

The background of the entire page is a photograph of a sunset over the ocean. The sun is a bright orange circle on the horizon, with the sky transitioning from orange to a pale blue. Silhouettes of numerous palm trees of varying heights are scattered across the middle ground. In the distance, a pier with several buildings extends into the water. The foreground is dark, showing the silhouettes of parked cars.

city of
OCEANSIDE
CALIFORNIA

Comprehensive Annual Financial Report
For the year ended June 30, 2016

CITY OF OCEANSIDE
CALIFORNIA
Comprehensive Annual Financial Report
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016



City Council

Jim Wood, Mayor
Chuck Lowery, Deputy Mayor
Jack Feller, Council Member
Jerome Kern, Council Member
Esther Sanchez, Council Member

City Manager
Michelle Skaggs Lawrence
Director of Financial Services
Jane McPherson, C.P.A.

Prepared By:
Finance Department

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CITY OF OCEANSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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City of Oceanside

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

December 12, 2016

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Oceanside (the City) for the fiscal year ended June 30, 2016.

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

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is presented as the first component of the financial section of this report.

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

City of Oceanside Profile

The City of Oceanside (City) is a charter city that was incorporated on January 3, 1888. It is located 35 miles north of San Diego and 83 miles south of Los Angeles. The City is located on the Pacific Ocean, offering a moderate climate that ranks as one of the most desirable in the nation. Oceanside boasts 3.5 miles of coastline, a harbor with over

900 boat slips, and one of the longest wooden piers on the West Coast, measuring 1,942 feet in length. The City occupies a land area of 42 square miles and provides a full range of services, including police, fire, library, water, sewer, street and other infrastructure construction and maintenance, parks and recreation services. The City also maintains an airport and a small craft harbor.

The population of Oceanside is estimated at 176,000, making it the third largest city in San Diego County. The median household income for the City is \$47,768.

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

The financial activities of the three legally separate entities for which the City serves as the governing body are also included in this report; the Oceanside Community Development Commission, the Oceanside Small Craft Harbor District, and the Oceanside Public Financing Authority. The City also serves as the Successor Agency for the former Redevelopment Agency. Additional information on these entities is contained in Note 1 and 15 to the Financial Statements.

Economic Outlook

The U.S. economy continues to improve due to continued improvements in the labor market and stable costs resulting in a lower rate of inflation. At the state level, California continues to see increases in revenues in property tax and personal taxes. California's expenditures remain relatively flat.

The City of Oceanside's revenues have stabilized and are projected to increase nominally the next few years. Oceanside housing prices, along with new commercial properties and hotels will result in consistent increases property tax and transient occupancy tax revenues. Sales taxes are projected to remain flat due to lower fuel prices and slow growth in retail establishments.

The City's personnel costs have been partially mitigated due to negotiated MOU's with bargaining groups for employees to pay their full employee-rate of the pension costs as well as capping the City contribution to health insurance payments. However, with recent smoothing of costs implemented by CalPERS, the City's burden has been increased over \$2.3 million per year.

Without further budget adjustments or corrections, a modest surplus budget is projected for FY 2016-17 and for the following five years.

Financial Policies

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

Appropriations Limit – Proposition 4, known as the Gann Initiative, was passed in 1979 to limit government spending by capping the total proceeds of taxes that may be appropriated in a fiscal year. When a city exceeds the limit, excess tax revenue must be returned to the citizens through refunds, rebates, or other means. The City is well below the established Gann limit of \$350,352,239.

Debt Administration – As of June 30, 2016 the City had a total of \$109,433,337 in long-term debt. As a result of indebtedness issued by other governmental agencies operating within the City of Oceanside, net bonded debt (i.e. bonds not supported by user charges) per City 2015-16 assessed valuation was 2.75% as of June 30, 2016.

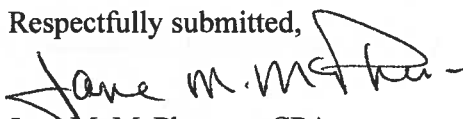
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both the Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Jane M. McPherson, CPA
Financial Services Director

PRINCIPAL OFFICIALS

JUNE 30, 2016

CITY COUNCIL

Jim Wood, Mayor
Chuck Lowery, Deputy Mayor
Jack Feller, Council Member
Jerome Kern, Council Member
Esther Sanchez, Council Member

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Michelle Skaggs Lawrence
City Attorney	John P. Mullen
City Clerk	Zack Beck
City Treasurer	Vacant
Assistant City Manager	Deanna Lorson
Interim Development Services Director	Peter Weiss
Financial Services Director	Jane McPherson
Fire Chief	Rick Robinson
Housing & Neighborhood Services Director	Margery Pierce
Human Resources Director	Robert O'Brien
Library Services Director	Sherri Cosby
Police Chief	Frank McCoy, Jr.
Public Works Director	Hans K. Koger
Water Utilities Director	Cari Dale



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

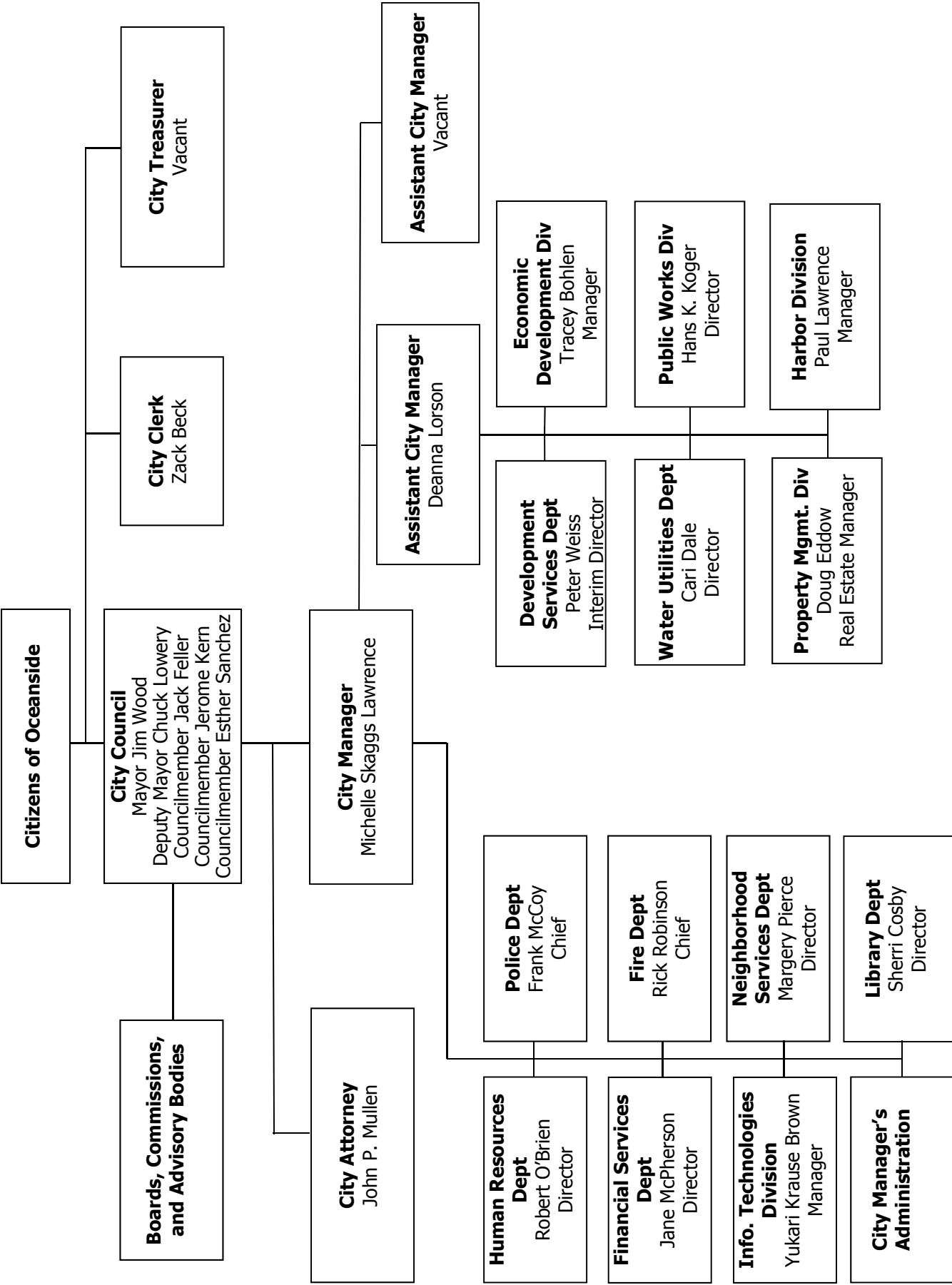
Presented to

**City of Oceanside
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oceanside, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 7, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2016. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements. A glossary has been provided at the end of this analysis to assist the reader in understanding the terminology used within.

