences payable	7,554,732	1,720,524	9,275,256
Claims and judgments payable	6,876,217	344,888	7,221,105
Long-term debt	124,973,325	106,485,259	231,458,584
Total noncurrent liabilities	139,404,274	108,550,671	247,954,945
Total liabilities	180,860,213	122,179,236	303,039,449
NET ASSETS			
Invested in capital assets, net of related debt	140,206,876	174,541,773	314,748,649
Restricted for:			
Capital projects	58,342,462	3,582,124	61,924,586
Debt service	20,725,317	-	20,725,317
Special projects	18,624,363	-	18,624,363
Total restricted	97,692,142	3,582,124	101,274,266
Unrestricted	34,006,389	82,186,952	116,193,341
Total net assets	$ 271,905,407	$ 260,310,849	$ 532,216,256

See accompanying Notes to Basic Financial Statements.

City of Oceanside
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Total
Primary government:					
Governmental activities:					
General government	$ 11,345,079	$ 2,435,479	$ 334,619	$ 484,642	$ 3,254,740
Public safety	55,728,435	4,360,499	2,985,599	-	7,346,098
Public works	23,140,587	5,909,863	7,778,898	4,871,871	18,560,632
Community development	23,377,424	10,641,984	14,391,129	-	25,033,113
Community/cultural services	11,700,438	870,579	340,307	-	1,210,886
Interest on long-term debt	9,548,310	-	-	-	-
Total governmental activities	134,840,273	24,218,404	25,830,552	5,356,513	55,405,469
Business-type activities:					
Water	34,100,516	35,120,057	-	62,451	35,182,508
Sewer	21,607,092	19,791,178	-	-	19,791,178
Waste disposal	19,365,317	19,210,840	-	-	19,210,840
Special aviation	457,490	296,693	-	310,000	606,693
Oceanside Small Craft Harbor District	5,115,937	4,921,907	166,152	-	5,088,059
Total business-type activities	80,646,352	79,340,675	166,152	372,451	79,879,278
Total primary government	$ 215,486,625	$ 103,559,079	$ 25,996,704	$ 5,728,964	$ 135,284,747
General revenues and transfers:					
Taxes:					
Property taxes					
Sales taxes					
Other taxes					
Total taxes					
Intergovernmental unrestricted					
Investments earnings					
Developer contributions					
Miscellaneous					
Gain on sale of assets					
Transfers					
Total general revenues and transfers					
Change in net assets					
Net assets - beginning of year, as restated (Note 14)					
Net assets - end of year					

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (8,090,339)	$ -	$ (8,090,339)
(48,382,337)	-	(48,382,337)
(4,579,955)	-	(4,579,955)
1,655,689	-	1,655,689
(10,489,552)	-	(10,489,552)
(9,548,310)	-	(9,548,310)
(79,434,804)	-	(79,434,804)
-	1,081,992	1,081,992
-	(1,815,914)	(1,815,914)
-	(154,477)	(154,477)
-	149,203	149,203
-	(27,878)	(27,878)
-	(767,074)	(767,074)
(79,434,804)	(767,074)	(80,201,878)
40,004,828	-	40,004,828
15,198,456	-	15,198,456
10,796,296	-	10,796,296
65,999,580	-	65,999,580
11,339,407	-	11,339,407
9,153,835	2,520,243	11,674,078
6,368,599	-	6,368,599
1,651,856	-	1,651,856
9,604,277	-	9,604,277
1,395,108	(1,395,108)	-
105,512,662	1,125,135	106,637,797
26,077,858	358,061	26,435,919
245,827,549	259,952,788	505,780,337
$ 271,905,407	$ 260,310,849	$ 532,216,256

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

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

This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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

Housing Assistance Program Special Revenue Fund

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

Redevelopment Agency Debt Service Fund

To accounts for the payment of interest and principal on debt of the Community Development Commission.

Redevelopment Agency Capital Projects Fund

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

General Improvement Capital Projects Fund

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

Other Governmental Funds

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

City of Oceanside
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds				
	General	Housing Assistance Program Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	General Improvement Capital Projects
ASSETS					
Cash and investments	$ 32,789,163	$ 23,509,975	$ -	$ 11,154,767	$ 35,612,417
Cash and investments with fiscal agent	-	-	20,187,706	-	-
Receivables (net of allowance for uncollectibles):					
Accounts	1,381,008	-	-	-	-
Notes	-	3,224,903	-	54,810	-
Interest	1,463,663	-	-	18,214	-
Assessments	-	-	-	-	-
Taxes	3,056,321	-	-	205,186	-
Other	384,123	20,866	-	-	-
Due from other funds	1,974,999	-	-	-	-
Due from other governments	-	-	-	-	1,243,152
Advances to other funds	7,671,987	-	-	4,380,017	-
Inventory	8,121	-	-	-	-
Prepaid items	-	-	-	-	-
Land held for resale	-	-	-	9,492,993	-
Total assets	$ 48,729,385	$ 26,755,744	$ 20,187,706	$ 25,305,987	$ 36,855,569
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 705,580	$ 100,384	$ -	$ 1,614	$ 596,568
Accrued liabilities	2,463,791	61,941	-	7,538	2,381
Deposits	900	20,990,282	-	-	29,443
Due to other funds	-	-	-	-	-
Due to other governments	-	927,386	-	-	-
Deferred revenue	3,979,855	1,333	-	-	3,181,550
Advances from other funds	-	-	12,498,588	-	-
Total liabilities	7,150,126	22,081,326	12,498,588	9,152	3,809,942
Fund Balances:					
Reserved for:					
Land held for resale	-	-	-	9,492,993	-
Inventory	8,121	-	-	-	-
Noncurrent assets	-	3,224,903	-	-	1,243,152
Debt service	-	-	-	-	-
Advances to other funds	3,692,132	-	-	-	-
Unreserved, undesignated:					
General fund	37,879,006	-	-	-	-
Special revenue funds	-	1,449,515	7,689,118	-	-
Capital project funds	-	-	-	15,803,842	31,802,475
Total fund balances	41,579,259	4,674,418	7,689,118	25,296,835	33,045,627
Total liabilities and fund balances	$ 48,729,385	$ 26,755,744	$ 20,187,706	$ 25,305,987	$ 36,855,569

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total
$ 15,663,368	$ 118,729,690
2,621,624	22,809,330
33,792	1,414,800
1,167,139	4,446,852
-	1,481,877
1,760,000	1,760,000
289,539	3,551,046
29,473	434,462
-	1,974,999
1,244,155	2,487,307
-	12,052,004
-	8,121
22,798	22,798
-	9,492,993
$ 22,831,888	$ 180,666,279

$ 1,204,519	$ 2,608,665
81,076	2,616,727
25,000	21,045,625
1,873,400	1,873,400
-	927,386
2,653,721	9,816,459
-	12,498,588
5,837,716	51,386,850
-	9,492,993
-	8,121
-	4,468,055
5,836,199	5,836,199
-	3,692,132
-	37,879,006
11,157,973	20,296,606
-	47,606,317
16,994,172	129,279,429
$ 22,831,888	$ 180,666,279

This page intentionally left blank.

City of Oceanside
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets
June 30, 2005

Total Fund Balances - Total Governmental Funds			$ 129,279,429

Amounts reported for governmental activities in the Statement of Net Assets were reported differently because:

Capital assets used in governmental activities are not financial resources and therefore were not reported in governmental funds.

	Government-Wide Statement of Net Assets	Internal Service Funds	
Nondepreciable assets	$ 65,045,700	$ -	65,045,700
Depreciable assets	370,631,791	(27,679,803)	342,951,988
Less accumulated depreciation	(165,333,736)	14,454,424	(150,879,312)
Total capital assets	$ 270,343,755	$ (13,225,379)	257,118,376

	Government-Wide Statement of Net Assets	Internal Service Funds	
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	$ (2,256,820)	$ 66,449	(2,190,371)

Deferred revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available are recognized as revenues in the Government-Wide Financial Statements. 3,979,855

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Assets.

Loss Prevention Fund	10,273,418
General Services Fund	12,542,633
Total internal service funds	22,816,051

Claims and judgments payable, compensated absences and long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.

	Government-Wide Statement of Net Assets	Internal Service Funds	
Claims and judgments payable	$ (8,595,271)	$ 787,142	(7,808,129)
Compensated absences	(7,554,732)	504,511	(7,050,221)
Long-term liabilities	(129,921,879)	5,682,296	(124,239,583)
Total long-term liabilities	$ (146,071,882)	$ 6,973,949	(139,097,933)

Net Assets of Governmental Activities	$ 271,905,407

See accompanying Notes to Basic Financial Statements.

City of Oceanside
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2005

	Major Funds				
	General	Housing Assistance Program Special Revenue	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	General Improvement Capital Projects
REVENUES:					
Taxes	$ 59,070,548	$ -	$ -	$ 6,351,141	$ -
Special assessments	-	-	-	-	-
Licenses and permits	2,142,671	122,021	-	-	-
Intergovernmental	2,896,816	12,952,839	-	-	4,333,338
Charges for services	10,638,501	305,724	-	384	-
Fines and forfeitures	3,113,647	43	-	224,697	-
Lease revenue	-	-	-	-	-
Interest and rentals	3,662,573	139,665	3,936,073	-	1,041,576
Administrative and in lieu charges	11,339,407	-	-	-	-
Developer fees	-	2,726,728	-	85,885	3,545,972
Other	1,659,394	3,376	-	-	34,638
Total revenues	94,523,557	16,250,396	3,936,073	6,662,107	8,955,524
EXPENDITURES:					
General government	10,683,849	-	-	-	-
Public safety	54,030,791	-	-	-	-
Public works	8,457,347	-	-	-	385,181
Community development	4,011,134	16,735,216	-	934,912	-
Community/cultural services	9,080,406	-	-	-	85,010
Capital outlay	-	-	-	497,018	12,737,075
Debt service:					
Principal	-	-	1,020,000	-	-
Interest	-	-	6,998,279	-	-
Total expenditures	86,263,527	16,735,216	8,018,279	1,431,930	13,207,266
REVENUES OVER (UNDER) EXPENDITURES	8,260,030	(484,820)	(4,082,206)	5,230,177	(4,251,742)
OTHER FINANCING SOURCES (USES):					
Issuance of refunding debt	-	-	33,680,000	-	-
Redemption of refunded debt	-	-	(33,650,000)	-	-
Proceeds from sale of real property	5,591,736	-	-	368,710	3,474,363
Transfers in	144,418	401,311	3,572,961	293,689	4,381,799
Transfers out	(4,235,823)	-	(293,689)	(3,572,961)	(589,994)
Total other financing sources (uses)	1,500,331	401,311	3,309,272	(2,910,562)	7,266,168
NET CHANGE IN FUND BALANCES	9,760,361	(83,509)	(772,934)	2,319,615	3,014,426
FUND BALANCES:					
Beginning of year, as restated (Note 14)	31,818,898	4,757,927	8,462,052	22,977,220	30,031,201
End of year	$ 41,579,259	$ 4,674,418	$ 7,689,118	$ 25,296,835	$ 33,045,627

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total
$ -	$ 65,421,689
7,253,902	7,253,902
-	2,264,692
7,849,708	28,032,701
817,659	11,762,268
482,807	3,821,194
2,319,107	2,319,107
190,136	8,970,023
-	11,339,407
-	6,358,585
117,761	1,815,169
19,031,080	149,358,737
568,442	11,252,291
1,391,207	55,421,998
7,557,760	16,400,288
1,104,964	22,786,226
1,223,033	10,388,449
3,120,588	16,354,681
4,665,000	5,685,000
2,152,633	9,150,912
21,783,627	147,439,845
(2,752,547)	1,918,892
2,064,583	35,744,583
-	(33,650,000)
-	9,434,809
3,615,874	12,410,052
(2,917,848)	(11,610,315)
2,762,609	12,329,129
10,062	14,248,021
16,984,110	115,031,408
$ 16,994,172	$ 129,279,429

City of Oceanside

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

For the year ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds			$ 14,248,021
Governmental activities in the Statement of Activities were reported differently because:			
Governmental funds report capital outlay as expenditures. In the Government-Wide Statement of Activities and Changes in Net Assets, however, the cost of those assets is allocated over their estimated useful lives as depreciation expenses.			16,342,023
	Government-Wide Statement of Activities	Internal Service Funds	
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore depreciation expense was not reported as expenditures in governmental funds.	$ (11,888,389)	$ 2,524,292	(9,364,097)
Long-term claims, judgments payable and compensated absences were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, long-term claims, judgments payable and compensated absences were not reported as expenditures in governmental funds.			(288,208)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets			(35,744,583)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government -Wide Statement of Net Assets.			39,335,000
Loss on sale of capital assets in the statement of activities that do not provide current financial uses are not reported as revenues in the funds.			(17,640)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds			560,009
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represents the change in accrued interest from the prior year.			(43,024)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities.			1,050,357
Change in Net Assets of Governmental Activities			$ 26,077,858

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water

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

Sewer

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

Waste Disposal

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

Special Aviation

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

Oceanside Small Craft Harbor District

To account for the operation and maintenance of the Oceanside Small Craft Harbor. Funding for operating expenses is provided by user charges.

City of Oceanside
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
ASSETS				
Current assets:				
Cash and investments	$ 49,198,101	$ 25,087,542	$ 1,745,861	$ -
Receivables:				
Accounts	3,534,281	1,558,550	1,005,871	27,252
Other	2,166	26,480	-	-
Due from other funds	14,595,000	10,200,000	-	-
Inventory, at cost	565,133	641,452	-	35,001
Other assets	186,464	-	-	-
Total current assets	68,081,145	37,514,024	2,751,732	62,253
Noncurrent assets:				
Restricted cash and investments	12,098	3,570,026	-	-
Advances to other funds	695,706	-	-	-
Property, plant and equipment:				
Land	16,096,364	843,552	35,328	3,835,398
Buildings and structures	17,217,801	42,418,869	27,630	66,286
Improvements other than buildings	94,547,122	93,764,089	526	490,240
Machinery and equipment	421,795	1,243,256	282,147	46,249
Construction in progress	21,514,494	81,697,932	-	1,051,933
Total property, plant and equipment	149,797,576	219,967,698	345,631	5,490,106
Less accumulated depreciation	(49,550,491)	(50,476,810)	(143,448)	(446,430)
Net property, plant and equipment	100,247,085	169,490,888	202,183	5,043,676
Total noncurrent assets	100,954,889	173,060,914	202,183	5,043,676
Total assets	$ 169,036,034	$ 210,574,938	$ 2,953,915	$ 5,105,929

See accompanying Notes to Basic Financial Statements.