FINANCIAL HIGHLIGHTS

- The City's Total Assets increased overall by \$24.9 million. This is composed of a \$10.8 million increase in Governmental activities assets and \$14.1 million increase in Business-Type activities assets.
- The City's Total Net Position increased overall by \$42.6 million. Governmental activities net position increased \$21.1 million. The increase was due to \$3.0 million increase in property taxes, \$3.98 million increase in charges for services and \$8.8 million increases in operating contributions and grants.
- Business-Type activities net position increased \$21.5 million. The increase was due to expenditures coming in lower than charges of services.
- The City's total revenues decreased \$23.9 million from 2015
 - Governmental activities revenues increased \$25 million
 - Business-Type activities revenues decreased \$1.1 million
- The City's total expenses decreased \$4.0 million from 2015
 - Governmental activities expenses decreased \$2.9 million
 - Business-Type activities expenses decreased \$1.1 million
- General Fund had a surplus of \$7.5 million in one-time funds for the year ending June 30, 2016. These one-time funds have been assigned by Council for the following:
 - Pier Maintenance – \$2.5 million
 - CalPERS supplemental reserve - \$2.1 million
 - Infrastructure Reserves - \$2.9 million

THE FINANCIAL STATEMENTS

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

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

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

focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

Reporting the City's Most Significant Funds

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

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

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

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

Net Position - The City's combined Net Position (i.e. inclusive of *all* City funds) for the fiscal year ended June 30, 2016 is compared to results for 2015 in Table 1.

Table 1

City of Oceanside Statement of Net Position						
(in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current & other assets	\$243.9	\$234.0	\$180.2	\$179.5	\$424.1	\$413.5
Net pension assets	0	0	0	0		0
Capital assets	296.4	295.5	445.3	431.9	741.7	727.4
Total assets	<u>\$540.3</u>	<u>\$529.5</u>	<u>\$625.5</u>	<u>\$611.4</u>	<u>\$1,165.8</u>	<u>\$1,140.9</u>
Deferred Outflows of Resources	<u>\$17.1</u>	<u>\$15.9</u>	<u>\$1.5</u>	<u>\$1.5</u>	<u>\$18.6</u>	<u>\$17.4</u>
Long-term debt outstanding	\$261.0	\$252.6	\$74.2	\$78.8	\$335.2	\$331.4
Other liabilities	11.2	11.3	14.2	15.0	25.4	26.3
Total liabilities	<u>\$272.2</u>	<u>\$263.9</u>	<u>\$88.4</u>	<u>\$93.8</u>	<u>\$360.6</u>	<u>\$357.7</u>
Deferred Inflows of Resources	<u>\$22.4</u>	<u>\$39.8</u>	<u>\$1.2</u>	<u>\$3.2</u>	<u>\$23.6</u>	<u>\$43.0</u>
Net Position						
Net investment in capital assets	\$271.2	\$266.1	\$387.6	\$368.1	\$658.8	\$634.2
Restricted	65.6	58.0	63.8	54.9	\$129.4	\$112.9
Unrestricted	(74.0)	(82.4)	86.0	\$92.9	12.0	\$10.5
Total Net Position	<u>\$262.8</u>	<u>\$241.7</u>	<u>\$537.4</u>	<u>\$515.9</u>	<u>\$800.2</u>	<u>\$757.6</u>

- Net Position represents the most simple test of financial health for the City, indicating the excess (or deficit) of assets and deferred outflows of resources over liabilities. Net Position for the City as a whole increased \$42.6 million for a total of \$757.6 million at June 30, 2015 to \$800.2 million at June 30, 2016 for a 5.6 % increase of Total Net Position.
- The overall increase in Total Assets is \$24.9 million. The Governmental activities total Assets increased \$10.8 million with higher cash/investments. The Business-Type Total Assets activities increased \$14.1 million with higher cash/investments and increases to capital assets.
- The overall increase in Total Liabilities is \$2.9 million which is attributable to the long-term debt payments, increasing slightly while the other liabilities remained stable.
- The increase of Total Assets and deferred outflows of resources of \$26.1 million along with a decrease of Total Liabilities and deferred inflows of resources of \$16.5 million has increased the City's Total Net Position by \$42.6 million or a 5.6% increase from 2015.

As illustrated in Table 2, Total Net Position is comprised of three categories, Net Investment in Capital Assets, Restricted and Unrestricted. The City's net investment in capital assets makes up 82.3% of the City's Total Net Position. An increase in Restricted Net Position of \$16.5 million is predominantly due to an increase in restriction for infrastructure reserves and capital projects. The Unrestricted Net Position increased \$1.5. The Governmental Unrestricted Net Position category increased \$8.5 million which is due to an increase in property tax revenues. The Business-Type Unrestricted Net Position category had a positive \$6.9 million decrease due to increase in restricted funds.

Table 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Investment in Capital Assets	\$380.5	\$419.4	\$442.0	\$635.2	\$630.7	\$629.0	\$621.9	\$597.2	\$634.2	\$658.8
Restricted	125.8	132.5	97.4	110.0	141.1	150.1	140.4	125.1	112.9	129.4
Unrestricted	<u>108.8</u>	<u>104.2</u>	<u>116.8</u>	<u>94.8</u>	<u>82.6</u>	<u>94.0</u>	<u>139.2</u>	<u>207.8</u>	<u>10.5</u>	<u>12.0</u>
Total Net Position	\$615.1	\$656.1	\$656.2	\$840.0	\$854.4	\$873.1	\$901.5	\$930.1	\$757.6	\$800.2
\$ increase (decrease) from prior year	\$59.4	\$41.0	\$ 0.1	\$183.8	\$14.4	\$18.7	\$28.4	\$28.6	\$(172.5)	\$42.6
% increase (decrease) from prior year	10.69%	6.67%	0.02%	28.01%	1.71%	2.19%	3.3%	3.2%	(18.5%)	5.6%

Total City Activities - The City's combined Activities for the fiscal year ended June 30, 2016 is compared to results for 2015 in Table 3. The Statement of Activities reveals an increase of revenues of \$23.9 million from 2015 and expenses decreased \$4.0 million. For 2016, total revenues less expenditures increased Net Position by \$51.5 million. The majority of this increase was in the Business-Type activities.

Governmental Activities - Net Position (including transfers) increased by \$30.0 million in 2016 compared to the \$33.9 million increase in 2015 as identified in Table 3. An overall increase in Program Revenues of \$21.3 million, along with a \$3.7 million increase for General Revenues (specifically in property and other taxes, and other revenue) are a result of increased funding for operating contributions and grants. Total Government expenses decreased by \$2.9 million in 2016. General Government expenses decreased \$4.5 million, Public Safety increased \$2.7 million, Public Works decreased \$2.7 million and Community Development increased \$.6 million. Interest on long-term debt decreased \$0.4 million.

Table 3

City of Oceanside Activities						
(in thousands of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
<i>Program Revenues</i>						
Charges for services	\$37,093	\$33,110	135,345	\$136,723	\$172,438	\$169,833
Operating grants and contributions	40,680	31,943	0	119	40,680	32,062
Capital grants and contributions	10,858	2,328	0	939	10,858	3,267
<i>General Revenues</i>						
Property taxes	54,205	51,170	0	0	54,205	51,170
Sales taxes	22,150	21,749	0	0	22,150	21,749
Other taxes	14,929	14,345	0	0	14,929	14,345
Use of money and property	6,115	5,637	1,914	1,574	8,029	7,211
Other	<u>8,741</u>	<u>9,442</u>	<u>3,929</u>	<u>2,966</u>	<u>12,670</u>	<u>12,408</u>
Total Revenues	<u>\$194,771</u>	<u>\$169,724</u>	<u>\$141,188</u>	<u>\$142,321</u>	<u>\$335,959</u>	<u>\$312,045</u>
Expenses						
General government	\$15,553	\$20,073	0	\$0	\$15,553	\$20,073
Public safety	83,065	80,526	0	0	83,065	80,526
Public works	30,969	33,683	0	0	30,969	33,683
Community development	32,225	30,564	0	0	32,225	30,564
Community/cultural services	13,546	12,942	0	0	13,546	12,942
Interest on long-term debt	1,645	2,078	0	0	1,645	2,078
Water	0	0	55,293	56,315	55,293	56,315
Sewer	0	0	31,470	31,517	31,470	31,517
Waste disposal	0	0	19,241	19,323	19,241	19,323
Other	<u>0</u>	<u>0</u>	<u>1,456</u>	<u>1,449</u>	<u>1,456</u>	<u>1,449</u>
Total Expenses	<u>\$177,003</u>	<u>\$179,866</u>	<u>\$107,460</u>	<u>\$108,604</u>	<u>\$284,463</u>	<u>\$288,470</u>
Increase (decrease) in net position before transfers and extraordinary gain	\$17,768	(\$10,142)	\$33,728	\$33,717	\$51,496	\$23,575
Transfers	\$12,218	\$10,912	(\$12,218)	(\$10,912)	0	0
Extraordinary gain	0	\$33,177	0	0	0	\$33,177
Increase in net position	\$29,986	\$33,947	\$21,510	\$22,805	\$51,496	\$56,752
Beginning net position as restated	<u>232,812</u>	<u>207,765</u>	<u>515,869</u>	<u>493,064</u>	<u>748,681</u>	<u>700,829</u>
Ending net position	<u>\$262,798</u>	<u>\$241,712</u>	<u>\$537,379</u>	<u>\$515,869</u>	<u>\$800,177</u>	<u>\$757,581</u>

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

Chart 1

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

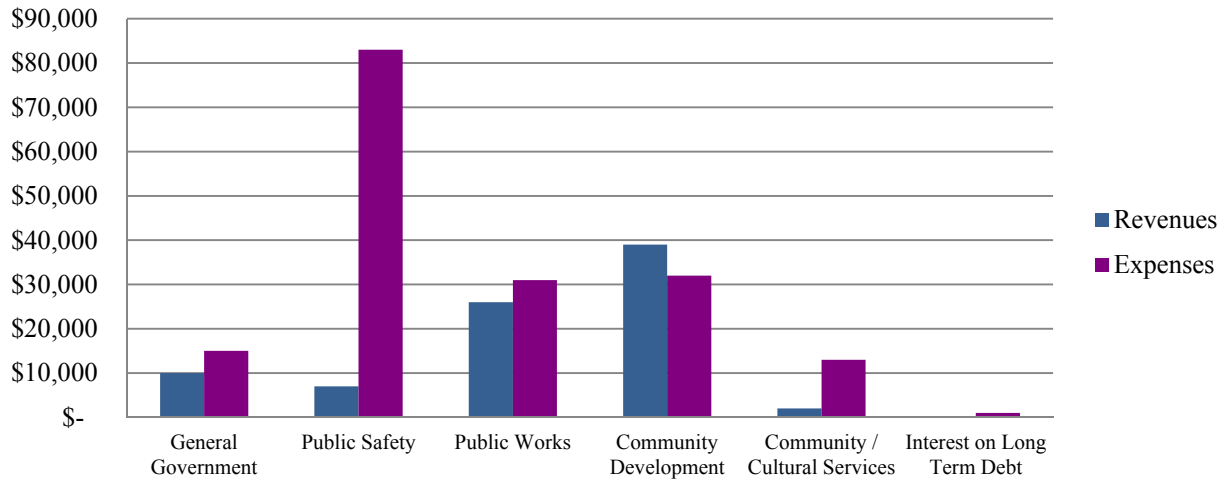
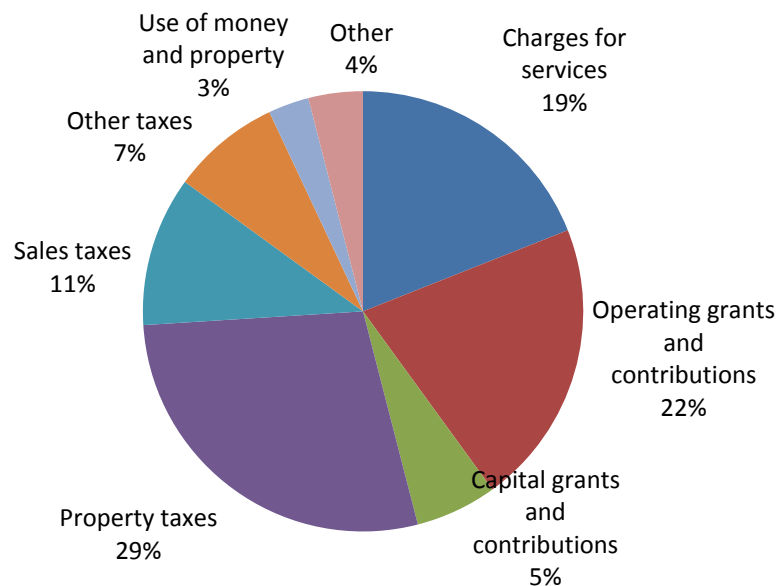


Chart 2 shows that Property Tax, Operating Grants and Contributions, Charges for Service and Sales Tax which are the top four categories of revenue and comprise 81% of funding for Government activities. The Other category includes proceeds from the disposition of City real property, intergovernmental administrative fees, developer contributions, and miscellaneous revenues.

Chart 2

Governmental Revenues



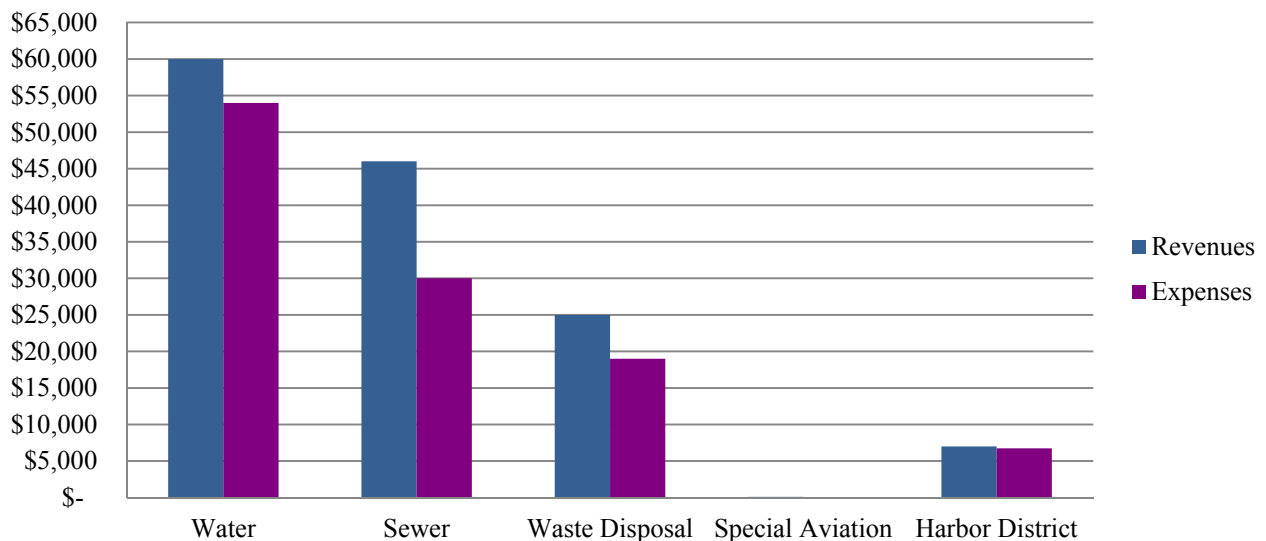
Business-Type Activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and Special Aviation. These activities increased Net Position (including transfers) by \$21.5 million from the last fiscal year as noted on Table 3. Revenues decreased \$1.1 million due to lower water usage. Expenses were nearly flat compared to 2015. Transfers out (a deduction to Net Position) decreased by \$1.3 million from the prior year.

The Statement of Revenues, Expenses, and Changes in Net Position for proprietary funds indicate a decrease of \$0.4 million in operating revenues from the previous year. The Water operating revenue decreased \$0.4 and Sewer operating revenue decreased \$0.7 million. Harbor revenues were flat and Waste Disposal operating revenue increased \$0.6 million. Operating expenses for Water decreased \$1.0 million and Sewer was flat. In Water, administrative costs increased slightly and the cost of purchased water decreased from the prior year. Maintenance and operations costs increased by \$0.2 million. Sewer administrative costs and maintenance costs were flat as compared to the prior year. Waste Disposal, administrative costs, maintenance and operations costs were consistent with prior year. Harbor operating expenses remained flat. The City's General Fund pays the Harbor administrative, maintenance and police functions and the City's General Fund is reimbursed by the Harbor. These costs increased \$.1 million from 2015.

Overall, the Business-Type activities operating revenue exceeded operating expenses (before transfers and contributions) for fiscal year 2015-16 with a total net operating income of \$34.0 million.

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

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



Financial Analysis of the City's Funds

The total fund balance of \$57.5 million at year-end for the City's General Fund, as shown on the Balance Sheet, is a decrease of \$1.5 million from 2015. Of this total amount, \$2.3 million is nonspendable, \$19.5 million is committed, \$33.5 million is assigned, and \$2.1 million is unassigned. The unassigned fund balance is available for future expenditure allocation as defined in City Council Policy 200-13. These categories are in compliance with GASB 54 and full disclosure can be found in Note 9.

The Statement of Revenues, Expenditures and Changes in Fund Balances also reflects the \$1.5 million increase in the General Fund balance. General Fund revenues increased approximately \$5.3 million from 2015. General Fund expenditures increased overall \$5.6 million or 4.49%. Other Financing Sources includes a transfer in of \$12.5 million of which \$5.5 million came from the Harbor fund for harbor administrative, maintenance and police services, \$7.3 million from Water, Sewer and Waste Disposal funds for administrative services, and \$1.2 million from other governmental funds. Other Financing Sources also includes a transfer out of \$2.5 million for grants, general improvement capital projects, internal services, and other governmental funds.

The fund balance of the Grants Special Revenue Fund decreased \$2.6 million. Revenues increased \$2.3 million and expenditures increased \$3.4 million as compared to 2015.

The fund balance of the Housing Assistance Program Special Revenue Fund increased \$.9 million. Revenues increased \$1.5 million and expenditures increased \$.6 million as compared to 2015.

The fund balance of the General Improvement Capital Projects Fund increased \$7.4 million. Revenues increased \$7.1 million and expenditures remained flat compared to 2015.

The fund balance of the General Debt Service Debt Service Fund increased \$.3 million. Revenues increased \$.2 million and expenditures increased \$40.9 million as compared to 2015.

The fund balance of \$7.5 million in Total other governmental funds decreased \$37.3 million from 2015. The decrease is due to the General Improvement Capital Projects Fund and the General Debt Service Debt Service Fund being separately grouped this year.