Major Funds		Governmental
Oceanside Small Craft Harbor District	Total	Activities Internal Service Funds
$ 9,587,465	$ 85,618,969	$ 16,882,494
6,197	6,132,151	907,776
-	28,646	-
-	24,795,000	-
-	1,241,586	218,617
-	186,464	544,594
9,593,662	118,002,816	18,553,481
-	3,582,124	-
-	695,706	-
26,103	20,836,745	-
901,492	60,632,078	-
19,536,315	208,338,292	-
934,839	2,928,286	27,474,609
3,707,159	107,971,518	205,194
25,105,908	400,706,919	27,679,803
(14,734,580)	(115,351,759)	(14,454,424)
10,371,328	285,355,160	13,225,379
10,371,328	289,632,990	13,225,379
$ 19,964,990	$ 407,635,806	$ 31,778,860

(Continued)

City of Oceanside
Statement of Net Assets
Proprietary Funds, Continued
June 30, 2005

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
LIABILITIES				
Current liabilities:				
Accounts payable	$ 3,924,162	$ 1,379,841	$ 1,330,114	$ 140,818
Accrued liabilities	164,731	182,429	28,116	4,973
Interest payable	328,596	176,164	-	42,984
Due to other funds	14,595,000	10,200,000	-	101,599
Deposits	570,787	-	-	8,950
Deferred revenue	95,265	-	729,890	-
Bonds payable within one year	575,000	-	-	-
Loans payable within one year	-	1,015,995	-	34,000
Certificates of participation	1,285,000	475,000	-	-
Total current liabilities	21,538,541	13,429,429	2,088,120	333,324
Noncurrent liabilities:				
Revenue bonds payable	9,115,000	-	-	-
Loans payable	-	69,493,516	-	816,000
Certificates of participation	13,310,000	9,725,000	-	-
Advances from other funds	-	-	-	249,122
Claims and judgments payable	81,344	101,579	-	-
Compensated absences	550,161	753,402	105,167	26,218
Total noncurrent liabilities	23,056,505	80,073,497	105,167	1,091,340
Total liabilities	44,595,046	93,502,926	2,193,287	1,424,664
NET ASSETS				
Invested in capital assets, net of related debt	75,633,489	88,605,213	202,183	4,150,692
Restricted for capital projects	12,098	3,570,026	-	-
Unrestricted	48,795,401	24,896,773	558,445	(469,427)
Total net assets	$ 124,440,988	$ 117,072,012	$ 760,628	$ 3,681,265

See accompanying Notes to Basic Financial Statements.

Major Funds		Governmental
Oceanside Small Craft Harbor District	Total	Activities Internal Service Funds
$ 231,463	$ 7,006,398	$ 1,783,770
89,963	470,212	138,641
175,147	722,891	66,449
-	24,896,599	-
287,255	866,992	-
131,680	956,835	-
-	575,000	-
220,242	1,270,237	682,804
-	1,760,000	-
1,135,750	38,525,164	2,671,664
-	9,115,000	-
4,025,743	74,335,259	4,999,492
-	23,035,000	-
-	249,122	-
161,965	344,888	787,142
285,576	1,720,524	504,511
4,473,284	108,799,793	6,291,145
5,609,034	147,324,957	8,962,809
5,950,196	174,541,773	7,543,083
-	3,582,124	-
8,405,760	82,186,952	15,272,968
$ 14,355,956	$ 260,310,849	$ 22,816,051

(Concluded)

City of Oceanside
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2005

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
OPERATING REVENUES:				
Charges for services	$ 33,352,082	$ 18,238,269	$ 19,210,245	$ 286,674
License and permits	290,495	-	-	-
Developer fees	1,393,068	1,551,743	-	-
Slip rental and other related fees	-	-	-	-
Other	84,412	1,166	595	10,019
Total operating revenues	35,120,057	19,791,178	19,210,840	296,693
OPERATING EXPENSES:				
Personal services	3,889,467	4,592,079	1,124,196	149,147
Maintenance and operations	9,037,500	12,346,095	18,210,041	238,386
Cost of purchased water	16,754,247	-	-	-
Insurance premium	-	-	-	-
Depreciation	3,417,350	3,466,018	31,080	26,973
Total operating expenses	33,098,564	20,404,192	19,365,317	414,506
OPERATING INCOME (LOSS)	2,021,493	(613,014)	(154,477)	(117,813)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	1,664,887	656,905	-	-
Interest expense and fiscal charges	(1,001,952)	(1,112,967)	-	(42,984)
Grants and contributions	62,451	-	-	310,000
Sales of surplus equipments	-	-	-	-
Gain (loss) on sale of capital assets	-	(89,933)	-	-
Total nonoperating revenues (expenses)	725,386	(545,995)	-	267,016
INCOME (LOSS) BEFORE OPERATING TRANSFERS	2,746,879	(1,159,009)	(154,477)	149,203
TRANSFERS:				
Transfers in	7,330,200	3,599,681	8,806	-
Transfers out	(8,366,436)	(3,671,779)	(252,456)	-
Total operating transfers	(1,036,236)	(72,098)	(243,650)	-
Change in net assets	1,710,643	(1,231,107)	(398,127)	149,203
NET ASSETS:				
Beginning of the year, as restated (Note 14)	122,730,345	118,303,119	1,158,755	3,532,062
End of the year	$ 124,440,988	$ 117,072,012	$ 760,628	$ 3,681,265

See accompanying Notes to Basic Financial Statements.

Major Funds		Governmental
Oceanside Small Craft Harbor District	Total	Activities Internal Service Funds
$ -	$ 71,087,270	$ 40,450,006
-	290,495	-
-	2,944,811	-
4,913,315	4,913,315	-
8,592	104,784	349,172
4,921,907	79,340,675	40,799,178
2,190,344	11,945,233	3,770,915
1,969,420	41,801,442	14,083,408
-	16,754,247	-
-	-	19,798,311
764,313	7,705,734	2,524,292
4,924,077	78,206,656	40,176,926
(2,170)	1,134,019	622,252
198,451	2,520,243	-
(191,860)	(2,349,763)	(354,374)
166,152	538,603	-
-	-	223,179
-	(89,933)	(36,071)
172,743	619,150	(167,266)
170,573	1,753,169	454,986
11,961	10,950,648	617,906
(55,085)	(12,345,756)	(22,535)
(43,124)	(1,395,108)	595,371
127,449	358,061	1,050,357
14,228,507	259,952,788	21,765,694
$ 14,355,956	$ 260,310,849	$ 22,816,051

City of Oceanside
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2005

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/other funds	$ 34,700,745	$ 18,312,637	$ 19,118,311	$ 317,832
Cash payments to suppliers for goods and services	(27,286,515)	(12,085,909)	(18,062,327)	(18,752)
Cash payments to employees for services	(3,889,467)	(4,592,079)	(1,124,196)	(149,147)
Insurance premiums and settlements	-	-	-	-
Other operating revenues	1,767,975	1,552,909	595	10,019
Net cash provided (used) by operating activities	5,292,738	3,187,558	(67,617)	159,952
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	-	-	-	-
Transfers in	7,330,200	3,599,681	8,806	-
Transfers out	(8,366,436)	(3,671,779)	(252,456)	-
Net cash provided (used) by noncapital financing activities	(1,036,236)	(72,098)	(243,650)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(6,527,110)	(4,363,579)	(21,660)	(1,051,933)
Sales of surplus equipments	-	(89,933)	-	-
Repayments of long-term borrowing	(1,935,000)	(4,280,689)	-	-
Interest paid on revenue bonds and contracts	(1,019,202)	(1,122,972)	-	-
Nonoperating grants and contributions	62,451	-	-	310,000
Changes in restricted assets	4,786,761	2,906,371	-	-
Net cash provided (used) by capital and related financing activities	(4,632,100)	(6,950,802)	(21,660)	(741,933)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	1,664,887	656,905	-	-
Net cash provided (used) by investing activities	1,664,887	656,905	-	-
Net increase (decrease) in cash and cash equivalents	1,289,289	(3,178,437)	(332,927)	(581,981)
CASH AND CASH EQUIVALENTS:				
Beginning of year	47,908,812	28,265,979	2,078,788	581,981
End of year	$ 49,198,101	$ 25,087,542	$ 1,745,861	$ -

See accompanying Notes to Basic Financial Statements.

Major Funds		Governmental Activities
Oceanside Small Craft Harbor District	Total	Internal Service Funds
$ 5,840,759	$ 78,290,284	$ 39,596,681
(1,770,221)	(59,223,724)	-
(2,190,344)	(11,945,233)	(4,315,509)
-	-	(32,547,798)
8,592	3,340,090	349,172
1,888,786	10,461,417	3,082,546
-	-	(1,452,370)
11,961	10,950,648	617,906
(55,085)	(12,345,756)	(22,535)
(43,124)	(1,395,108)	595,371
(718,380)	(12,682,662)	(2,938,000)
-	(89,933)	187,108
(210,758)	(6,426,447)	(645,836)
(200,554)	(2,342,728)	(361,939)
166,152	538,603	-
-	7,693,132	-
(963,540)	(13,310,035)	(3,758,667)
198,451	2,520,243	-
198,451	2,520,243	-
1,080,573	(1,723,483)	(80,750)
8,506,892	87,342,452	16,963,244
$ 9,587,465	$ 85,618,969	$ 16,882,494

(Continued)

City of Oceanside
Statement of Cash Flows
Proprietary Funds, Continued
For the year ended June 30, 2005

	Major Funds			
	Water	Sewer	Waste Disposal	Special Aviation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 2,021,493	$ (613,014)	$ (154,477)	$ (117,813)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,417,350	3,466,018	31,080	26,973
Changes in assets and liabilities:				
Accounts receivable	99,595	9,778	(91,934)	46,226
Other receivable	509	(25,626)	-	-
Due from other funds	1,260,000	465,000	-	-
Advances to other funds	17,654	-	-	-
Prepaids and other assets	14,344	-	-	-
Inventories	(43,439)	(374,784)	-	(15,068)
Accounts payable	(276,458)	615,200	83,583	87,217
Accrued liabilities	22,407	30,343	1,345	4,408
Due to other funds	(1,260,000)	(465,000)	-	101,599
Deferred revenue	1,931	-	61,031	-
Deposits	(15,400)	(1,666)	-	192
Claims and judgments	-	-	-	-
Compensated absences	32,752	81,309	1,755	26,218
Total adjustments	3,271,245	3,800,572	86,860	277,765
Net cash provided (used) by operating activities	$ 5,292,738	$ 3,187,558	$ (67,617)	$ 159,952

See accompanying Notes to Basic Financial Statements.

Major Funds		Governmental
Oceanside Small Craft Harbor District	Total	Activities Internal Service Funds
$ (2,170)	$ 1,134,019	$ 622,252
764,313	7,705,734	2,524,292
4,460	68,125	-
922,984	897,867	
-	1,725,000	-
-	17,654	-
-	14,344	-
-	(433,291)	54,451
166,706	676,248	1,161,906
10,906	69,409	19,050
-	(1,623,401)	-
6,148	69,110	-
8,812	(8,062)	-
-	-	117,214
6,627	148,661	35,751
1,890,956	9,327,398	3,912,664
$ 1,888,786	$ 10,461,417	$ 4,534,916

(Concluded)

This page intentionally left blank.

FIDUCIARY FUND FINANCIAL STATEMENTS

Special Assessment District

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

Deposits

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

CALTRANS Highway 76 Acquisition

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

City of Oceanside
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Total
ASSETS	
Cash and investments	$ 7,889,822
Restricted cash and investments	23,400,682
Accounts receivable	15,785
Interest receivable	8,090
Total assets	$ 31,314,379
LIABILITIES	
Accounts payable	$ 313,129
Accrued liabilities	16,203
Deposits	5,939,782
Due to other governments	13,980
Due to bondholders	25,031,285
Total liabilities	$ 31,314,379

See accompanying Notes to Basic Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The City was incorporated January 3, 1888, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides basic local governmental services including public safety (Police, Fire and Beach Lifeguard), maintenance and construction of public improvements, cultural, recreation, planning, zoning, and general administration. In addition, the City operates five enterprise activities: Water, Sewer, Harbor, Waste Disposal and a General Aviation Airport.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. 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 data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The following entities are reported as blended component units since the governing board is substantively the same as the primary government:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

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

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

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

B. Basis of Accounting and Measurement Focus

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

Government–Wide Financial Statements

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government–Wide Financial Statements, Continued

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

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

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

Governmental Fund Financial Statements

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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

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

Proprietary Fund Financial Statements

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

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities, such as loss prevention and general services provided to the City, have been combined with the governmental activities in the government-wide financial statements.

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

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

Fiduciary Fund Financial Statements

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

C. Use of Restricted and Unrestricted Net Assets

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Encumbrances

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

E. Cash, Cash Equivalents and Investments

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

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

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

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3), certain disclosure requirements, if applicable for deposit and investment risk are specified for the following areas:*

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk
- Foreign Currency Risk

F. Inventory

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Land Held for Resale

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

H. Capital Assets

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

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

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructures into the 2005-06 basic financial statements.

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

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

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Long-Term Debt

Government-Wide Financial Statements

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

J. Use of Estimates

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

K. Net Assets

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Implementation of New GASB Pronouncement

At June 30, 2005, the City adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3).*

GASB Statement No. 40 addresses selected issues and amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments, including Repurchase Agreements, and Reverse Repurchase Agreements*. The Statement addresses common deposit and investment risk related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rate.