Debt Administration

Governmental activities debt realized a net increase of \$8.5 million as noted in Table 4. The most significant increases and decreases to long-term liabilities pertained to the net pension liability for the pension plan, which is being reported in the financial statements for the first time in conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68. More detail about the City's long-term liabilities is presented in Note 8 and Retirement Plans in Note 11 to the financial statements.

Table 4

City of Oceanside				
Governmental Debt Outstanding				
	<u>Balance at June 30, 2015</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance at June 30, 2016</u>
Governmental Activities				
Certificates of Participation	\$24,874,361		(\$12,575,001)	\$12,299,360
Capital Leases Payable	4,549,394		(469,742)	4,079,652
Notes Payable	2,813,000		(138,000)	2,675,000
Pension Obligation Bonds	33,580,000	\$32,020,000	(33,580,000)	32,020,000
Lease Revenue Bonds	0	8,335,000	0	8,335,000
Claims Payable	17,509,241	7,016,915	(4,752,281)	19,773,875
Compensated Absences	10,829,844	5,385,214	(4,772,776)	11,442,282
Net Pension Liability	\$154,972,055	27,561,925	(15,980,252)	\$166,553,728
Other Post-Employment Benefits	<u>2,930,548</u>	<u>630,007</u>	<u>(197,575)</u>	<u>3,362,980</u>
Total Governmental Activities	\$252,058,443	\$80,949,061	(\$72,465,627)	\$260,541,877

Business-Type debt activities decreased in the fiscal year ending 2016 by \$1.0 million. As noted above in the Governmental Activities Debt, the net pension liability was the main reason for the significant change.

Table 5

City of Oceanside				
Business-Type Activities Debt Outstanding				
	<u>Balance at June 30, 2015</u>	<u>Incurred or Issued</u>	<u>Satisfied, Adjusted or Matured</u>	<u>Balance at June 30, 2016</u>
Business-Type Activities				
Bonds Payable	\$31,160,000		(\$3,360,000)	\$27,800,000
Notes Payable	29,250,858		(2,477,842)	26,773,016
Net Pension Liability	13,011,334	\$2,562,120	(1,196,657)	14,376,797
Compensated Absences	1,834,399	1,004,953	(869,016)	1,970,336
Unamortized Bond Premiums	<u>3,550,681</u>	<u>0</u>	<u>(235,711)</u>	<u>3,314,970</u>
Total Business-Type Activities	\$78,807,272	\$3,567,073	(\$8,139,226)	\$74,235,119

Capital Assets

The capital assets of the City are those assets that are used in the performance of the City's functions, including land, buildings and infrastructure. Table 6 identifies that at June 30, 2m016, net capital assets of the Governmental activities totaled \$296.4 million and the net capital assets of the Business-Type activities totaled \$445.3 million. Depreciation on capital assets is recognized in the Government-Wide financial statements.

Table 6

City of Oceanside				
Capital Assets				
<u>Description</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$56,085,522	\$56,085,522	\$29,613,703	\$29,613,703
Buildings	106,062,564	102,965,873	195,536,179	188,593,448
Improvements	51,838,371	39,282,112	546,263,703	534,483,038
Equipment	70,527,610	67,380,355	12,566,260	12,512,351
Construction in Progress	5,092,219	8,599,421	26,643,741	16,578,592
Infrastructure	<u>312,585,729</u>	<u>312,585,729</u>	<u>0</u>	<u>0</u>
Capital Assets	\$602,192,015	\$586,899,012	\$810,623,586	\$781,781,130
Accumulated Depreciation	<u>(305,791,404)</u>	<u>(291,328,844)</u>	<u>(365,350,936)</u>	<u>(349,936,970)</u>
Total Capital Assets	\$296,400,611	\$295,570,168	\$445,272,650	\$431,844,162

Additional information on Capital Assets can be found in Note 7 of this report.

Budgets and Budgetary Accounting

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

General Fund Budget – Table 7 is a comparison of actual revenues/expenditures versus the amended budget. It is inclusive of Fund 101 (General Fund) and Fund 102 (Investment Clearing Fund). It is important to remember that the budget to actual variance of \$8.8 million shown in Table 7 does not represent available one-time funds. The actual excess of resources over charges of \$7.5 is available as one-time funds and has been assigned by Council for specific uses as outlined on previously. Revenues received were approximately \$8.8 million more than the amended budget due to on-going increases in property and other taxes and intergovernmental revenues. Charges to appropriations were inline with the amended budget. Overall, actual revenues exceeded expenditures and transfers by approximately \$7.5 million which increased the General Fund balance. In accordance with the City's Administrative Directive 20, approximately \$1.3 million was carried forward to FY 2016-2017 for continued appropriation of incomplete projects and \$7.5 million was set aside for specific council directed projects.

Table 7

City of Oceanside			
General Fund Comparison – Actual and Budget Year Ended June 30, 2016			
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Pos/(Neg)</u>
Resources (inflows)			
Taxes	\$86,881,000	\$92,398,458	\$5,517,458
Licenses and permits	2,514,400	2,715,146	200,746
Intergovernmental	500,000	1,056,874	556,874
Charges for services	14,055,419	16,098,571	2,043,152
Use of money and property	6,126,500	7,435,769	1,309,269
Fines and forfeitures	3,640,000	3,636,224	(3,776)
Administrative and in lieu charges	6,941,300	6,937,676	(3,624)
Miscellaneous	84,000	76,611	(7,389)
Transfers in	<u>13,333,466</u>	<u>12,523,376</u>	<u>(810,090)</u>
Amount Available for Appropriations	\$134,076,085	\$142,878,705	\$8,802,620
Charges to Appropriations (outflows)			
General Government	\$16,994,051	\$15,713,613	\$1,280,438
Public Safety	81,152,048	83,892,874	(2,740,826)
Community Development	8,506,184	7,760,188	745,996
Community/Cultural Services	12,746,194	11,800,976	945,218
Public Works	13,348,159	12,706,187	641,972
Capital Outlay	1,362,101	861,884	464,217
Debt Service	0	137,159	(137,159)
Transfers Out	<u>1,357,252</u>	<u>2,549,033</u>	<u>(1,191,781)</u>
Total Charges to Appropriations	<u>\$135,429,989</u>	<u>\$135,421,914</u>	<u>\$8,075</u>
Excess of Resources Over (Under)	<u>\$(1,353,904)</u>	<u>\$7,456,791</u>	<u>\$8,810,695</u>
Charges to Appropriations as of June 30, 2016			

Table 8 compares the General Fund (inclusive of Fund 101 General Fund and Fund 102 Investment Clearing Fund) original adopted budget of \$131,817,589 to the final budget amount of \$135,429,989 which shows an overall amended increase of \$3,612,400 as delineated below. The variance between the adopted and amended budget includes increases for continuing appropriations and one-time capital expenditures approved by City Council.

Table 8

City of Oceanside			
General Fund Budget Comparison As Adopted and Amended Year Ended June 30, 2016			
	<u>Adopted</u>	<u>Amended</u>	<u>Increase/ (Decrease)</u>
General Government			
Operational	\$11,532,617	\$11,744,794	\$212,177
Non-Departmental	5,667,974	5,249,257	(418,717)
Public Safety			
Police	52,506,416	53,843,624	1,337,208
Fire	27,063,698	27,308,424	244,726
Public Works	13,186,801	13,348,159	161,358
Community Development			
Planning	1,584,778	1,749,231	164,453
Building	2,258,582	2,382,002	123,420
Engineering	4,366,440	4,374,951	8,511
Community and Cultural Services			
Economic and Community Development	633,203	669,564	36,361
Library	4,769,780	4,815,301	45,521
Neighborhood Services	6,164,474	6,313,746	149,272
Property Management	809,570	947,583	138,013
Transfers/Capital Outlay/Debt	<u>1,273,256</u>	<u>2,683,353</u>	<u>1,410,097</u>
Total Budget	\$131,817,589	\$135,429,989	\$3,612,400