2. CASH AND INVESTMENTS

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

The following is a summary of cash and investments at June 30, 2005:

	Government-Wide Statement of Net Assets			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statement of Net Assets	Total
Cash and Investments:					
Unrestricted	$ 49,671,657	$ 85,618,969	$ 135,290,626	$ 7,889,822	$ 143,180,448
Restricted	85,940,527	-	85,940,527	-	85,940,527
	$ 135,612,184	$ 85,618,969	$ 221,231,153	$ 7,889,822	$ 229,120,975
Cash and Investments with fiscal agent	$ 22,809,330	$ 3,582,124	$ 26,391,454	$ 23,400,682	$ 49,792,136
Total cash and investments	$ 158,421,514	$ 89,201,093	$ 247,622,607	$ 31,290,504	$ 278,913,111

2. CASH AND INVESTMENTS, Continued

Cash, cash equivalents, and investments consisted as follows at June 30, 2005:

Cash and cash equivalents:		
Petty Cash	$	6,876
Demand Deposit		(91,316)
Cash held with fiscal agent		57,525
Total cash and cash equivalents		(26,915)
Investments:		
Local Agency Investment Fund		24,560,554
U.S. Treasuries		9,868,300
U.S. Agencies		194,776,561
Investments held with fiscal agent:		
Money Market Mutual Fund		33,338,129
Investment Contract		16,396,482
Total investments held with fiscal agent		278,940,026
Total cash and investments	$	278,913,111

A. Deposits

The carrying amounts of the City's cash deposits were $(91,316) at June 30, 2005. Bank balances before reconciling items were $953,014 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

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

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

2. CASH AND INVESTMENTS, Continued

B. Investments

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

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

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

C. Investments in Local Agency Investment Funds

The City's investments with Local Agency Investment Funds (LAIF), a State of California investment pool, at June 30, 2005, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

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

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

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

As of June 30, 2005, the City had $24,560,554 invested in LAIF, which had invested 2.406% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2005, by multiplying the account balance by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value resulting in a factor of 0.997747553.

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

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 needs for operations.

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, 2005 is $76,268,375 or 33.24% of the City's portfolio.

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

		Remaining Maturities			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S. Treasuries	$ 9,868,300	$ 7,884,080	$ 1,984,220	$ -	$ -
U.S. Agencies	194,776,561	51,216,044	106,578,280	36,982,237	-
Local Agency Investment Fund	24,560,554	24,560,554	-	-	-
Investment held with trustee:					
Money Market Mutual Fund	33,338,129	33,338,129	-	-	-
Investment Contract	16,396,482	-	14,918,731	-	1,477,751
Total investments	$278,940,026	$116,998,807	$123,481,231	$ 36,982,237	$ 1,477,751

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

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 as of year end for each investment type:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA/Aaa	AA-/Aa2	Not Rated
U.S. Treasury Notes	$ 9,868,300	N/A	$ 9,868,300	$ -	$ -	$ -
Federal Agency Securities	194,776,561	N/A	-	194,776,561	-	-
Local Agency Investment Fund	24,560,554	N/A	-	-	-	24,560,554
Held by bond trustee:						
Money Market Mutual Funds	33,338,129	AAA/Aaa	-	33,338,129	-	-
Investment Contracts	16,396,482	A/A	-	14,918,731	1,477,751	-
	$ 278,940,026		$ 9,868,300	$ 243,033,421	$ 1,477,751	$ 24,560,554

Concentration of Credit Risk

The Investment Policy of the City of Oceanside limits the amount that can be invested in any one issuer of Federal Agency Securities. The limit has been set at 25% of the cost value of the portfolio in any single issuer of Federal Agency 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 issue (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total Entity investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	U.S. Agency Securities	$ 48,192,942
Federal Home Loan Bank	U.S. Agency Securities	42,369,022
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	53,474,195
Federal National Mortgage Association	U.S. Agency Securities	50,799,723
Local Agency Investment Fund	State Pool	24,560,554

3. PROPERTY TAXES

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

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

4. NOTES AND ASSESSMENTS RECEIVABLES

A. Government-Wide Financial Statements

The following is a summary of notes receivable at June 30, 2005:

	Government-Wide Statement of Net Assets Governmental Activities
Notes	$ 4,446,852
Total	$ 4,446,852

B. Fund Financial Statements

Notes Receivable

At June 30, 2005, the City had the following notes receivable:

Housing Rehabilitation	$ 4,392,042
Low and Moderate Income Housing	54,810
Total	$ 4,446,852

The City made several housing rehabilitation and rental rehabilitation loans totaling $4,392,042 to qualified applicants using Community Development Block Grants. The rehabilitation loans bear interest up to 3% and are repaid either by monthly payments or when there is a change of title. The rental rehabilitation loans are forgiven after a ten-year period.

The City has made loans from low and moderate income housing program funds in the amount of $54,810 for a home buyer program.

4. NOTES AND ASSESSMENTS RECEIVABLES, Continued

B. Fund Financial Statements, Continued

Assessments Receivable

As of June 30, 2005, the following assessments receivable were outstanding:

1994 Oceanside Local Agency Revenue Bonds	$ 1,760,000
Total	$ 1,760,000

In connection with the Authority's issuance of its $4,120,000 and $974,719 Oceanside Local Agency Revenue Bonds, the Commission has $1,760,000 in assessments receivable and corresponding deferred revenue. These amounts are reduced as the principal on the bonds mature.

5. INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Internal Balances

At June 30, 2005, the City had the following short-term interfund receivables and payables:

Internal Balances Out	Internal Balances In: Business-Type Activities
Governmental Activities	$ 344,985

Transfers

At June 30, 2005, the City had the following operating transfers:

Transfers In	Transfers Out: Business-Type Activities
Governmental Activities	$ 1,395,108

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements

Due To, Due From

At June 30, 2005, the City had the following short-term interfund receivables and payables:

		Due From			
			Enterprise Funds		
		General	Water	Sewer	**Total**
Due To	Non-major Governmental Funds	$ 1,873,400	$ -	$ -	$ 1,873,400
	Enterprise Funds:				
	Water	-	14,595,000	-	14,595,000
	Sewer	-	-	10,200,000	10,200,000
	Special Aviation	101,599	-	-	101,599
	Total	$ 1,974,999	$ 14,595,000	$ 10,200,000	$ 26,769,999

Long-Term Advances

At June 30, 2005, the City had the following interfund long-term advances:

		Advances To			
		General	Redevelopment Agency Capital Projects	Enterprise Water Fund	**Total**
Advances From	Redevelopment Agency Debt Service	$ 7,422,865	$ 4,380,017	$ 695,706	$ 12,498,588
	Enterprise Fund:				
	Special Aviation	249,122	-	-	249,122
	Total	$ 7,671,987	$ 4,380,017	$ 695,706	$ 12,747,710

The Commission entered into a loan agreement with the City to restructure unpaid loans made to the Commission in 1986 and 1989 to fund downtown redevelopment projects. The loan represents the unpaid principal portion of $2,000,000 and $1,443,011 of the 1986 and 1989 loans respectively and the accumulated unpaid interest on those loans. The loan is payable in years 2015 through 2025 from tax increment revenue. As of June 30, 2005 the outstanding balance of the loan was $7,422,865.

The Low and Moderate Incoming Housing fund advanced funds to the Commission to fund redevelopment projects. The loan is payable from tax increment revenues. As of June 30, 2005 the outstanding balance of the loan was $4,380,017.

5. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Long-Term Advances, Continued

The Water fund advanced funds to the Commission for operational purposes. As of June 30, 2005 the outstanding balance of the loan was $695,705.

The General fund advanced funds to the Special Aviation fund for operational purposes. As of June 30, 2005 the outstanding balance of the loan was $249,122.

Operating Transfers

At June 30, 2005, the City had the following operating transfers:

		Transfers Out										
		Governmental Activities						Business-Type Activities				
		General	Redevelopment Agency Debt Service	Redevelopment Agency Capital Projects	General Improvements	Non-major Governmental Funds	Internal Service Funds	Water	Sewer	Waste Water	Oceanside Harbor	Total
Transfers In	**Governmental Activities:**											
	General	$ -	$ -	$ -	$ -	$ 144,418	$ -	$ -	$ -	$ -	$ -	$ 144,418
	Housing Assistance Program	401,311	-	-	-	-	-	-	-	-	-	401,311
	Redevelopment Agency Debt Service	-	-	3,572,961	-	-	-	-	-	-	-	3,572,961
	Redevelopment Agency Capital Projects	-	293,689	-	-	-	-	-	-	-	-	293,689
	General Improvements	3,374,806	-	-	-	106,994	-	900,000	-	-	-	4,381,800
	Non-major Governmental Funds	217,894	-	-	589,994	2,598,095	-	-	-	209,890	-	3,615,873
	Internal Service Funds	241,812	-	-	-	47,574	22,535	136,236	72,098	42,566	55,085	617,906
	Business-Type Activities:											
	Water	-	-	-	-	-	-	7,330,200	-	-	-	7,330,200
	Sewer	-	-	-	-	-	-	-	3,599,681	-	-	3,599,681
	Waste Water	-	-	-	-	8,806	-	-	-	-	-	8,806
	Oceanside Harbor	-	-	-	-	11,961	-	-	-	-	-	11,961
	Total	$ 4,235,823	$ 293,689	$ 3,572,961	$ 589,994	$ 2,917,848	$ 22,535	$ 8,366,436	$ 3,671,779	$ 252,456	$ 55,085	$ 23,978,606

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

6. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2005, the City's capital assets consisted of the following:

	Government Activities	Business-Type Activities	Total
Non-Depreciable Assets:			
Land	$ 49,330,799	$ 20,836,745	$ 70,167,544
Construction in process	15,714,901	107,971,518	123,686,419
Total non-depreciable assets	65,045,700	128,808,263	193,853,963
Depreciable Assets:			
Buildings	63,121,260	60,632,078	123,753,338
Improvements	8,635,607	208,338,292	216,973,899
Equipment	50,662,416	2,928,286	53,590,702
Infrastructure	248,212,508	-	248,212,508
Subtotal	370,631,791	271,898,656	642,530,447
Less accumulated depreciation			
Buildings	(17,072,617)	(23,510,427)	(40,583,044)
Improvements	(2,853,887)	(90,261,428)	(93,115,315)
Equipment	(30,007,176)	(1,579,904)	(31,587,080)
Infrastructure	(115,400,056)	-	(115,400,056)
Subtotal	(165,333,736)	(115,351,759)	(280,685,495)
Total depreciable assets, net	205,298,055	156,546,897	361,844,952
Total capital assets	$ 270,343,755	$ 285,355,160	$ 555,698,915

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

	Balance July 1, 2004	Additions	Deletions	Reclassification	Balance June 30, 2005
Non-depreciable assets:					
Land	$ 46,220,167	$ 3,110,632	$ -	$ -	$ 49,330,799
Construction in progress	9,185,541	9,472,283	-	(2,942,923)	15,714,901
Total non-depreciable assets	55,405,708	12,582,915	-	(2,942,923)	65,045,700
Depreciable assets:					
Building and structures	60,178,337	-	-	2,942,923	63,121,260
Improvements other than buildings	8,635,607	-	-	-	8,635,607
Machinery and equipment	48,709,507	3,006,967	(1,054,058)	-	50,662,416
Infrastructure	244,468,863	3,743,645	-	-	248,212,508
Subtotal	361,992,314	6,750,612	(1,054,058)	2,942,923	370,631,791
Less accumulated depreciation:					
Building and structures	(15,570,754)	(1,501,863)	-	-	(17,072,617)
Improvements other than buildings	(2,450,384)	(403,503)	-	-	(2,853,887)
Machinery and equipment	(27,572,511)	(3,417,579)	982,914	-	(30,007,176)
Infrastructure	(108,834,612)	(6,565,444)	-	-	(115,400,056)
Subtotal	(154,428,261)	(11,888,389)	982,914	-	(165,333,736)
Total depreciable assets, net	207,564,053	(5,137,777)	(71,144)	2,942,923	205,298,055
Total governmental activities	$ 262,969,761	$ 7,445,138	$ (71,144)	$ -	$ 270,343,755

6. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Governmental activities depreciation expense for capital assets for the year ended June 30, 2005 are as follows:

General government	$ 122,283
Public safety	672,213
Public works	6,730,319
Community development	560,273
Community/culture services	1,279,009
Internal service funds	2,524,292
Total depreciation expense	$ 11,888,389

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

	Balance July 1, 2004	Additions	Deletions	Reclassification	Balance June 30, 2005
Non-depreciable assets:					
Land	$ 17,480,097	$ -	$ -	$ 3,356,648	$ 20,836,745
Construction in progress	106,314,336	12,613,019	-	(10,955,837)	107,971,518
Total non-depreciable assets	123,794,433	12,613,019	-	(7,599,189)	128,808,263
Depreciable assets:					
Building and structures	60,632,078	-	-	-	60,632,078
Improvements other than buildings	200,699,576	39,530	-	7,599,189	208,338,295
Machinery and equipment	2,914,253	30,113	(16,083)	-	2,928,283
Subtotal	264,245,907	69,643	(16,083)	7,599,189	271,898,656
Less accumulated depreciation:					
Building and structures	(22,270,546)	(1,239,881)	-	-	(23,510,427)
Improvements other than buildings	(84,027,168)	(6,234,260)	-	-	(90,261,428)
Machinery and equipment	(1,364,394)	(231,593)	16,083	-	(1,579,904)
Subtotal	(107,662,108)	(7,705,734)	16,083	-	(115,351,759)
Total depreciable assets, net	156,583,799	(7,636,091)	-	7,599,189	156,546,897
Total business-type activities	$ 280,378,232	$ 4,976,928	$ -	$ -	$ 285,355,160

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2005 are as follows:

Water	$ 3,417,350
Sewer	3,466,018
Waste Disposal	31,080
Special Aviation	26,973
Oceanside Small Craft Harbor District	764,313
Total depreciation expenses	$ 7,705,734

6. CAPITAL ASSETS, Continued

B. Fund Financial Statements

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

7. LAND AND BUILDINGS HELD FOR RESALE

Land and buildings held for resale comprised the following at June 30, 2005:

Governmental Activities:	
Capital Projects Fund:	
Redevelopment Agency	$ 9,492,993

Land and buildings held for resale are recorded in the Redevelopment Agency Capital Projects Fund at the lower of cost or market, but not greater than net realizable value. The available fund balance is reserved in an amount equal to the carrying value of land and buildings held for resale because such assets are not available to finance current operations. The amount recorded as assets held for resale and the corresponding fund balance reserved as of June 30, 2005, was $9,492,993.