GLOSSARY

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF OCEANSIDE

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 159,395,713	\$ 162,430,530	\$ 321,826,243
Restricted cash and investments	969,909	769,774	1,739,683
Receivables:			
Accounts	4,317,393	12,699,163	17,016,556
Taxes	8,204,598	-	8,204,598
Notes	69,604,267	-	69,604,267
Interest	705,055	5,786	710,841
Other	1,718,597	-	1,718,597
Internal balances	(3,588,333)	3,588,333	-
Prepaid costs	179,954	26,366	206,320
Due from other governments	1,432,269	-	1,432,269
Inventories	260,627	704,027	964,654
Land held for resale	700,000	-	700,000
Capital assets not being depreciated	61,177,741	56,257,444	117,435,185
Capital assets, net of depreciation	235,222,870	389,015,206	624,238,076
Total Assets	540,300,660	625,496,629	1,165,797,289
Deferred Outflows of Resources:			
Deferred charge on refunding	-	214,951	214,951
Deferred pension-related items	17,108,048	1,336,334	18,444,382
Total Deferred Outflows of Resources	17,108,048	1,551,285	18,659,333
Total Assets and Deferred Outflows of Resources	\$ 557,408,708	\$ 627,047,914	\$ 1,184,456,622
Liabilities:			
Accounts payable	\$ 5,054,248	\$ 11,316,039	\$ 16,370,287
Accrued liabilities	3,491,192	525,688	4,016,880
Accrued interest	545,810	418,039	963,849
Unearned revenue	1,162,131	492,977	1,655,108
Deposits payable	881,744	1,411,084	2,292,828
Due to other governments	105,794	-	105,794
Noncurrent liabilities:			
Due within one year	17,457,432	6,268,277	23,725,709
Due in more than one year	73,639,076	53,590,045	127,229,121
Net pension liability	166,553,728	14,376,797	180,930,525
Other post-employment benefits liability	3,362,980	-	3,362,980
Total Liabilities	272,254,135	88,398,946	360,653,081
Deferred Inflows of Resources:			
Deferred pension-related items	21,898,248	1,269,724	23,167,972
Deferred charge on refunding	457,889	-	457,889
Total Deferred Inflows of Resources	22,356,137	1,269,724	23,625,861
Net Position:			
Net investment in capital assets	271,158,974	387,599,614	658,758,588
Restricted for:			
Public safety	1,130,760	-	1,130,760
Public works	330,336	-	330,336
Capital projects	41,373,208	56,933,570	98,306,778
Debt service	2,595,789	769,774	3,365,563
Lighting and landscape districts	1,646,617	-	1,646,617
Community development projects	128,691	-	128,691
Highways	4,942,726	-	4,942,726
Housing program	13,460,659	-	13,460,659
Rate stabilization	-	6,078,455	6,078,455
Unrestricted	(73,969,324)	85,997,831	12,028,507
Total Net Position	262,798,436	537,379,244	800,177,680
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 557,408,708	\$ 627,047,914	\$ 1,184,456,622

CITY OF OCEANSIDE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 15,552,936	\$ 10,588,709	\$ -	\$ -
Public safety	83,064,936	7,008,828	2,449,881	433,435
Community development	32,224,969	11,865,536	27,355,695	-
Community/cultural services	13,545,812	1,912,587	632,138	-
Public works	30,968,801	5,716,976	10,242,694	10,424,183
Interest on long-term debt	1,645,159	-	-	-
Total Governmental Activities	177,002,613	37,092,636	40,680,408	10,857,618
Business-Type Activities:				
Water	55,292,508	58,870,606	-	-
Sewer	31,470,309	44,918,587	-	-
Waste Disposal	19,240,727	25,093,298	-	-
Special Aviation	92,086	123,129	-	-
Oceanside Small Craft Harbor District	1,363,913	6,339,274	-	-
Total Business-Type Activities	107,459,543	135,344,894	-	-
Total Primary Government	\$ 284,462,156	\$ 172,437,530	\$ 40,680,408	\$ 10,857,618

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Use of money and property

Other

Transfers**Total General Revenues
and Transfers**

Change in Net Position

Net Position Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (4,964,227)	\$ -	\$ (4,964,227)
(73,172,792)	-	(73,172,792)
6,996,262	-	6,996,262
(11,001,087)	-	(11,001,087)
(4,584,948)	-	(4,584,948)
(1,645,159)	-	(1,645,159)
(88,371,951)	-	(88,371,951)
-	3,578,098	3,578,098
-	13,448,278	13,448,278
-	5,852,571	5,852,571
-	31,043	31,043
-	4,975,361	4,975,361
-	27,885,351	27,885,351
(88,371,951)	27,885,351	(60,486,600)
54,205,419	-	54,205,419
6,574,179	-	6,574,179
22,150,105	-	22,150,105
4,493,687	-	4,493,687
2,706,109	-	2,706,109
1,154,025	-	1,154,025
6,115,489	1,914,261	8,029,750
8,741,014	3,928,786	12,669,800
12,218,129	(12,218,129)	-
118,358,156	(6,375,082)	111,983,074
29,986,205	21,510,269	51,496,474
241,711,883	515,868,975	757,580,858
(8,899,652)	-	(8,899,652)
\$ 262,798,436	\$ 537,379,244	\$ 800,177,680

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City reports the following major governmental funds:

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

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

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

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

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

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

CITY OF OCEANSIDE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

		Special Revenue Funds		Capital Projects Fund
	General	Grants	Housing Assistance Program	General Improvement
Assets:				
Cash and investments	\$ 51,082,984	\$ 4,143,870	\$ 3,250,828	\$ 42,415,730
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	4,152,400	-	52,598	63,224
Taxes	8,181,245	-	-	-
Notes	-	48,262,352	20,730,384	-
Accrued interest	692,160	-	-	-
Other	1,718,597	-	-	-
Prepaid costs	87,669	5,850	-	-
Due from other governments	-	939,367	4,793	-
Due from other funds	796,407	-	4,989	-
Advances to other funds	1,516,496	-	-	-
Inventories	13,297	-	-	-
Land held for resale	700,000	-	-	-
Restricted assets:				
Cash and investments	121,646	-	111,694	100,000
Total Assets	\$ 69,062,901	\$ 53,351,439	\$ 24,155,286	\$ 42,578,954
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,915,551	\$ 218,618	\$ 56,460	\$ 706,057
Accrued liabilities	3,192,086	24,703	29,550	14,981
Unearned revenues	540,792	611,339	-	10,000
Deposits payable	772,865	-	108,879	-
Due to other governments	-	-	105,794	-
Due to other funds	2,113	344,716	11,547	-
Total Liabilities	6,423,407	1,199,376	312,230	731,038
Deferred Inflows of Resources:				
Unavailable revenues	5,147,734	48,173,953	16,494,143	474,708
Total Deferred Inflows of Resources	5,147,734	48,173,953	16,494,143	474,708
Fund Balances:				
Nonspendable	2,317,462	-	-	-
Restricted	-	6,696,477	7,348,913	41,373,208
Committed	19,516,594	-	-	-
Assigned	33,527,796	-	-	-
Unassigned	2,129,908	(2,718,367)	-	-
Total Fund Balances	57,491,760	3,978,110	7,348,913	41,373,208
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 69,062,901	\$ 53,351,439	\$ 24,155,286	\$ 42,578,954

CITY OF OCEANSIDE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Debt Service Fund		
	General Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 2,529,350	\$ 8,735,757	\$ 112,158,519
Restricted cash and investments	21,115	155,454	176,569
Receivables:			
Accounts	-	-	4,268,222
Taxes	-	23,353	8,204,598
Notes	-	611,531	69,604,267
Accrued interest	12,895	-	705,055
Other	-	-	1,718,597
Prepaid costs	-	-	93,519
Due from other governments	-	488,109	1,432,269
Due from other funds	-	-	801,396
Advances to other funds	-	-	1,516,496
Inventories	-	-	13,297
Land held for resale	-	-	700,000
Restricted assets:			
Cash and investments	-	-	333,340
Total Assets	\$ 2,563,360	\$ 10,014,204	\$ 201,726,144
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 1,356,525	\$ 4,253,211
Accrued liabilities	-	45,081	3,306,401
Unearned revenues	-	-	1,162,131
Deposits payable	-	-	881,744
Due to other governments	-	-	105,794
Due to other funds	-	445,512	803,888
Total Liabilities	-	1,847,118	10,513,169
Deferred Inflows of Resources:			
Unavailable revenues	-	643,193	70,933,731
Total Deferred Inflows of Resources	-	643,193	70,933,731
Fund Balances:			
Nonspendable	-	-	2,317,462
Restricted	2,563,360	7,624,582	65,606,540
Committed	-	-	19,516,594
Assigned	-	-	33,527,796
Unassigned	-	(100,689)	(689,148)
Total Fund Balances	2,563,360	7,523,893	120,279,244
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,563,360	\$ 10,014,204	\$ 201,726,144

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CITY OF OCEANSIDE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Fund balances of governmental funds		\$ 120,279,244
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		288,787,334
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Certificates of Participation	\$ (12,299,360)	
Capital Leases	(4,079,652)	
Notes Payable	(2,675,000)	
Pension Obligation Bonds	(32,020,000)	
Lease Revenue Bonds	(8,335,000)	
Compensated Absences	(10,687,690)	
Unamortized Gain on Defeasance	(457,889)	
Unamortized Bond Premiums	<u>(471,339)</u>	(71,025,930)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(545,810)
Deferred outflows for pension-related items are as follows:		
Contributions made after the actuarial measurement date		16,589,111
Deferred inflows for pension-related items are as follows:		
Difference between expected and actual experience in total pension liability	(7,449,444)	
Changes in assumptions and other inputs	(9,044,937)	
Net difference between projected and actual earnings on pension plan investments	<u>(4,947,146)</u>	(21,441,527)
Governmental funds report all pension contributions as expenditures; however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(161,117,568)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position, any excesses or deficiencies in the Annual Required Contribution (ARC) are recorded as an asset or liability.		(3,362,980)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		70,933,731
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>23,702,831</u>
Net Position of governmental activities		<u>\$ 262,798,436</u>

CITY OF OCEANSIDE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

		Special Revenue Funds		Capital Projects Fund
	General	Grants	Housing Assistance Program	General Improvement
Revenues:				
Taxes	\$ 92,398,458	\$ -	\$ -	\$ -
Licenses and permits	2,715,146	-	287,751	-
Intergovernmental	1,056,874	6,589,265	15,665,310	40,000
Charges for services	16,098,571	6,645	65,763	226,319
Interest and rentals	7,435,769	485,517	998,975	1,078,112
Fines and forfeitures	3,636,224	-	-	-
Developer participation	-	262,318	-	3,015,825
Administrative and in lieu charges	6,937,676	-	-	-
Contribution from Successor Agency	-	-	-	6,000,000
Miscellaneous	76,611	377,870	426,115	445,114
Total Revenues	130,355,329	7,721,615	17,443,914	10,805,370
Expenditures:				
Current:				
General government	15,713,613	-	-	25,000
Public safety	83,892,874	2,478,348	-	-
Community development	7,760,188	6,860,497	16,451,823	92,914
Community/cultural services	11,800,976	289,647	-	-
Public works	12,706,187	-	-	916,548
Capital outlay	861,884	306,554	-	6,054,106
Debt service:				
Principal retirement	122,111	-	-	-
Interest and fiscal charges	15,048	-	-	-
Bond issuance costs	-	-	-	-
Total Expenditures	132,872,881	9,935,046	16,451,823	7,088,568
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,517,552)	(2,213,431)	992,091	3,716,802
Other Financing Sources (Uses):				
Transfers in	12,523,376	169,369	-	3,695,922
Transfers out	(2,549,033)	(549,532)	(101,964)	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Bond discount	-	-	-	-
Total Other Financing Sources (Uses)	9,974,343	(380,163)	(101,964)	3,695,922
Net Change in Fund Balances	\$ 7,456,791	\$ (2,593,594)	\$ 890,127	\$ 7,412,724
Fund Balances:				
Beginning of Year, as originally reported	\$ 58,953,265	\$ 6,571,704	\$ 6,458,786	\$ 33,941,840
Restatements	(8,918,296)	-	-	18,644
Beginning of Year, as restated	50,034,969	6,571,704	6,458,786	33,960,484
Net Change in Fund Balances	7,456,791	(2,593,594)	890,127	7,412,724
End of Year	\$ 57,491,760	\$ 3,978,110	\$ 7,348,913	\$ 41,373,208

See Notes to Financial Statements

CITY OF OCEANSIDE

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General Debt Service		
Revenues:			
Taxes	\$ -	\$ -	\$ 92,398,458
Licenses and permits	-	-	3,002,897
Intergovernmental	-	14,923,047	38,274,496
Charges for services	-	87,015	16,484,313
Interest and rentals	22,058	133,333	10,153,764
Fines and forfeitures	-	-	3,636,224
Developer participation	-	-	3,278,143
Administrative and in lieu charges	-	2,464,430	9,402,106
Contribution from Successor Agency	-	-	6,000,000
Miscellaneous	7,456,875	769,139	9,551,724
Total Revenues	7,478,933	18,376,964	192,182,125
Expenditures:			
Current:			
General government	4,452	-	15,743,065
Public safety	-	64,534	86,435,756
Community development	-	1,201,241	32,366,663
Community/cultural services	-	409,860	12,500,483
Public works	-	8,283,264	21,905,999
Capital outlay	-	8,012,616	15,235,160
Debt service:			
Principal retirement	46,155,001	485,631	46,762,743
Interest and fiscal charges	1,447,015	268,040	1,730,103
Bond issuance costs	494,230	-	494,230
Total Expenditures	48,100,698	18,725,186	233,174,202
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,621,765)	(348,222)	(40,992,077)
Other Financing Sources (Uses):			
Transfers in	-	1,040,918	17,429,585
Transfers out	-	(1,925,012)	(5,125,541)
Refunding bonds issued	40,355,000	-	40,355,000
Bond premium	667,768	-	667,768
Bond discount	(61,752)	-	(61,752)
Total Other Financing Sources (Uses)	40,961,016	(884,094)	53,265,060
Net Change in Fund Balances	\$ 339,251	\$ (1,232,316)	\$ 12,272,983
Fund Balances:			
Beginning of Year, as originally reported	\$ 2,224,109	\$ 8,756,209	\$ 116,905,913
Restatements	-	-	(8,899,652)
Beginning of Year, as restated	2,224,109	8,756,209	108,006,261
Net Change in Fund Balances	339,251	(1,232,316)	12,272,983
End of Year	\$ 2,563,360	\$ 7,523,893	\$ 120,279,244

See Notes to Financial Statements

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CITY OF OCEANSIDE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Net change in fund balances - total governmental funds \$ 12,272,983

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

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

Capital outlay	\$ 13,495,891	
Depreciation	(13,306,983)	
Gain/(loss) on sale of capital assets	<u>(191,322)</u>	(2,414)

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

Refunding bonds issued	\$(40,355,000)	
Bond Premium	(667,768)	
Bond Discount	<u>61,752</u>	(40,961,016)

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

Principal repayments	46,155,001	
Amortization of deferred charges on refunding and amortization of premium/discount	191,913	
Loan repayments	138,000	
Lease repayments	<u>469,742</u>	46,954,656

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

387,261

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

(551,552)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditure in governmental funds.

7,281,095

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

(432,432)

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

2,563,518

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

2,474,106

Change in net position of governmental activities

\$ 29,986,205

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PROPRIETARY FUND FINANCIAL STATEMENTS

The City reports the following major proprietary funds:

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

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

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

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

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

CITY OF OCEANSIDE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Assets:			
Current:			
Cash and investments	\$ 83,873,988	\$ 65,556,079	\$ 7,222,932
Restricted cash and investments	769,600	174	-
Receivables:			
Accounts	6,949,046	4,710,048	797,569
Accrued interest	-	5,786	-
Prepaid costs	15,742	810	9,814
Due from other funds	-	-	-
Inventories	331,063	372,964	-
Total Current Assets	91,939,439	70,645,861	8,030,315
Noncurrent:			
Advances to other funds	-	-	-
Capital assets - net of accumulated depreciation	191,079,393	239,449,512	492,895
Total Noncurrent Assets	191,079,393	239,449,512	492,895
Total Assets	283,018,832	310,095,373	8,523,210
Deferred Outflows of Resources:			
Deferred charge on refunding	47,777	167,174	-
Deferred pension-related items	624,543	673,543	38,248
Total Deferred Outflows of Resources	672,320	840,717	38,248
Total Assets and Deferred Outflows of Resources	\$ 283,691,152	\$ 310,936,090	\$ 8,561,458
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 7,929,621	\$ 1,837,644	\$ 1,527,396
Accrued liabilities	261,033	252,008	12,647
Accrued interest	129,702	271,832	-
Unearned revenues	200,761	-	-
Deposits payable	1,157,306	-	-
Compensated absences	405,829	496,893	18,687
Claims and judgments	-	-	-
Bonds, notes, and capital leases	1,425,000	3,522,522	-
Total Current Liabilities	11,509,252	6,380,899	1,558,730
Noncurrent:			
Advances from other funds	-	-	-
Compensated absences	375,049	629,941	12,290
Claims and judgments	-	-	-
Bonds, notes, and capital leases	16,559,265	34,942,756	-
Net pension liability	6,665,872	7,332,142	378,783
Total Noncurrent Liabilities	23,600,186	42,904,839	391,073
Total Liabilities	35,109,438	49,285,738	1,949,803
Deferred Inflows of Resources:			
Deferred pension-related items	580,236	661,246	28,242
Total Deferred Inflows of Resources	580,236	661,246	28,242
Net Position:			
Net investment in capital assets	173,142,905	201,151,408	492,895
Restricted for capital projects	48,637,126	8,296,444	-
Restricted for debt service	769,600	174	-
Restricted for rate stabilization	-	-	6,078,455
Unrestricted	25,451,847	51,541,080	12,063
Total Net Position	248,001,478	260,989,106	6,583,413
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 283,691,152	\$ 310,936,090	\$ 8,561,458

Reconciliation of Net Position to the Statement of Net Position

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

Net Position per Statement of Net Position

CITY OF OCEANSIDE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Assets:				
Current:				
Cash and investments	\$ 615,124	\$ 5,162,407	\$ 162,430,530	\$ 47,237,194
Restricted cash and investments	-	-	769,774	460,000
Receivables:				
Accounts	3,252	239,248	12,699,163	49,171
Accrued interest	-	-	5,786	-
Prepaid costs	-	-	26,366	86,435
Due from other funds	-	-	-	2,492
Inventories	-	-	704,027	247,330
Total Current Assets	618,376	5,401,655	176,635,646	48,082,622
Noncurrent:				
Advances to other funds	-	-	-	500,000
Capital assets - net of accumulated depreciation	4,832,780	9,418,070	445,272,650	7,613,277
Total Noncurrent Assets	4,832,780	9,418,070	445,272,650	8,113,277
Total Assets	5,451,156	14,819,725	621,908,296	56,195,899
Deferred Outflows of Resources:				
Deferred charge on refunding	-	-	214,951	-
Deferred pension-related items	-	-	1,336,334	518,937
Total Deferred Outflows of Resources	-	-	1,551,285	518,937
Total Assets and Deferred Outflows of Resources	\$ 5,451,156	\$ 14,819,725	\$ 623,459,581	\$ 56,714,836
Liabilities, Deferred Inflows of Resources and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 13,376	\$ 8,002	\$ 11,316,039	\$ 801,037
Accrued liabilities	-	-	525,688	184,791
Accrued interest	6,297	10,208	418,039	-
Unearned revenues	-	292,216	492,977	-
Deposits payable	4,580	249,198	1,411,084	-
Compensated absences	-	11,902	933,311	331,881
Claims and judgments	-	-	-	5,288,008
Bonds, notes, and capital leases	77,444	310,000	5,334,966	-
Total Current Liabilities	101,697	881,526	20,432,104	6,605,717
Noncurrent:				
Advances from other funds	1,516,496	500,000	2,016,496	-
Compensated absences	-	19,744	1,037,024	422,711
Claims and judgments	-	-	-	14,485,867
Bonds, notes, and capital leases	136,000	915,000	52,553,021	-
Net pension liability	-	-	14,376,797	5,436,160
Total Noncurrent Liabilities	1,652,496	1,434,744	69,983,338	20,344,738
Total Liabilities	1,754,193	2,316,270	90,415,442	26,950,455
Deferred Inflows of Resources:				
Deferred pension-related items	-	-	1,269,724	456,721
Total Deferred Inflows of Resources	-	-	1,269,724	456,721
Net Position:				
Net investment in capital assets	4,619,336	8,193,070	387,599,614	7,613,277
Restricted for capital projects	-	-	56,933,570	-
Restricted for debt service	-	-	769,774	-
Restricted for rate stabilization	-	-	6,078,455	-
Unrestricted	(922,373)	4,310,385	80,393,002	21,694,383
Total Net Position	3,696,963	12,503,455	531,774,415	29,307,660
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,451,156	\$ 14,819,725	\$ 623,459,581	\$ 56,714,836