8. LONG-TERM DEBT

A. Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
Bonds payable	$ 60,220,000	$ 13,510,000	$ (13,835,000)	$ 59,895,000	$ 1,130,000	$ 58,765,000
Certificates of Participation	63,585,000	20,170,000	(24,305,000)	59,450,000	2,430,000	57,020,000
Capital leases payable	6,328,132	2,064,583	(645,836)	7,746,879	863,554	6,883,325
Notes payable	1,285,000	-	(215,000)	1,070,000	215,000	855,000
Special assessment debt with government commitment	2,740,000	-	(980,000)	1,760,000	310,000	1,450,000
Subtotal	134,158,132	35,744,583	(39,980,836)	129,921,879	4,948,554	124,973,325
Claims payable	8,240,590	2,788,699	(2,434,018)	8,595,271	1,719,054	6,876,217
Compensated absences	7,468,240	86,492	-	7,554,732	-	7,554,732
Total	$ 149,866,962	$ 38,619,774	$ (42,414,854)	$ 146,071,882	$ 6,667,608	$ 139,404,274

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Bonds Payable

Bonds payable at June 30, 2005, consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
1994 Tax Allocation Refunding Bonds	$ 12,815,000	$ -	$ (12,815,000)	$ -	$ -	$ -
2002 Tax Allocation Refunding Bonds	21,865,000	-	(540,000)	21,325,000	610,000	20,715,000
2003 Tax Allocation Refunding Bonds	7,740,000	-	(405,000)	7,335,000	415,000	6,920,000
Subordinate 2003 Tax Allocation Bonds	17,800,000	-	(75,000)	17,725,000	105,000	17,620,000
2004 Tax Allocation Refunding Bonds	-	13,510,000	-	13,510,000	-	13,510,000
Total	$ 60,220,000	$ 13,510,000	$ (13,835,000)	$ 59,895,000	$ 1,130,000	$ 58,765,000

1. 1994 Tax Allocation Refunding Bonds - Original Issue $14,935,000

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

The bonds mature annually through 2025, in amounts ranging from $480,000 to $1,695,000. Interest rates vary from 4.0% to a maximum of 6.2% and are payable semiannually on March 1 and September 1. The bonds maturing on or before December 15, 2003, are not subject to call and redemption prior to their stated maturities. Bonds maturing on or after December 15, 2004, are subject to call and redemption in whole or in part on any interest payment date. Redemption includes a premium of 2% commencing on December 15, 2004, and reduced by 0.5% on each December 15 thereafter. At June 30, 2005, the outstanding balance of these bonds was defeased by the 2004 Tax Allocation Refunding Bonds.

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Bonds Payable, Continued

2. 2002 Tax Allocation Refunding Bonds - Original Issue $22,030,000

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

The bonds mature annually through 2020, in amounts ranging from $165,000 to $1,240,000. Interest rates vary from 3.0% to a maximum of 5.5% and are payable semi-annually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. At June 30, 2005, the outstanding balance of these bonds was $21,325,000. 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 610,000	$ 1,112,594	$ 1,722,594
2007	630,000	1,088,938	1,718,938
2008	655,000	1,062,419	1,717,419
2009	685,000	1,033,088	1,718,088
2010	715,000	1,000,694	1,715,694
2011-2015	4,135,000	4,429,556	8,564,556
2016-2020	5,305,000	3,208,851	8,513,851
2021-2025	6,950,000	1,513,576	8,463,576
2026	1,640,000	47,150	1,687,150
Total	$ 21,325,000	$ 14,496,866	$ 35,821,866

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Bonds Payable, Continued

3. 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 $405,000 to $670,000. Interest rates vary from 2.0% to a maximum of 4.0% and are payable semi-annually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. At June 30, 2005, the outstanding balance of these bonds was $7,335,000. 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 415,000	$ 254,076	$ 669,076
2007	425,000	244,613	669,613
2008	435,000	232,775	667,775
2009	450,000	219,500	669,500
2010	460,000	205,850	665,850
2011-2015	2,630,000	745,663	3,375,663
2016-2019	2,520,000	206,263	2,726,263
Total	$ 7,335,000	$ 2,108,740	$ 9,443,740

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Bonds Payable, Continued

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

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

The bonds mature annually through 2026, in amounts ranging from $75,000 to $1,425,000. Interest rates vary from 2.0% to a maximum of 5.2% and are payable semi-annually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. At June 30, 2005, the outstanding balance of these bonds was $17,725,000. 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 105,000	$ 940,034	$ 1,045,034
2007	110,000	937,609	1,047,609
2008	570,000	922,761	1,492,761
2009	595,000	894,939	1,489,939
2010	620,000	865,505	1,485,505
2011-2015	3,605,000	3,820,016	7,425,016
2016-2020	4,630,000	2,770,042	7,400,042
2021-2025	6,065,000	1,298,807	7,363,807
2026	1,425,000	40,368	1,465,368
Total	$ 17,725,000	$ 12,490,081	$ 30,215,081

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Bonds Payable, Continued

5. 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 $345,000 to $1,550,000. Interest rates vary from 2.5% to a maximum of 4.5% and are payable semi-annually 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. At June 30, 2005, the outstanding balance of these bonds was $13,510,000. 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 345,000	$ 556,667	$ 901,667
2007	305,000	547,779	852,779
2008	315,000	538,479	853,479
2009	320,000	528,954	848,954
2010	340,000	517,354	857,354
2011-2015	1,825,000	2,380,701	4,205,701
2016-2020	2,935,000	1,975,009	4,910,009
2021-2025	7,125,000	826,966	7,951,966
Total	$ 13,510,000	$ 7,871,909	$ 21,381,909

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Certificates of Participation

Certificates of participation payable at June 30, 2005, consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
2003 Certificates of Participation	$ 24,235,000	$ -	$ (975,000)	$ 23,260,000	$ 1,000,000	$ 22,260,000
1994 Certificates of Participation	2,230,000	-	(2,230,000)	-	-	-
1995 Refunding Certificates of Participation	27,245,000	-	(20,835,000)	6,410,000	1,145,000	5,265,000
1998 Certificates of Participation	9,875,000	-	(265,000)	9,610,000	285,000	9,325,000
2005 Refunding Certificates of Participation	-	20,170,000	-	20,170,000	-	20,170,000
Total	$ 63,585,000	$ 20,170,000	$ (24,305,000)	$ 59,450,000	$ 2,430,000	$ 57,020,000

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

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

The certificates are due in annual installments of $1,000,000 to $1,770,000 through 2023. Interest rates range from 4.5% to 5.2% and are payable semi-annually on September 15 and March 15. At June 30, 2005, the outstanding balance of these certificates was $23,260,000. Certificates maturing before April 1, 2013, are not subject to redemption prior to maturity. Certificates maturing on or after April 1, 2013, are subject to redemption in whole or in part on April 1, 2012, and each interest date thereafter.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 1,000,000	$ 1,165,253	$ 2,165,253
2007	1,035,000	1,135,253	2,170,253
2008	1,080,000	1,093,853	2,173,853
2009	1,135,000	1,039,853	2,174,853
2010	1,185,000	983,103	2,168,103
2011-2015	6,895,000	3,961,402	10,856,402
2016-2020	7,645,000	1,987,475	9,632,475
2021-2023	3,285,000	347,360	3,632,360
Total	$ 23,260,000	$ 11,713,552	$ 34,973,552

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Certificates of Participation, Continued

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

The 1994 Certificates of Participation were issued by the Authority for the purposes of reimbursing the City for the payment of the costs of acquisition of the street lighting facilities and finance the construction of additional street lighting facilities. The certificates consist of $2,010,000 in serial certificates and term certificates in the amount of $1,205,000. The serial certificates are due in annual installments of $70,000 to $200,000 through 2009 with interest rates ranging from 4.2% to 6.6%. The term certificates are due on September 1, 2014, at a price of 98.364% with an interest rate of 6.7%. Serial certificates maturing on or before 2005 are not subject to optional redemption prior to maturity. Certificates maturing on or after September 1, 2006, are subject to redemption in whole or in part on September 2005 and each interest date thereafter. At June 30, 2005, the outstanding balance of these certificates was defeased by the 2004 Streetlight Lease/Purchase Agreement.

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

The 1995 Refunding Certificates of Participation were issued by the Commission to refund the 1991 Refunding Certificates of Participation, which was used for the City's Civic Center Project. The certificates consist of serial certificates in the amount of $14,555,000 due in annual installments of $1,145,000 to $1,430,000. Interest rates range from 4% to 6.07% and is payable semiannually on February 1 and August 1. Certificates maturing before August 1, 2015, are not subject to redemption prior to maturity. Certificates maturing on or after August 1, 2015, are subject to redemption prior to maturity on August 1, 2005, and each interest payment date thereafter. At June 30, 2005, certificate was partially defeased by the 2005 Refunding Certificates of Participation and the outstanding balance of these certificates was $6,410,000.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 1,145,000	$ 866,994	$ 2,011,994
2007	1,210,000	260,565	1,470,565
2008	1,275,000	194,075	1,469,075
2009	1,350,000	119,150	1,469,150
2010	1,430,000	39,325	1,469,325
Total	$ 6,410,000	$ 1,480,109	$ 7,890,109

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Certificates of Participation, Continued

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

The 1998 Certificates of Participation are issued by the Authority for the purpose of reimbursing the City for the costs of acquisition of certain real property and improvements to be used as police and library facilities. The certificates are due in annual installments of $195,000 to $875,000 through 2022. Interest rates range from 4.5% to 5.2% and are payable semiannually on June 1 and December 1. Certificates maturing on or after December 1, 2008, are subject to redemption in whole or in part on December 1, 2007, and each interest date thereafter. At June 30, 2005, the outstanding balance of these certificates was $9,610,000.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 285,000	$ 474,785	$ 759,785
2007	305,000	461,215	766,215
2008	325,000	446,725	771,725
2009	350,000	431,025	781,025
2010	375,000	413,988	788,988
2011-2015	1,780,000	1,457,240	3,237,240
2016-2020	3,725,000	1,379,833	5,104,833
2021-2023	2,465,000	197,730	2,662,730
Total	$ 9,610,000	$ 5,262,541	$ 14,872,541

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Certificates of Participation, Continued

5. 2005 Refunding Certificates of Participation – Original Issue $20,170,000

The 2005 Refunding Certificates of Participation were issued by the Commission to partially refund the 1995 Refunding Certificates of Participation, which was used for the City's Civic Center Project and to pay the costs of issuance. The certificates consist of serial certificates in the amount of $20,170,000 due in annual installments of $125,000 to $2,350,000. Interest rates range from 3% to 5% and is payable semiannually on February 1 and August 1. At June 30, 2005, the outstanding balance of these certificates was $20,170,000. Certificates maturing before August 1, 2016, are not subject to redemption prior to maturity. Certificates maturing on or after August 1, 2016, are subject to redemption in whole or in part on August 1, 2015, and each interest date thereafter.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ -	$ 584,720	$ 584,720
2007	125,000	807,738	932,738
2008	130,000	803,588	933,588
2009	135,000	799,288	934,288
2010	135,000	795,238	930,238
2011-2015	8,860,000	3,230,932	12,090,932
2016-2020	10,785,000	1,295,788	12,080,788
Total	$ 20,170,000	$ 8,317,292	$ 28,487,292

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Capital Lease Obligations

Capital lease obligations payable at June 30, 2005, consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
San Diego County Regional Communications System	$ 2,328,456	$ -	$ (238,230)	$ 2,090,226	$ 251,690	$ 1,838,536
Motorola 800 MHz Radio	3,999,677	-	(407,607)	3,592,070	431,084	3,160,986
2004 Streetlighting Lease/ Purchase Agreement	-	2,064,583	-	2,064,583	180,780	1,883,803
Total	$ 6,328,133	$ 2,064,583	$ (645,837)	$ 7,746,879	$ 863,554	$ 6,883,325

1. San Diego County Regional Communications System

In January 2003, the City entered into a capital lease agreement for the San Diego County Regional Communications System. The lease is payable in annual installments of $369,788 through February 2012 with an interest rate of 5.65%. At June 30, 2005, the outstanding balance of the capital lease was $2,090,226.

The annual capital lease payments on this capital lease are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 251,690	$ 118,098	$ 369,788
2007	265,911	103,877	369,788
2008	280,935	88,853	369,788
2009	296,808	72,980	369,788
2010-2014	994,882	114,481	1,109,363
Total	$ 2,090,226	$ 498,289	$ 2,588,515

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Capital Lease Obligations, Continued

2. Motorola 800 MHz Radio

In May 2002, the City acquired a new Motorola 800 MHz Radio under a capital lease agreement payable in annual installments of $637,987 through June 2012. The interest rate is 5.76%. At June 30, 2005, the outstanding balance of the capital lease was $3,592,070.

The annual capital lease payments on this capital lease are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 431,084	$ 206,903	$ 637,987
2007	455,915	182,073	637,988
2008	482,175	155,812	637,987
2009	509,949	128,039	637,988
2010-2012	1,712,947	201,014	1,913,961
Total	$ 3,592,070	$ 873,841	$ 4,465,911

3. 2004 Streetlight Lease/Purchase Agreement

On October 1, 2004, the Authority entered into a lease/purchase agreement with Zion First National Bank in the amount of $2,064,583 for the streetlight improvement and appurtenance currently existing upon public streets and right of way within the boundaries of the City of Oceanside. The lease is due in annual installments of 177,146 to $246,772, commencing on September 1, 2005. The lease bears an interest rate of 4.2% and are payable semiannually on March 1 and September 1, commencing on March 1, 2005. At June 30, 2005, the outstanding balance of this lease was $2,064,583.