\$ 531,774,415

5,224,139

380,690

\$ 537,379,244

CITY OF OCEANSIDE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Operating Revenues:			
Sales and service charges	\$ 58,870,606	\$ 44,918,587	\$ 25,093,298
Fines, Forfeitures, and Penalties	548,998	-	-
Developer fees	1,059,205	1,127,966	-
Slip rentals and other related fees	-	-	-
Parking	-	-	-
Miscellaneous	110,478	325,003	500
Total Operating Revenues	60,589,287	46,371,556	25,093,798
Operating Expenses:			
Administration and general	6,632,374	7,153,017	375,471
Maintenance and operations	11,792,874	15,075,955	18,864,329
Cost of purchased water	29,194,221	-	-
Depreciation expense	6,474,517	8,241,712	927
Total Operating Expenses	54,093,986	30,470,684	19,240,727
Operating Income	6,495,301	15,900,872	5,853,071
Nonoperating Revenues (Expenses):			
Interest revenue	1,081,651	779,630	-
Interest expense	(1,401,025)	(1,177,812)	-
Gain (loss) on disposal of capital assets	-	-	-
Total Nonoperating Expenses	(319,374)	(398,182)	-
Income Before Transfers	6,175,927	15,502,690	5,853,071
Transfers in	308,868	-	-
Transfers out	(1,287,881)	(519,958)	(5,483,458)
Changes in Net Position	5,196,914	14,982,732	369,613
Net Position:			
Beginning of Year	242,804,564	246,006,374	6,213,800
End of Fiscal Year	\$ 248,001,478	\$ 260,989,106	\$ 6,583,413

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

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

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

CITY OF OCEANSIDE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Operating Revenues:				
Sales and service charges	\$ 123,129	\$ 29,971	\$ 129,035,591	\$ 57,746,843
Fines, Forfeitures, and Penalties	-	86,175	635,173	-
Developer fees	-	-	2,187,171	-
Slip rentals and other related fees	-	6,207,713	6,207,713	-
Parking	-	756,636	756,636	-
Miscellaneous	-	15,415	451,396	1,273,367
Total Operating Revenues	123,129	7,095,910	139,273,680	59,020,210
Operating Expenses:				
Administration and general	-	-	14,160,862	38,060,525
Maintenance and operations	2,202	694,563	46,429,923	16,106,790
Cost of purchased water	-	-	29,194,221	-
Depreciation expense	77,538	644,233	15,438,927	1,937,230
Total Operating Expenses	79,740	1,338,796	105,223,933	56,104,545
Operating Income	43,389	5,757,114	34,049,747	2,915,665
Nonoperating Revenues (Expenses):				
Interest revenue	5,411	47,569	1,914,261	-
Interest expense	(12,346)	(25,117)	(2,616,300)	-
Gain (loss) on disposal of capital assets	-	-	-	25,046
Total Nonoperating Expenses	(6,935)	22,452	(702,039)	25,046
Income Before Transfers	36,454	5,779,566	33,347,708	2,940,711
Transfers in	279,280	-	588,148	22,542
Transfers out	(10,700)	(5,504,280)	(12,806,277)	(108,457)
Changes in Net Position	305,034	275,286	21,129,579	2,854,796
Net Position:				
Beginning of Year	3,391,929	12,228,169	510,644,836	26,452,864
End of Fiscal Year	\$ 3,696,963	\$ 12,503,455	\$ 531,774,415	\$ 29,307,660
			\$ 21,129,579	
			380,690	
			<u>\$ 21,510,269</u>	

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Waste Disposal
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 59,227,416	\$ 46,523,839	\$ 24,984,070
Cash received from interfund service provided	-	-	-
Cash paid to suppliers for goods and services	(40,841,213)	(16,123,922)	(18,849,661)
Cash paid to employees for services	(6,846,757)	(7,332,837)	(385,745)
Net Cash Provided by Operating Activities	11,539,446	23,067,080	5,748,664
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	308,868	-	-
Cash transfers out	(1,287,881)	(519,958)	(5,483,458)
Repayment received from other funds	3,173,292	-	-
Repayment made to other funds	-	(3,173,292)	-
Advance (to) from other funds	-	-	-
Net Cash Used in Non-Capital Financing Activities	2,194,279	(3,693,250)	(5,483,458)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(15,755,218)	(12,077,088)	(458,494)
Proceeds from disposal of capital assets	-	-	-
Advances from other funds	-	-	-
Principal paid on capital debt	(1,375,000)	(4,389,175)	-
Interest paid on capital debt	(1,491,390)	(953,136)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(18,621,608)	(17,419,399)	(458,494)
Cash Flows from Investing Activities:			
Interest revenue	1,081,651	779,630	-
Net Cash Used in Investing Activities	1,081,651	779,630	-
Net Decrease in Cash and Cash Equivalents	(3,806,232)	2,734,061	(193,288)
Cash and Cash Equivalents, Beginning of Year	88,449,820	62,822,192	7,416,220
Cash and Cash Equivalents, End of Year	\$ 84,643,588	\$ 65,556,253	\$ 7,222,932
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 6,495,301	\$ 15,900,872	\$ 5,853,071
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	6,474,517	8,241,712	927
(Increase) decrease in accounts receivable	(1,375,765)	152,283	(109,728)
(Increase) decrease in prepaid expense	(6,207)	1,725	(9,814)
(Increase) decrease in inventory	30,171	73,986	-
(Increase) decrease in deferred outflows from pensions	(56,092)	(46,980)	(6,212)
Increase (decrease) in accounts payable	121,918	(1,123,678)	24,482
Increase (decrease) in accrued liabilities	93,641	38,908	4,471
Increase (decrease) in unearned revenue	25,050	-	-
Increase (decrease) in deposits payable	(11,156)	-	-
Increase (decrease) in deferred inflows from pensions	(912,600)	(984,200)	(55,889)
Increase (decrease) in net pension liability	638,157	688,224	39,082
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	22,511	124,228	8,274
Total Adjustments	5,044,145	7,166,208	(104,407)
Net Cash Provided by (Used in) Operating Activities	\$ 11,539,446	\$ 23,067,080	\$ 5,748,664

CITY OF OCEANSIDE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Special Aviation	Oceanside Small Craft Harbor District	Totals	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 123,129	\$ 7,146,053	\$ 138,004,507	\$ -
Cash received from interfund service provided	-	-	-	59,103,563
Cash paid to suppliers for goods and services	(2,202)	(699,084)	(76,516,082)	(14,525,125)
Cash paid to employees for services	-	(19,077)	(14,584,416)	(38,218,241)
Net Cash Provided by Operating Activities	120,927	6,427,892	46,904,009	6,360,197
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	279,280	-	588,148	22,542
Cash transfers out	(10,700)	(5,504,280)	(12,806,277)	(108,457)
Repayment received from other funds	-	-	3,173,292	-
Repayment made to other funds	-	-	(3,173,292)	(2,492)
Advance (to) from other funds	72,996	-	72,996	(500,000)
Net Cash Used in Non-Capital Financing Activities	341,576	(5,504,280)	(12,145,133)	(588,407)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(304,789)	(265,172)	(28,860,761)	(2,829,044)
Proceeds from disposal of capital assets	-	-	-	84,002
Advances from other funds	-	500,000	500,000	-
Principal paid on capital debt	(73,667)	(370,000)	(6,207,842)	-
Interest paid on capital debt	(14,518)	(21,481)	(2,480,525)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(392,974)	(156,653)	(37,049,128)	(2,745,042)
Cash Flows from Investing Activities:				
Interest revenue	5,411	47,569	1,914,261	-
Net Cash Used in Investing Activities	5,411	47,569	1,914,261	-
Net Decrease in Cash and Cash Equivalents	74,940	814,528	(375,991)	3,026,748
Cash and Cash Equivalents, Beginning of Year	540,184	4,347,879	163,576,295	44,670,446
Cash and Cash Equivalents, End of Year	\$ 615,124	\$ 5,162,407	\$ 163,200,304	\$ 47,697,194
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 43,389	\$ 5,757,114	\$ 34,049,747	\$ 2,915,665
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	77,538	644,233	15,438,927	1,937,230
(Increase) decrease in accounts receivable	-	(14,942)	(1,348,152)	83,353
(Increase) decrease in prepaid expense	-	-	(14,296)	(74,857)
(Increase) decrease in inventory	-	-	104,157	(4,793)
(Increase) decrease in deferred outflows from pensions	-	-	(109,284)	(56,278)
Increase (decrease) in accounts payable	-	(4,521)	(981,799)	(603,319)
Increase (decrease) in accrued liabilities	-	-	137,020	51,320
Increase (decrease) in unearned revenue	-	50,889	75,939	-
Increase (decrease) in deposits payable	-	14,196	3,040	-
Increase (decrease) in deferred inflows from pensions	-	-	(1,952,689)	(758,286)
Increase (decrease) in net pension liability	-	-	1,365,463	530,247
Increase (decrease) in claims and judgments	-	-	-	2,264,634
Increase (decrease) in compensated absences	-	(19,077)	135,936	75,281
Total Adjustments	77,538	670,778	12,854,262	3,444,532
Net Cash Provided by (Used in) Operating Activities	\$ 120,927	\$ 6,427,892	\$ 46,904,009	\$ 6,360,197