The future minimum lease payments are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 180,780	$ 82,916	$ 263,696
2007	177,146	75,400	252,546
2008	184,192	67,812	252,004
2009	190,728	59,938	250,666
2010	201,713	51,697	253,410
2011-2015	1,130,024	122,727	1,252,751
Total	$ 2,064,583	$ 460,490	$ 2,525,073

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Notes Payable

Notes payable at June 30, 2005, consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
HUD 108 Loans	$ 1,285,000	$ -	$ (215,000)	$ 1,070,000	$ 215,000	$ 855,000
Total	$ 1,285,000	$ -	$ (215,000)	$ 1,070,000	$ 215,000	$ 855,000

1. HUD 108 Loans – Original issue $1,500,000

In July 2001, the City entered into a contract with the U.S. Department of Housing and Urban Development for the Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §5308 for Series HUD 2002-A Certificates. The loans are due in annual installment of $215,000. Interest rates vary from 3.15% to 4.43% and are payable on February 1 and August 1. At June 30, 2005, the outstanding balance of the loans was $1,070,000.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 215,000	$ 37,049	$ 252,049
2007	215,000	30,126	245,126
2008	215,000	22,332	237,332
2009	215,000	13,775	228,775
2010	210,000	4,652	214,652
Total	$ 1,070,000	$ 107,934	$ 1,177,934

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Special Assessment Debt with City Commitment

Special Assessment Debt with City Commitment at June 30, 2005, consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within One Year	Due in More Than One Year
1993 Community Facilities District No.1 Special Tax Revenue Bonds	$ 415,000	$ -	$ (415,000)	$ -	$ -	$ -
1994 Assessment District Refinancing Revenue Bonds	2,075,000	-	(315,000)	1,760,000	310,000	1,450,000
1994 Assessment District Refinancing Subordinated Revenue Bonds	250,000	-	(250,000)	-	-	-
Total	$ 2,740,000	$ -	$ (980,000)	$ 1,760,000	$ 310,000	$ 1,450,000

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

The bonds were issued pursuant to Mello-Roos Community Facilities Act of 1982 to refinance and purchase the existing City of Oceanside Community Facilities District No. 1 (Williams Ranch) bonds. The bonds are term bonds due on November 1, 2005, and bear an interest rate of 7.75%. Interest is payable semiannually on May 1 and November 1. The bonds are subject to mandatory redemption on November 1 in each year in authorized denominations. At June 30, 2005, the outstanding balance of the bonds was paid off entirely.

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

The bonds were issued pursuant to an Indenture of Trust for the Series, dated as of January 1, 1994, for the purpose of enabling the Authority to acquire certain limited obligation refunding bonds proceeds of which were used to refinance outstanding limited obligation improvement bonds for the City Improvement District No. 1-1989 (Morro Hills Updated). The bonds are series A bonds and are due in annual installments of $310,000 to $385,000. Interest rates range from 3.6% to 5.9% and are payable semiannually on March 2 and September 2. At June 30, 2005, the outstanding balance of these bonds was $1,760,000.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 310,000	$ 90,605	$ 400,605
2007	330,000	73,525	403,525
2008	355,000	54,385	409,385
2009	380,000	33,446	413,446
2010	385,000	11,261	396,261
Total	$ 1,760,000	$ 263,222	$ 2,023,222

8. LONG-TERM DEBT, Continued

A. Governmental Activities Long-Term Debt, Continued

Special Assessment Debt with Government Commitment, Continued

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

The bonds were issued pursuant to an Indenture of Trust for the Series, dated as of January 1, 1994, for the purpose of enabling the Authority to acquire certain limited obligation refunding bonds proceeds of which were used to refinance outstanding limited obligation improvement bonds for the City Improvement District No. 1-1989 (Morro Hills Updated). The bonds are series B bonds and are due in annual installments of $35,000 to 45,000. Interest rates range from 3.6% to 5.9% and are payable semiannually on March 2 and September 2. At June 30, 2005, the outstanding balance of the bonds was paid off entirely.

Claims Payable

Claims payable have been accrued. Amounts determined to be debts of either the business-type and proprietary funds have been recorded as liabilities in those funds. There is no fixed payment schedule to pay these liabilities. Total amount of claims payable for the governmental activities at June 30, 2005, was $8,595,271.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities has been accrued and amounts to $7,554,732 at June 30, 2005.

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

Summary of changes in long-term debt of business-type and proprietary funds for the year ended June 30, 2005:

	Balance July 1, 2004	Adjustments	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
Bonds payable	$ 10,365,000	$ -	$ -	$ (675,000)	$ 9,690,000	$ 575,000	$ 9,115,000
Certificates of participation	26,520,000	-	-	(1,725,000)	24,795,000	1,760,000	23,035,000
Notes payable	78,781,943	850,000	11,982,397	(16,008,844)	75,605,496	1,270,237	74,335,259
Total	$ 115,666,943	$ 850,000	$ 11,982,397	$ (18,408,844)	$ 110,090,496	$ 3,605,237	$ 106,485,259

8. LONG-TERM DEBT, Continued

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

Bonds Payable

Bonds payable at June 30, 2005, consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 200	Due within one year	Due in more than one year
1998 Water Revenue Refunding Bonds	$ 10,365,000	$ -	$ (675,000)	$ 9,690,000	$ 575,000	$ 9,115,000
Total	$ 10,365,000	$ -	$ (675,000)	$ 9,690,000	$ 575,000	$ 9,115,000

1. 1998 Water Revenue Refunding Bonds - Original Issue $11,445,000

The bonds were issued to refund a portion of the outstanding 1992 Series A Certificates of Participation, which were originally used to finance the acquisition, expansion, construction and improvement of certain water facilities within the City. The bonds are due in annual installments of $25,000 to $965,000 through 2017. Interest rates range from 3.5% to 5.0% and are payable semiannually on April 1 and October 1. At June 30, 2005, the outstanding balance of these bonds was $9,690,000. 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 575,000	$ 436,661	$ 1,011,661
2007	590,000	412,631	1,002,631
2008	620,000	387,214	1,007,214
2009	640,000	360,279	1,000,279
2010	670,000	331,779	1,001,779
2011-2015	3,830,000	1,157,336	4,987,336
2016-2018	2,765,000	210,965	2,975,965
Total	$ 9,690,000	$ 3,296,865	$ 12,986,865

8. LONG-TERM DEBT, Continued

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

Certificates of Participation

Certificates of Participation payable at June 30, 2005, consisted of the following:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due within One Year	Due in More Than One Year
Revenue Certificates of Participation (1993 Water Refunding) Series 2003	$ 15,855,000	$ -	$ (1,260,000)	$ 14,595,000	$ 1,285,000	$ 13,310,000
Revenue Certificates of Participation (1993 Wastewater Refunding) Series 2003	10,665,000	-	(465,000)	10,200,000	475,000	9,725,000
Total	$ 26,520,000	$ -	$ (1,725,000)	$ 24,795,000	$ 1,760,000	$ 23,035,000

1. Revenue Certificates of Participation (1993 Water System Refunding Project) Series 2003 – Original Issue $15,855,000

The 2003 Revenue Certificates of Participation were issued by the Oceanside Public Financing Authority (Authority) to refinance $14,835,000 outstanding 1993 Water System Refunding Plan Certificates of Participation. The City has entered into an installment sale agreement with the Authority which provides for the payment by the City from the pledged revenues derived from the operation of the water system equivalent to the principal and interest on the certificates and related costs. Annual payments of $540,000 to $1,430,000 will be made through August 1, 2021; interest ranges from 2.00% to 4.13%. At June 30, 2005, the outstanding balance of these certificates was $14,595,000. 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.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 1,285,000	$ 506,712	$ 1,791,712
2007	1,325,000	467,363	1,792,363
2008	1,375,000	413,362	1,788,362
2009	1,430,000	357,263	1,787,263
2010-2014	3,740,000	1,320,751	5,060,751
2015-2019	3,205,000	784,368	3,989,368
2020-2022	2,235,000	140,318	2,375,318
Total	$ 14,595,000	$ 3,990,137	$ 18,585,137

8. LONG-TERM DEBT, Continued

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

Certificates of Participation, Continued

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

The 2003 Revenue Certificates of Participation were issued by the Oceanside Public Financing Authority to refinance $10,960,000 outstanding 1993 Wastewater System Refunding Plan Certificates of Participation. The City has entered into an installment sale agreement with the Authority which provides for the payment by the City from the pledged revenues derived from the operation of the sewer system equivalent to the principal and interest on the certificates and related costs. Annual payments of $415,000 to $865,000 will be made through May 1, 2021; interest ranges from 2.25% to 5.00%. At June 30, 2005, the outstanding balance of these certificates was $10,200,000. Certificates maturing before May 1, 2014, are not subject to redemption prior to maturity. Certificates maturing on or after May 1, 2014, are subject to redemption in whole or in part on May 1, 2013, and each interest date thereafter.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 475,000	$ 430,000	$ 905,000
2007	495,000	415,750	910,750
2008	505,000	400,900	905,900
2009	520,000	385,750	905,750
2010-2014	2,930,000	1,612,550	4,542,550
2015-2019	3,585,000	956,050	4,541,050
2020-2021	1,690,000	127,750	1,817,750
Total	$ 10,200,000	$ 4,328,750	$ 14,528,750

8. LONG-TERM DEBT, Continued

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

Notes Payable

Notes payable at June 30, 2005, consisted of the following:

	Balance July 1, 2004	Adjustments	Additions	Deletions	Balance June 30, 2005	Due within one year	Due in more than one year
State revolving loan	$ 35,074,673	$ -	$ 11,982,397	$ -	$ 47,057,070	$ -	$ 47,057,070
State Water Resources Control Board	6,670,527	-	-	(478,086)	6,192,441	490,995	5,701,446
Department of Boating and Waterways	4,456,743	-	-	(210,758)	4,245,985	220,242	4,025,743
Department of Transportation	-	850,000	-	-	850,000	34,000	816,000
1998 Wateruse Purchase Contract	32,580,000	-	-	(15,320,000)	17,260,000	525,000	16,735,000
Total	$ 78,781,943	$ 850,000	$ 11,982,397	$ (16,008,844)	$ 75,605,496	$ 1,270,237	$ 74,335,259

1. 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 $2,926,499 commencing in May 2006 through 2024. The loan is interest free. At June 30, 2005, the outstanding balance of these notes was $47,057,070. Debt service schedule will be determined after completion of project.

2. State Water Resources Control Board– Original Issue $9,204,539

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of $9,861,068 to fund the San Luis Rey Wastewater Treatment Plant generally consisting of upgrades to control odors and improve process performance. The loan is due in installments of $117,893 to $658,191 commencing 1997 through 2015. The interest rate is 2.7% payable annually on November 1. At June 30, 2005, the outstanding balance of this note was $6,192,441.

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

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 490,995	$ 167,196	$ 658,191
2007	504,252	153,939	658,191
2008	517,866	140,324	658,190
2009	531,849	126,342	658,191
2010	546,209	111,982	658,191
2011-2015	2,960,385	330,569	3,290,954
2016	640,885	17,304	658,189
Total	$ 6,192,441	$ 1,047,656	$ 7,240,097

8. LONG-TERM DEBT, Continued

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

Notes Payable, Continued

3. Department of Boating and Waterways

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

	Amount Outstanding at June 30, 2005
1984 Loan Payable	
Due in annual installments of $64,490 through 2015 including interest of 4.5% per annum	$ 550,030
1986 Loan Payable	
Due in annual installments of $230,778 through 2017 including interest of 4.5% per annum	2,234,587
1994 Loans Payable	
Due in annual installments of $116,043 through 2023 including interest of 4.5% per annum	1,461,368
Total loans payable	$ 4,245,985

4. Department of Transportation – Original Issue $850,000

On June 9, 2003, the City entered in to 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 $34,000 to $81,222 through 2020. At June 30, 2005, the outstanding balance of this note was $850,000.

The annual principal payment requirements on this agreement are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2006	$ 34,000	$ 42,984	$ 76,984
2007	35,889	41,264	77,153
2008	39,667	39,449	79,116
2009	43,444	37,444	80,888
2010	47,222	35,247	82,469
2011-2015	292,778	136,593	429,371
2016-2020	357,000	53,013	410,013
Total	$ 850,000	$ 385,994	$ 1,235,994

8. LONG-TERM DEBT, Continued

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

Notes Payable, Continued

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

This installment purchase contract was issued to finance the acquisition, construction and expansion of the City's San Luis Rey Wastewater Treatment Facility. The interest on the purchase contract is variable; annual principal payments range from $525,000 to $1,005,000 through 2028. At June 30, 2005, the outstanding balance of this note was $17,260,000.

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

For the Years Ending June 30,	Principal
2006	$ 525,000
2007	540,000
2008	560,000
2009	580,000
2010-2014	3,170,000
2015-2019	3,705,000
2020-2024	4,315,000
2025-2028	3,865,000
Total	$ 17,260,000

Claims Payable

The City reported claims payable for workers' compensation liabilities in the business-type and proprietary funds that incurred the loss. General liability claims and the short-term portion of workers' compensation liabilities that were incurred were reported in governmental funds. Claims payable at June 30, 2005, were recorded in the following funds:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Business-Type Activities:				
Water	$ 81,344	$ -	$ -	$ 81,344
Sewer	101,579	-	-	101,579
Oceanside Small Craft Harbor District	161,965	-	-	161,965
Total	$ 344,888	$ -	$ -	$ 344,888

8. LONG-TERM DEBT, Continued

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

Compensated Absences

In proprietary funds, the liability for vested and unpaid compensated absences (accrued vacation and sick pay) is reported in the fund as the benefits vest and are earned. At June 30, 2005, compensated absences in the proprietary funds types were as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Business-Type Activities:				
Water	$ 517,409	$ 32,752	$ -	$ 550,161
Sewer	672,093	81,309	-	753,402
Waste Disposal	103,412	1,755	-	105,167
Special Aviation	-	26,218	-	26,218
Oceanside Small Craft Harbor District	278,949	6,627	-	285,576
Total	$ 1,571,863	$ 148,661	$ -	$ 1,720,524

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

The following Mortgage Revenue and Special District Bonds bearing the City's name were issued to finance redevelopment projects; however, neither the faith and credit nor the general taxing power of the City or Commission have been pledged to the payment of the bonds. Furthermore, neither the City nor the Commission has any obligation for the payment of the bonds in the case of default. Therefore, none of the following obligations were included in the accompanying basic financial statements.

Issue	Issuing Agency	Date of Issue	Amount of Issue	Outstanding at June 30, 2005
1985 Multi-Family Housing Revenue Bonds	City of Oceanside	March 1, 1996	$ 6,000,000	$ 6,000,000
City of Oceanside Assessment District No 4-1988 (Mission Square)	City of Oceanside	May 1, 1994	320,830	185,000
1990 Residential Mortgage Revenue Bonds	City of Oceanside	July 1, 1990	21,000,000	15,570,000
1994 Multi-Family Housing Revenue Refunding Bonds Lakeridge	City of Oceanside	December 1, 1994	43,240,000	43,240,000
1996 Multi-Family Housing Revenue Bonds	City of Oceanside	December 1, 1996	29,430,000	2,899,166
2001 Multi-Family Rental Housing Refunding Revenue Bonds Vista Del Oro	City of Oceanside	March 1, 2001	13,325,000	1,325,000
Trendwest CFD 2001-2 Owners Participation Agreement	City of Oceanside	December 1, 2002	1,500,000	1,085,000
Ocean Ranch CFD 2000-1 Ocean Ranch Corporate Centre	City of Oceanside	December 30, 2002	12,265,000	12,265,000
Morro Hills CFD 2001-1 Special Tax Bonds Series A of 2002	City of Oceanside	November 14, 2002	9,915,000	9,750,000
Morro Hills CFD 2004 Improvement Area #1	City of Oceanside	February 1, 2004	11,000,000	11,000,000

8. LONG-TERM DEBT, Continued

D. Defeasance of Debt

The City issued new debt to defease, or partially defease, existing debt. A summary of the transaction is as follows:

- In September 2003, the City issued $7,740,000 in Tax Allocation Bonds to refund the 1993 Tax Allocation Refunding Bonds. The amount of the total outstanding principal refunded was $7,725,000. A summary of the sources and uses of funds, cash flow and economic gain are as follows:

Sources and Uses of Funds:

Sources of Funds:	
Principal amount of certificates	$ 7,740,000
Net premium	133,424
1993 DSRF release	932
City payment of 9/1/03 P & I	523,040
Total Sources of Funds	$ 8,397,396
Uses of Funds:	
Deposit to refunding escrow	$ 8,099,039
Deposit to delivery costs fund	298,357
Total Uses of Funds	$ 8,397,396

Cash Flows:

Debt Service 1993 TABs	Debt Service 2003 TABs	Reduction (Increase) of Debt Service	Present Value of Reduction (Increase) of Debt Service @3.62%
$ 11,580,935	$ 10,272,287	$ 1,308,648	$ 991,925

Economic Gain:

Present Value of Reduction (Increase) of Debt Service	$ 991,925
Plus Refunding Funds on Hand	1,711
Less Prior Funds on Hand	(932)
Net Present Value of Economic Gain	$ 992,704

8. LONG-TERM DEBT, Continued

D. Defeasance of Debt, Continued

- In September 2004, the City issued $13,510,000 in Tax Allocation Bonds to refund the 1994 Tax Allocation Refunding Bonds. The amount of the total outstanding principal refunded was $12,630,000. A summary of the sources and uses of funds, cash flow and economic gain are as follows:

Sources and Uses of Funds:

Sources of Funds:	
Principal amount of 2004 Bonds	$ 13,510,000
Net Original Issue Discount	(14,341)
Transfer from Reserve Account	1,823,230
Total Sources of Funds	$ 15,318,889
Uses of Funds:	
Deposit to refunding escrow	$ 13,060,142
Deposit to Redevelopment Fund	$ 1,823,230
Cost of Issuance	435,517
Total Uses of Funds	$ 15,318,889

Cash Flows:

Debt Service 1994 TABs	Debt Service 2004 TABs	Reduction (Increase) of Debt Service	Present Value of Reduction (Increase) of Debt Service @4.43%
$ 25,414,527	$ 21,628,113	$ 3,786,414	$ 2,505,784

Economic Gain:

Present Value of Reduction (Increase) of Debt Service	$ 2,505,784
Plus Refunding Funds on Hand	1,826,792
Less Prior Funds on Hand	(1,823,230)
Net Present Value of Economic Gain	$ 2,509,346

8. LONG-TERM DEBT, Continued

D. Defeasance of Debt, Continued

- In May 2005, the City issued $20,170,000 in Certificates of Participation to partially refund the 1995 Refunding Certificates of Participation. The amount of the total outstanding principal refunded was $19,745,000. A summary of the sources and uses of funds, cash flow and economic gain are as follows:

Sources and Uses of Funds:

Sources of Funds:	
Par Amount of Certifiates	$ 20,170,000
Net Original Issue Premium	385,222
City Contribution	544,594
Total Sources of Funds	$ 21,099,816
Uses of Funds:	
Deposit to refunding escrow	$ 20,557,947
Cost of Issuance	541,869
Total Uses of Funds	$ 21,099,816

Cash Flows:

Debt Service 1995 COP	Debt Service 2005 COP	Reduction (Increase) of Debt Service	Present Value of Reduction (Increase) of Debt Service @ 3.99%
$ 30,469,625	$ 28,487,289	$ 1,982,336	$ 1,452,037

Economic Gain:

Present Value of Reduction (Increase) of Debt Service	$ 1,452,037
Plus Refunding Funds on Hand	1,751
Less Prior Funds on Hand	-
Net Present Value of Economic Gain	$ 1,453,788

8. LONG-TERM DEBT, Continued

D. Defeasance of Debt, Continued

- In September 2004, the City entered into a $2,064,583 Lease Purchase Agreement to refund the 1994 Certificates of Participation. A summary of the sources and uses of funds, cash flow and economic gain are as follows:

Sources and Uses of Funds:

Sources of Funds:	
Principal amount of the Agreement	$ 2,064,583
Reserve fund release	160,838
Project fund release	29,188
Lease payment fund release	81
Total Sources of Funds	$ 2,254,690
Uses of Funds:	
Cash deposit	$ 1
SLG purchases	2,219,689
Cost of Issuance	35,000
Total Uses of Funds	$ 2,254,690

Cash Flows:

Debt Service 1994 COPs	Debt Service 2004 Agreement	Reduction (Increase) of Debt Service	Present Value of Reduction (Increase) of Debt Service @4.20%
$ 2,919,700	$ 2,560,238	$ 359,462	$ 291,721

Economic Gain:

Present Value of Reduction (Increase) of Debt Service	$ 291,721
Plus Refunding Funds on Hand	-
Less Prior Funds on Hand	(190,107)
Net Present Value of Economic Gain	$ 101,614

9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

A. Deficit Fund Balances

At June 30, 2005, the following funds had deficit fund balances. The City has implemented plans to eliminate these deficits.

Fund Name	Deficit Fund Balance
Special Revenue Fund:	
Community Development Block Grant	$ (1,209)
Storm Damage	(1,723,847)
Total	$ (1,725,056)

B. Excess of Expenditures over Appropriations

At June 30, 2005, there were funds with immaterial excess of expenditures over appropriations. The City has implemented plans to eliminate these excess expenditures.

10. RISK MANAGEMENT

The City is a member of the San Diego Pooled Insurance Program Authority (SANDPIPA) which provides general liability insurance. As a member, the City carries a self-insured retention of $250,000 and is insured through SANDPIPA from $250,000 to $2,000,000. In addition, SANDPIPA has purchased excess insurance coverage from $2,000,000 to $28,000,000 for all of its members, including the City. There have been no significant changes in insurance coverage during the current year and settlements have not exceeded coverage in each of the past three fiscal years.

The workers' compensation and general and auto liability claims payable of $7,309,555 reported at June 30, 2005, are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amounts were as follows:

Year Ended June 30,	Claims Payable July 1,	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30,
2004	$ 9,101,115	$ 2,617,867	$ (3,133,504)	$ 8,585,478
2005	8,585,478	2,535,670	(2,180,989)	8,940,159

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.

10. RISK MANAGEMENT, Continued

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

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

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

The following represents summary audited financial information of SANDPIPA for the fiscal year ended June 30, 2005, which is the most current information available:

Total assets	$ 19,832,101
Total liabilities	$ 11,040,892
Fund equity	$ 8,791,209
Total revenues	$ 5,011,549
Total expenses	$ 5,608,586
Net increase in fund equity	$ (597,037)

Detailed financial information may be obtained from SANDPIPA.

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

11. RETIREMENT PLANS

Pension Plan

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

11. RETIREMENT PLANS, Continued

Funding Policy – Active plan members are required by State statute to contribute 7% for miscellaneous and 9% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to $4,232,005 for the year ended June 30, 2005. The City employer is required to contribute for fiscal year 2005-2006 at an actuarially determined rate of 8.424% and 21.869% of annual covered payroll for miscellaneous and safety employees, respectively.

Annual Pension Cost – For fiscal year 2004-2005, the City's annual pension cost of $8,640,714 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.25% to 14.45% for miscellaneous and 3.25% to 13.15% for safety employees, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2004, was 2 years for both miscellaneous and safety employees.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	$ 2,497,765	100%	$ -
6/30/04	4,065,349	100%	-
6/30/05	8,640,714	100%	-

12. CONTINGENT LIABILITIES

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

13. SUBSEQUENT EVENTS

On August 15, 2005, the City issued the Taxable Pension Obligation Bonds Series 2005 in the amount of $42,780,000. The bonds are being issued to pay the City's currently, unamortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System for the benefit of the City's employees.

14. PRIOR PERIOD ADJUSTMENTS

A. Government-Wide Financial Statements

The City recorded the following prior period adjustments to correct unearned permit fee that were recognized as revenue collected in prior year, and to adjust the long-term debt issued in 2003 that was not recorded in prior year. Accordingly, the net assets as of July 1, 2004, have been restated as follows:

	Net Assets as Previously Reported	Prior Period Adjustments: Permit Fee	Prior Period Adjustments: Long-Term Debt	Net Assets as Restated
Governmental Activities:				
Net assets	$ 246,724,355	$ (896,806)	$ -	$ 245,827,549
Business-Type Activities:				
Net assets	$ 260,802,788	$ -	$ (850,000)	$ 259,952,788

B. Fund Financial Statements

	Net Assets as Previously Reported	Prior Period Adjustments	Net Assets, as restated
Governmental Fund Type:			
General Improvements Capital Projects Fund	$ 30,928,007	$ (896,806)	$ 30,031,201
Total governmental funds	$ 30,928,007	$ (896,806)	$ 30,031,201
Proprietary Fund Type:			
Special Aviation Enterprise Fund	$ 4,382,062	$ (850,000)	$ 3,532,062
Total proprietary funds	$ 4,382,062	$ (850,000)	$ 3,532,062

REQUIRED SUPPLEMENTARY INFORMATION

City of Oceanside
Required Supplementary Information
For the year ended June 30, 2005

1. BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

General Fund

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ 31,818,898	$ 31,818,898	$ 31,818,898	$ -
Resources (inflows):				
Taxes	46,856,174	55,971,826	59,070,548	3,098,722
Licenses and permits	2,642,423	2,642,423	2,142,671	(499,752)
Intergovernmental	11,022,958	2,015,899	2,896,816	880,917
Charges for services	9,455,712	9,507,291	10,638,501	1,131,210
Fines and penalties	3,005,464	3,125,339	3,113,647	(11,692)
Interest and rentals	3,438,534	3,438,534	3,662,573	224,039
Administrative and in lieu charges	11,498,778	11,498,778	11,339,407	(159,371)
Other	1,750,000	1,750,000	1,659,394	(90,606)
Proceeds from sale of real property	-	-	5,591,736	5,591,736
Transfers in	-	28,969	144,418	115,449
Amount available for appropriation	89,670,043	89,979,059	100,259,711	10,280,652
Charges to appropriations (outflows):				
General government	12,491,124	12,925,377	10,683,849	2,241,528
Public safety	52,216,620	52,695,183	54,030,791	(1,335,608)
Public works	8,109,841	8,137,057	8,457,347	(320,290)
Community development	4,112,499	4,111,912	4,011,134	100,778
Community/cultural services	9,684,590	9,727,710	9,080,406	647,304
Transfers out	2,613,834	5,032,362	4,235,823	796,539
Total charges to appropriations	89,228,508	92,629,601	90,499,350	2,130,251
Excess of resources over (under) charges to appropriations	441,535	(2,650,542)	9,760,361	12,410,903
Fund balance, June 30	$ 32,260,433	$ 29,168,356	$ 41,579,259	$ 12,410,903

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Housing Assistance Program Special Revenue Fund

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ 4,757,927	$ 4,757,927	$ 4,757,927	$ -
Resources (inflows):				
Licenses and permits	120,509	120,509	122,021	1,512
Intergovernmental revenue	13,933,144	14,202,061	12,952,839	(1,249,222)
Charges for services	223,033	201,383	305,724	104,341
Fines and penalties	-	-	43	43
Interest and rentals	47,410	47,410	139,665	92,255
Developers fees	-	3,422,658	2,726,728	(695,930)
Other revenues	436,358	291,440	3,376	(288,064)
Transfers in	426,234	426,234	401,311	(24,923)
Amount available for appropriation	15,186,688	18,711,695	16,651,707	(2,059,988)
Charges to appropriations (outflows):				
Community development	15,413,943	18,938,950	16,735,216	2,203,734
Total charges to appropriations	15,413,943	18,938,950	16,735,216	2,203,734
Excess of resources over (under) charges to appropriations	(227,255)	(227,255)	(83,509)	143,746
Fund balance, June 30	$ 4,530,672	$ 4,530,672	$ 4,674,418	$ 143,746

PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Actuarial Excess Assets (Unfunded Liability) Percentage of Covered Payroll
6/30/2002	$ 138,737,210	$ 121,461,707	$ 17,275,503	114.2%	$ 28,511,002	60.6%
6/30/2003	140,537,410	139,865,749	671,661	100.5%	29,980,229	2.2%
6/30/2004	147,880,466	152,287,691	(4,407,225)	97.1%	31,601,265	(13.9)%

Safety Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Actuarial Unfunded Liability Percentage of Covered Payroll
6/30/2002	$ 154,011,001	$ 176,760,496	$ (22,749,495)	87.1%	$ 17,018,685	(133.7)%
6/30/2003	156,226,597	187,671,157	(31,444,560)	83.2%	17,487,366	(179.8)%
6/30/2004	165,693,965	202,107,740	(36,413,775)	82.0%	18,955,563	(192.1)%

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Asset Seizure:

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

Library:

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

Gas Tax:

To account for the maintenance and capital improvements associated with motor vehicle travel. Financing is provided primarily from the City's share of State gasoline taxes.

Community Development Block Grant:

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

Recreation:

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

Maintenance Districts:

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

Strategic Traffic Offender Program (STOP):

To account for funds received from the impoundment of vehicles under California Vehicle Code Section 22651 (h)(1), (h)(2), (o)(1), (p), 22655.3 (a) & (b), 14602.6 (a), and 14607.6 (a).

Grants:

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

DEBT SERVICE FUNDS:

Oceanside Public Financing Authority:

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

Oceanside Bridge Corporation:

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

Oceanside Building Authority:

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

CAPITAL PROJECTS FUND:

Oceanside Building Authority:

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

City of Oceanside
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2005

	Special Revenue					
	Asset Seizure	Library	Gas Tax	Community Development Block Grant	Recreation	Maintenance Districts
ASSETS						
Cash and investments	$ 153,346	$ 38,358	$ 9,170,011	$ -	$ 768,081	$ 1,241,558
Restricted cash and investments	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Accounts	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Taxes	-	-	289,539	-	-	-
Other	-	-	-	-	-	24,248
Due from other governments	-	-	-	578,248	-	-
Prepaid items	-	22,798	-	-	-	-
Total assets	$ 153,346	$ 61,156	$ 9,459,550	$ 578,248	$ 768,081	$ 1,265,806
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ 10,796	$ 456,375	$ 204,796	$ 28,746	$ 126,460
Accrued liabilities	-	-	50,104	2,674	8,504	-
Deposits	-	-	25,000	-	-	-
Due to other funds	-	-	-	371,987	-	-
Deferred revenue	-	-	54,723	-	113,247	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	10,796	586,202	579,457	150,497	126,460
Fund Balances:						
Reserved:						
Debt service	-	-	-	-	-	-
Unreserved designated for:						
Unrealized gains on investments	-	-	-	-	-	-
Unreserved, undesignated:						
Special revenue funds	153,346	50,360	8,873,348	(1,209)	617,584	1,139,346
Capital project funds	-	-	-	-	-	-
Total fund balances	153,346	50,360	8,873,348	(1,209)	617,584	1,139,346
Total liabilities and fund balances	$ 153,346	$ 61,156	$ 9,459,550	$ 578,248	$ 768,081	$ 1,265,806

Special Revenue			Debt Service				Capital Projects	
Stop	Storm Damage	Grants	Oceanside Public Financing Authority	Oceanside Bridge Corporation	Oceanside Building Authority	Oceanside Lighting District	Oceanside Building Authority	Total Other Governmental Funds
$ 921,551	$ -	$ 163,298	$ 1,921,788	$ -	$ 1,251,842	$ 33,535	$ -	$ 15,663,368
-	-	-	2,186,730	-	434,894	-	-	2,621,624
-	-	31,607	-	-	2,185	-	-	33,792
-	-	1,167,139	-	-	-	-	-	1,167,139
-	-	-	-	-	1,760,000	-	-	1,760,000
-	-	-	-	-	-	-	-	289,539
-	-	-	-	-	5,225	-	-	29,473
-	-	665,907	-	-	-	-	-	1,244,155
-	-	-	-	-	-	-	-	22,798
$ 921,551	$ -	$ 2,027,951	$ 4,108,518	$ -	$ 3,454,146	$ 33,535	$ -	$ 22,831,888
$ 16,180	$ 222,434	$ 138,732	$ -	$ -	$ -	$ -	$ -	1,204,519
18,676	-	1,118	-	-	-	-	-	81,076
-	-	-	-	-	-	-	-	25,000
-	1,501,413	-	-	-	-	-	-	1,873,400
-	-	725,751	-	-	1,760,000	-	-	2,653,721
-	-	-	-	-	-	-	-	-
34,856	1,723,847	865,601	-	-	1,760,000	-	-	5,837,716
-	-	-	4,108,518	-	1,694,146	33,535	-	5,836,199
-	-	-	-	-	-	-	-	-
886,695	(1,723,847)	1,162,350	-	-	-	-	-	11,157,973
-	-	-	-	-	-	-	-	-
886,695	(1,723,847)	1,162,350	4,108,518	-	1,694,146	33,535	-	16,994,172
$ 921,551	$ -	$ 2,027,951	$ 4,108,518	$ -	$ 3,454,146	$ 33,535	$ -	$ 22,831,888

City of Oceanside
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2005

	Special Revenue					
	Asset Seizure	Library	Gas Tax	Community Development Block Grant	Recreation	Maintenance Districts
REVENUES:						
Special assessments	$ -	$ -	$ 4,125,015	$ -	$ -	$ 2,284,125
Intergovernmental	110,883	70,239	4,028,078	1,884,904	-	-
Charges for services	-	93,647	-	-	724,012	-
Fines and forfeitures	-	-	-	-	-	-
Lease revenue	-	-	-	-	-	-
Interest and rental	2,945	-	192,557	-	27,590	22,618
Developer fees	-	-	-	-	-	-
Other	-	40,994	14,303	-	564	10,488
Total revenues	113,828	204,880	8,359,953	1,884,904	752,166	2,317,231
EXPENDITURES:						
Current:						
General government	-	-	-	534,673	-	-
Public safety	105,515	-	-	-	-	-
Public works	-	-	3,108,712	-	-	2,539,272
Community development	-	-	-	705,129	-	-
Community/cultural services	-	379,295	-	66,490	696,290	-
Capital outlay	-	-	2,854,853	265,735	-	-
Debt service:						
Principal	-	-	-	215,000	-	-
Interest and fiscal charges	-	-	-	42,800	-	-
Total expenditures	105,515	379,295	5,963,565	1,829,827	696,290	2,539,272
REVENUES OVER (UNDER) EXPENDITURES	8,313	(174,415)	2,396,388	55,077	55,876	(222,041)
OTHER FINANCING SOURCES (USES):						
Issuance of refunding debt	-	-	-	-	-	-
Transfers in	-	224,775	209,890	-	-	270,000
Transfers out	-	-	(311,314)	(55,077)	-	(296,426)
Total other financing sources (uses)	-	224,775	(101,424)	(55,077)	-	(26,426)
NET CHANGES IN FUND BALANCES	8,313	50,360	2,294,964	-	55,876	(248,467)
FUND BALANCES:						
Beginning of year	145,033	-	6,578,384	(1,209)	561,708	1,387,813
End of year	$ 153,346	$ 50,360	$ 8,873,348	$ (1,209)	$ 617,584	$ 1,139,346

Special Revenue			Debt Service				Capital Projects	
Stop	Storm Damage	Grants	Oceanside Public Financing Authority	Oceanside Bridge Corporation	Oceanside Building Authority	Oceanside Lighting District	Oceanside Building Authority	Total Other Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 844,762	$ -	$ -	$ 7,253,902
-	-	1,755,604	-	-	-	-	-	7,849,708
-	-	-	-	-	-	-	-	817,659
482,807	-	-	-	-	-	-	-	482,807
-	-	-	2,152,698	-	166,409	-	-	2,319,107
19,047	-	(130,176)	27,284	-	28,271	-	-	190,136
-	-	-	-	-	-	-	-	-
-	-	51,412	-	-	-	-	-	117,761
501,854	-	1,676,840	2,179,982	-	1,039,442	-	-	19,031,080
-	-	-	-	-	33,769	-	-	568,442
475,506	-	810,186	-	-	-	-	-	1,391,207
-	1,723,847	185,929	-	-	-	-	-	7,557,760
-	-	399,835	-	-	-	-	-	1,104,964
-	-	80,958	-	-	-	-	-	1,223,033
-	-	-	-	-	-	-	-	3,120,588
-	-	-	975,000	-	3,475,000	-	-	4,665,000
-	-	-	1,194,503	-	915,330	-	-	2,152,633
475,506	1,723,847	1,476,908	2,169,503	-	4,424,099	-	-	21,783,627
26,348	(1,723,847)	199,932	10,479	-	(3,384,657)	-	-	(2,752,547)
-	-	-	-	-	-	2,064,583	-	2,064,583
-	-	-	-	-	2,911,209	-	-	3,615,874
-	-	(223,983)	-	-	-	(2,031,048)	-	(2,917,848)
-	-	(223,983)	-	-	2,911,209	33,535	-	2,762,609
26,348	(1,723,847)	(24,051)	10,479	-	(473,448)	33,535	-	10,062
860,347	-	1,186,401	4,098,039	-	2,167,594	-	-	16,984,110
$ 886,695	$ (1,723,847)	$ 1,162,350	$ 4,108,518	$ -	$ 1,694,146	$ 33,535	$ -	$ 16,994,172

City of Oceanside
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Capital Projects Fund
For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 22,977,220	$ 22,977,220	$ 22,977,220	$ -
Resources (inflows):				
Taxes	5,989,000	5,989,000	6,351,141	362,141
Interest and rentals	121,584	121,584	225,081	103,497
Developer fees	70,000	70,000	85,885	15,885
Proceeds from sale of real property	-	-	368,710	368,710
Transfer in	86,250	86,250	293,689	207,439
Amount available for appropriation	6,266,834	6,266,834	7,324,506	1,057,672
Charges to appropriations (outflows):				
Community development	1,373,058	1,181,856	934,912	246,944
Capital outlay	50,000	731,393	497,018	234,375
Transfer out	4,610,657	4,610,657	3,572,961	1,037,696
Total charges to appropriations	6,033,715	6,523,906	5,004,891	1,519,015
Excess of resources over (under) charges to appropriations	233,119	(257,072)	2,319,615	(461,343)
Fund balance, June 30	$ 23,210,339	$ 22,720,148	$ 25,296,835	$ (461,343)

City of Oceanside
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Improvement Capital Projects Fund
For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ 30,031,201	$ 30,031,201	$ 30,031,201	$ -
Resources (inflows):				
Intergovernmental	15,090,087	15,030,087	4,333,338	(10,696,749)
Interest and rentals	825,929	825,929	1,041,576	215,647
Developer fees	4,484,996	4,581,446	3,545,972	(1,035,474)
Other	-	60,000	34,638	(25,362)
Proceeds from sale of real property	100,000	100,000	3,474,363	3,374,363
Transfer in	2,210,000	4,698,872	4,381,799	(317,073)
Amount available for appropriation	22,711,012	25,296,334	16,811,686	(8,484,648)
Charges to appropriations (outflows):				
Public works	280,000	1,093,308	385,181	708,127
Community/cultural services	74,701	74,701	85,010	(10,309)
Capital outlay	15,933,479	41,041,322	12,737,075	28,304,247
Transfer out	589,994	589,994	589,994	-
Total charges to appropriations	16,878,174	42,799,325	13,797,260	29,002,065
Excess of resources over (under) charges to appropriations	5,832,838	(17,502,991)	3,014,426	20,517,417
Fund balance, June 30	$ 35,864,039	$ 12,528,210	$ 33,045,627	$ 20,517,417

City of Oceanside

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

Asset Seizure Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ 145,033	$ 145,033	$ 145,033	$ -
Resources (inflows):				
Intergovernmental	60,000	60,000	110,883	50,883
Interest and rental	-	-	2,945	2,945
Amount available for appropriation	60,000	60,000	113,828	53,828
Charges to appropriations (outflows):				
Public safety	-	-	105,515	(105,515)
Total charges to appropriations	-	-	105,515	(105,515)
Excess of resources over (under) charges to appropriations	60,000	60,000	8,313	(51,687)
Fund balance, June 30	$ 205,033	$ 205,033	$ 153,346	$ (51,687)

City of Oceanside

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

Library Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ -	$ -	$ -	$ -
Resources (inflows):				
Intergovernmental	75,760	75,760	70,239	(5,521)
Charge for services	95,500	95,500	93,647	(1,853)
Other	38,400	38,400	40,994	2,594
Transfers in	192,600	199,481	224,775	25,294
Amount available for appropriation	402,260	409,141	429,655	20,514
Charges to appropriations (outflows):				
Community/cultural services	402,260	440,618	379,295	61,323
Total charges to appropriations	402,260	440,618	379,295	61,323
Excess of resources over (under) charges to appropriations	-	(31,477)	50,360	81,837
Fund balance, June 30	$ -	$ (31,477)	$ 50,360	$ 81,837

City of Oceanside
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Gas Tax Special Revenue Fund
For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ 6,578,384	$ 6,578,384	$ 6,578,384	$ -
Resources (inflows):				
Special assessments	3,000,000	3,000,000	4,125,015	1,125,015
Intergovernmental	4,040,047	4,689,272	4,028,078	(661,194)
Interest and rentals	261,695	261,695	192,557	(69,138)
Developers fees	266,000	266,000	-	(266,000)
Other	-	-	14,303	14,303
Transfers in	300,000	300,000	209,890	(90,110)
Amount available for appropriation	7,867,742	8,516,967	8,569,843	52,876
Charges to appropriations (outflows):				
Public works	2,391,242	2,751,253	3,108,712	(357,459)
Capital outlay	6,381,942	12,563,286	2,854,853	9,708,433
Transfers out	270,000	270,000	311,314	(41,314)
Total charges to appropriations	9,043,184	15,584,539	6,274,879	9,309,660
Excess of resources over (under) charges to appropriations	(1,175,442)	(7,067,572)	2,294,964	9,362,536
Fund balance, June 30	$ 5,402,942	$ (489,188)	$ 8,873,348	$ 9,362,536

City of Oceanside

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

Community Development Block Grant Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ (1,209)	$ (1,209)	$ (1,209)	$ -
Resources (inflows):				
Intergovernmental	2,199,000	3,041,090	1,884,904	(1,156,186)
Amount available for appropriation	2,199,000	3,041,090	1,884,904	(1,156,186)
Charges to appropriations (outflows):				
General government	296,842	452,176	534,673	(82,497)
Community development	1,464,800	1,377,870	705,129	672,741
Community/cultural services	67,358	67,358	66,490	868
Capital outlay	370,000	1,003,686	265,735	737,951
Debt service:				
Principal	-	-	215,000	(215,000)
Interest	-	-	42,800	(42,800)
Transfers out	-	140,000	55,077	84,923
Total charges to appropriations	2,199,000	3,041,090	1,884,904	1,156,186
Excess of resources over (under) charges to appropriations	-	-	-	-
Fund balance, June 30	$ (1,209)	$ (1,209)	$ (1,209)	$ -

City of Oceanside

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

Recreation Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ 561,708	$ 561,708	$ 561,708	$ -
Resources (inflows):				
Charges for services	643,000	643,000	724,012	81,012
Interest and rentals	319,500	54,000	27,590	(26,410)
Other	800	800	564	(236)
Transfers in	-	-	-	-
Amount available for appropriation	963,300	697,800	752,166	54,366
Charges to appropriations (outflows):				
Community/cultural services	964,181	962,526	696,290	266,236
Total charges to appropriations	964,181	962,526	696,290	266,236
Excess of resources over (under) charges to appropriations	(881)	(264,726)	55,876	320,602
Fund balance, June 30	$ 560,827	$ 296,982	$ 617,584	$ 320,602

City of Oceanside

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

Maintenance Districts Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ 1,387,813	$ 1,387,813	$ 1,387,813	$ -
Resources (inflows):				
Special assessments	2,292,286	2,292,286	2,284,125	(8,161)
Interest and rentals	32,940	32,940	22,618	(10,322)
Other	20,000	20,000	10,488	(9,512)
Transfers in	270,000	270,000	270,000	-
Amount available for appropriation	2,615,226	2,615,226	2,587,231	(27,995)
Charges to appropriations (outflows):				
Public works	2,461,709	2,931,709	2,539,272	392,437
Transfers out	289,688	289,688	296,426	(6,738)
Total charges to appropriations	2,751,397	3,221,397	2,835,698	385,699
Excess of resources over (under) charges to appropriations	(136,171)	(606,171)	(248,467)	357,704
Fund balance, June 30	$ 1,251,642	$ 781,642	$ 1,139,346	$ 357,704

City of Oceanside

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

Stop Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final	Amounts	Variance with Final Budget
Fund balance, July 1	$ 860,347	$ 860,347	$ 860,347	$ -
Resources (inflows):				
Fines and forfeitures	437,000	437,000	482,807	45,807
Interest and rentals	-	-	19,047	19,047
Interest and rentals	-	-	-	-
Amount available for appropriation	437,000	437,000	501,854	64,854
Charges to appropriations (outflows):				
Public safety	511,378	532,890	475,506	57,384
Total charges to appropriations	511,378	532,890	475,506	57,384
Excess of resources over (under) charges to appropriations	(74,378)	(95,890)	26,348	122,238
Fund balance, June 30	$ 785,969	$ 764,457	$ 886,695	$ 122,238

City of Oceanside

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

Grants Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual	Positive (Negative) Variance with
	Original	Final	Amounts	Final Budget
Fund balance, July 1	$ 1,186,401	$ 1,186,401	$ 1,186,401	$ -
Resources (inflows):				
Intergovernmental	2,695,837	5,814,005	1,755,604	(4,058,401)
Interest and rental	-	28,693	(130,176)	(158,869)
Other	-	77,561	51,412	(26,149)
Transfers in	-	196,752	-	(196,752)
Amount available for appropriation	2,695,837	6,117,011	1,676,840	(4,440,171)
Charges to appropriations (outflows):				
Public safety	553,571	1,982,643	810,186	1,172,457
Public works	11,008	883,406	185,929	697,477
Community development	2,147,484	2,724,180	399,835	2,324,345
Community/cultural services	60,109	115,978	80,958	35,020
Capital outlay	-	238,500	-	238,500
Transfers out	-	418,921	223,983	194,938
Total charges to appropriations	2,772,172	6,363,628	1,700,891	4,662,737
Excess of resources over (under) charges to appropriations	(76,335)	(246,617)	(24,051)	222,566
Fund balance, June 30	$ 1,110,066	$ 939,784	$ 1,162,350	$ 222,566

City of Oceanside
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Oceanside Building Authority Capital Projects Fund
For the year ended June 30, 2005

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

INTERNAL SERVICE FUNDS

Loss Prevention

To account for the costs of the City's risk management and self-insurance programs. Funds are provided primarily from charges to programs and projects.

General Services

To account for the costs of maintenance of automotive equipment, City buildings, and the costs of operating central data processing operations. Funds are provided from charges to programs and projects.

City of Oceanside
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2005

	Loss Prevention	General Services	Total
ASSETS			
Cash and investments	$ 11,398,430	$ 5,484,064	$ 16,882,494
Accounts receivable	907,776	-	907,776
Inventory, at cost	-	218,617	218,617
Prepaid items	-	544,594	544,594
Property, plant and equipment:			
Construction in progress	-	205,194	205,194
Machinery and equipment	21,302	27,453,307	27,474,609
Less accumulated depreciation	(18,283)	(14,436,141)	(14,454,424)
Total property, plant and equipment	3,019	13,222,360	13,225,379
Total assets	12,309,225	19,469,635	31,778,860
LIABILITIES			
Current liabilities (payable from current assets)			
Accounts payable	1,146,647	637,123	1,783,770
Accrued liabilities	20,336	118,305	138,641
Interest payable	-	66,449	66,449
Loans payable within one year	-	682,804	682,804
Total current liabilities (payable from current assets)	1,166,983	1,504,681	2,671,664
Long-term debt excluding current installments:			
Loans payable	-	4,999,492	4,999,492
Claims and judgments payable	787,142	-	787,142
Compensated absences	81,682	422,829	504,511
Total long-term debt	868,824	5,422,321	6,291,145
Total liabilities	2,035,807	6,927,002	8,962,809
NET ASSETS			
Invested in capital assets, net of related debt	3,019	7,540,064	7,543,083
Unrestricted	10,270,399	5,002,569	15,272,968
Total net assets	$ 10,273,418	$ 12,542,633	$ 22,816,051

City of Oceanside
Combining Statement of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2005

	Loss Prevention	General Services	Total
OPERATING REVENUES:			
Charges for services	$ 25,145,215	$ 15,304,791	$ 40,450,006
Other	349,172	-	349,172
Total operating revenues	25,494,387	15,304,791	40,799,178
OPERATING EXPENSES:			
Personal services	645,809	3,125,106	3,770,915
Maintenance and operations	4,093,478	9,989,930	14,083,408
Insurance premiums	19,798,311	-	19,798,311
Depreciation	603	2,523,689	2,524,292
Total operating expenses	24,538,201	15,638,725	40,176,926
OPERATING INCOME (LOSS)	956,186	(333,934)	622,252
NONOPERATING REVENUES (EXPENSES):			
Interest expense and fiscal charges	-	(354,374)	(354,374)
Sale of Surplus Equipment	-	223,179	223,179
Gain (loss) on sale of capital assets	-	(36,071)	(36,071)
Total nonoperating revenues (expenses)	-	(167,266)	(167,266)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	956,186	(501,200)	454,986
TRANSFERS:			
Transfers in	-	617,906	617,906
Transfers out	-	(22,535)	(22,535)
Total transfers	-	595,371	595,371
Net income (loss)	956,186	94,171	1,050,357
NET ASSETS:			
Beginning of the year	9,317,232	12,448,462	21,765,694
End of the year	$ 10,273,418	$ 12,542,633	$ 22,816,051

City of Oceanside
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2005

	Loss Prevention	General Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	$ 24,237,439	$ 15,359,242	$ 39,596,681
Cash payments to employees for services	(645,809)	(3,669,700)	(4,315,509)
Insurance premiums and settlements	(22,629,424)	(9,918,374)	(32,547,798)
Other operating revenues	349,172	-	349,172
Net cash provided (used) by operating activities	1,311,378	1,771,168	3,082,546
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	617,906	617,906
Transfers out	-	(22,535)	(22,535)
Total cash provided (used) by noncapital financing activities	-	595,371	595,371
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of fixed assets	1	(2,938,001)	(2,938,000)
Sales on surplus property	-	187,108	187,108
Repayments of long-term borrowing	-	(645,836)	(645,836)
Interest expense and fiscal charges	-	(361,939)	(361,939)
Total cash provided (used) by capital and related financing activities	1	(3,758,668)	(3,758,667)
Net increase (decrease) in cash	1,311,379	(1,392,129)	(80,750)
CASH AND INVESTMENTS:			
Beginning of year	10,087,051	6,876,193	16,963,244
End of year	$ 11,398,430	$ 5,484,064	$ 16,882,494
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 956,186	$ (333,934)	$ 622,252
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	603	2,523,689	2,524,292
Changes in assets and liabilities:			
Accounts receivable	(907,776)	-	(907,776)
Prepaid items	-	(544,594)	(544,594)
Inventories	-	54,451	54,451
Accounts payable	1,135,350	26,556	1,161,906
Accrued liabilities	2,010	17,040	19,050
Claims and judgments	117,214	-	117,214
Compensated absences	7,791	27,960	35,751
Total cash provided (used) by operating activities	$ 1,311,378	$ 1,771,168	$ 3,082,546

FIDUCIARY FUND FINANCIAL STATEMENTS

Special Assessment District

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

Deposits

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

CALTRANS Highway 76 Acquisition

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

City of Oceanside
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Special Assessment District	Deposits	CALTRANS Highway 76 Acquisition	Total
ASSETS				
Cash and investments	$ 1,799,277	$ 6,090,545	$ -	$ 7,889,822
Restricted cash and investments	23,400,682	-	-	23,400,682
Accounts receivable	-	15,785	-	15,785
Interest receivable	8,090	-	-	8,090
Total assets	$ 25,208,049	$ 6,106,330	$ -	$ 31,314,379
LIABILITIES				
Accounts payable	$ 169,427	$ 143,702	$ -	$ 313,129
Accrued liabilities	7,337	8,866	-	16,203
Deposits	-	5,939,782	-	5,939,782
Due to other governments	-	13,980	-	13,980
Due to bondholders	25,031,285	-	-	25,031,285
Total liabilities	$ 25,208,049	$ 6,106,330	$ -	$ 31,314,379

City of Oceanside
Statement of Changes in Net Assets
Fiduciary Funds
For the year ended June 30, 2005

	Balance July 1, 2004	Net Changes in Net Assets	Balance June 30, 2005
Special Assessment District			
Assets:			
Cash and investments	$ 1,305,521	$ 493,756	$ 1,799,277
Restricted cash and investments	16,734,296	6,666,386	23,400,682
Accounts receivable	-	8,090	8,090
Interest receivable	58,199	(58,199)	-
Total assets	$ 18,098,016	$ 7,110,033	$ 25,208,049
Liabilities:			
Accounts payable	$ 519,647	$ (350,220)	$ 169,427
Accrued liabilities	-	7,337	7,337
Due to bondholders	17,578,369	7,452,916	25,031,285
Total liabilities	$ 18,098,016	$ 7,110,033	$ 25,208,049
Deposits			
Assets:			
Cash and investments	$ 4,887,722	$ 1,202,823	$ 6,090,545
Accounts receivable	4,897	10,888	15,785
Deposits	67,224	(67,224)	-
Total assets	$ 4,959,843	$ 1,146,487	$ 6,106,330
Liabilities:			
Accounts payable	$ 82,299	$ 61,403	$ 143,702
Accrued liabilities	66,821	(57,955)	8,866
Deposits	4,723,739	1,216,043	5,939,782
Due to other governments	86,984	(73,004)	13,980
Total liabilities	$ 4,959,843	$ 1,146,487	$ 6,106,330
CALTRANS Highway 76 Acquisition			
Assets:			
Cash and investments	$ 631,841	$ (631,841)	$ -
Liabilities:			
Deposits	$ 631,841	$ (631,841)	$ -
Total - All Agency Funds			
Assets:			
Cash and investments	$ 6,825,084	$ 1,064,738	$ 7,889,822
Restricted cash and investments	16,734,296	6,666,386	23,400,682
Accounts receivable	4,897	18,978	23,875
Interest receivable	58,199	(58,199)	-
Deposits	67,224	(67,224)	-
Total assets	$ 23,689,700	$ 7,624,679	$ 31,314,379
Liabilities:			
Accounts payable	$ 601,946	$ (288,817)	$ 313,129
Accrued liabilities	66,821	(50,618)	16,203
Deposits	5,355,580	584,202	5,939,782
Due to other governments	86,984	(73,004)	13,980
Due to bondholders	17,578,369	7,452,916	25,031,285
Total liabilities	$ 23,689,700	$ 7,624,679	$ 31,314,379

This page intentionally left blank.

CAPITAL ASSETS USED IN THE OPERATING OF GOVERNMENTAL FUNDS

City of Oceanside
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source*
June 30, 2005

GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	$	49,330,799
Buildings, structures and improvements other than buildings		71,756,867
Machinery and equipment		23,187,805
Infrastructure		248,212,511
Construction in progress		15,509,705
Total governmental funds capital assets		407,997,687
Accumulated depreciation		(150,879,313)
Total governmental funds capital assets, net	$	257,118,374
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
State grants	$	797,206
Federal grants		5,604,256
General fund revenues		29,205,368
Special revenue funds revenues		6,336,982
Capital projects funds revenues		214,249,406
Special assessments		815,815
Enterprise funds revenues		109,341
Total governmental funds capital assets	$	257,118,374

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

City of Oceanside
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes in Capital Assets - By Function and Activity
For the year ended June 30, 2005

	Capital Assets July 1, 2004	Additions	Deletions	Capital Assets June 30, 2005
Function and Activity:				
General government:	$ 76,143,358	$ 75,361	$ (124,897)	$ 76,093,822
Public safety	18,509,121	467,892	(672,213)	18,304,800
Public works	121,627,484	11,876,926	(6,730,319)	126,774,091
Community development	2,179,689	3,373,760	(557,660)	4,995,789
Community/cultural services	31,698,439	530,442	(1,279,009)	30,949,872
Total general fixed assets	$ 250,158,091	$ 16,324,381	$ (9,364,098)	$ 257,118,374

This page intentionally left blank.