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FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

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

CITY OF OCEANSIDE

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

		Private-Purpose Trust Fund
	Agency Funds	Successor Agency
Assets:		
Cash and investments	\$ 7,686,304	\$ 3,694,564
Restricted cash and investments	6,916,517	8,926
Receivables:		
Taxes	11,097	-
Prepaid costs	-	204,744
Capital assets:		
Capital assets, not being depreciated	-	4,382,966
Capital assets, net of accumulated depreciation	-	2,020,609
Total Assets	\$ 14,613,918	10,311,809
Liabilities:		
Accounts payable	\$ 146,310	8,760
Accrued liabilities	-	1,873
Accrued interest	-	394,252
Deposits payable	5,091,364	8,050
Due to external parties/other agencies	9,376,244	-
Long-term liabilities:		
Due in one year	-	2,715,000
Due in more than one year	-	34,582,904
Total Liabilities	\$ 14,613,918	37,710,839
Net Position:		
Assets held in trust for other purposes		(27,399,030)
Total Net Position		\$ (27,399,030)

CITY OF OCEANSIDE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2016

	Private-Purpose Trust Fund Successor Agency
Additions:	
Taxes	\$ 3,982,990
Interest and change in fair value of investments	378,536
Contributions from City	373,770
Total Additions	4,735,296
Deductions:	
Administrative expenses	170,199
Contractual services	272,767
Project costs	304,378
Interest expense	1,738,785
Contributions to other governments	6,000,000
Total Deductions	8,486,129
Changes in Net Position	(3,750,833)
Net Position - Beginning of Year	(36,305,717)
Restatements	12,657,520
Net Position - Beginning of Year, as Restated	(23,648,197)
Net Position - End of the Year	\$ (27,399,030)

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

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

a. Financial Reporting Entity

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

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The following blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with the data of the City. They are reported as blended for the following reasons: (1) the governing board is substantively the same as the primary government and there is a financial benefit or burden relationship between the primary government and the component unit; (2) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it; and (3) the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. Each blended component unit has a June 30 year-end. The following entities are reported as blended component units:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

b. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. All fiduciary activities are reported only in the fund financial statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Governmental Fund Financial Statements

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

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Proprietary Fund Financial Statements

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major enterprise funds:

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

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

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

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

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

Additionally, the government reports the following internal service funds:

The Loss Prevention Fund account for risk management services (including workers' compensation, general liability, and property damage) provided to other departments of the City on a cost-reimbursement basis.

The General Services Fund is used to account for fleet management, information technology, and employee benefits provided to other departments of the City on a cost-reimbursement basis.

Fiduciary Fund Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

c. Use of Restricted and Unrestricted Net Position

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

d. Cash, Cash Equivalents and Investments

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

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

e. Inventory

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

f. Land and Buildings Held for Resale

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

g. Capital Assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

h. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position and the Governmental Fund Balance Sheet report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for pension contributions made after the actuarial measurement date and for the net difference between projected and actual earnings on pension plan investments. The government also reports deferred outflows of resources for charges on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Financial Position and Governmental Fund Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available. In addition, the government has deferred inflows of resources relating to the net pension obligation reported in the government-wide statement of net position and the proprietary funds. These deferred inflows of resources are the result of the net difference between projected and actual earnings on pension plan investments and changes in assumptions. These amounts are deferred and amortized over a five year period on a straight-line basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

j. Long-Term Liabilities

Government-wide Financial Statements

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

Fund Financial Statements

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

k. Fund Balance and Net Position

Government-wide and Proprietary Financial Statements

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

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

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

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

Governmental Fund Financial Statements

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

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

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

Committed Fund Balance - This includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is Council resolution.

Note 1: Summary of Significant Accounting Policies (Continued)

Assigned Fund Balance - This includes amounts that are designated by the City Council or City Manager for specific purposes and do not meet the criteria to be classified as restricted or committed. The City Manager is authorized to assign amounts to a specific purpose, which was established by the governing body by resolution.

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

I. Fund Balance Flow Assumption

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

m. Net Position Flow Assumption

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

n. Compensated Absences

Government-wide Financial Statements

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

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. The City Council has established a post-employment leave reserve fund in the general fund based on 8% of the prior year's compensated absences balance for governmental funds. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund. Vested or accumulated compensated absences of proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees. Compensated absences are liquidated by the fund that has recorded the liability, primarily the General Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

o. Use of Estimates

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

p. Effect of New Accounting Standards

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 72 – Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**Note 2: Stewardship, Compliance, and Accountability****a. Excess of Expenditures over Appropriations**

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
City Treasurer	\$ 1,083,828	\$ 1,195,106	\$ (111,278) (1)
Police	53,843,624	55,139,197	(1,295,573) (2)
Fire	27,308,424	28,753,677	(1,445,253) (3)
Transfer out	1,357,252	2,549,033	(1,191,781) (4)
Principal Retirement	-	122,111	(122,111) (4)
Interest and Fiscal Charges	-	15,048	(15,048) (4)

Excess of expenditures over appropriations are due to: (1) department unit exceeding the budget due to higher than expected miscellaneous administration expenses, (2) higher overtime, fringe benefits, and wage expenses than budgeted, (3) amount is budgeted for in total with the fire appropriations, and (4) unbudgeted risk payments and principal retirement and interest.

b. Deficit Fund Balances

The following funds reported deficit in fund balance at June 30, 2016:

Nonmajor Funds:

Library	\$81,371
Community Development Block Grant	\$19,318

The Library Fund deficit balance is due to revenues coming under budget. The Community Development Block Grant Fund deficit balance is due to timing of reimbursement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
III. DETAILED NOTES ON ALL FUNDS
Note 3: Cash and Investments

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

The following is a summary of cash and investments at June 30, 2016:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 159,395,713	\$ 162,430,530	\$ 11,380,868	\$ 333,207,111
Restricted cash and investments	969,909	769,774	6,925,443	8,665,126
Total cash and investments	<u>\$ 160,365,622</u>	<u>\$ 163,200,304</u>	<u>\$ 18,306,311</u>	<u>\$ 341,872,237</u>

Cash and investments at June 30, 2016, consisted of the following:

Demand deposits	\$ 5,012,111
Petty Cash	12,529
Investments	<u>336,847,597</u>
Total cash and investments	<u>\$ 341,872,237</u>

Demand Deposits

At June 30, 2016, the carrying amount of the City's deposits was \$5,012,111 and the bank balance was \$5,299,548. The \$287,437 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy,

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 3: Cash and Investments (Continued)

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills, Bonds, and Notes	5 years	None	None
Federal Agency-Issued Obligations	5 years	None	25%
United States Government-Sponsored Enterprise Obligations	5 years	None	25%
Supranational Obligations	5 years	15%	None
Non-negotiable Certificates of Deposit	3 years	5%	None
Negotiable Certificates of Deposit	5 years	15%	None
Repurchase Agreements	30 days	30%	None
Reverse Repurchase Agreements	60 days	15%	None
Bankers' Acceptances	180 days	20%	5%
Commercial Paper	270 days	15%	1%
Medium Term Corporate Notes	36-60 months	15%	1%
Municipal Bonds	36-60 months	15%	1%
Local Agency Investment Fund (LAIF)	N/A	None	None
N/A - Not Applicable			

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Enterprise Securities	5 years	None	25%
Bankers' Acceptances	180 days	20%	5%
Certificates of Deposit	3 years	5%	None
Repurchase Agreements	30 days	30%	None
Reverse Repurchase Agreements	60 days	15%	None
Commercial Paper	270 days	15%	1%
Money Market Mutual Funds	N/A	None	None
Municipal Bonds	3 years	15%	1%
Local Agency Investment Fund	N/A	None	None
N/A- Not Applicable			

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 3: Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Maturity (in Months)				Total
	12 Months or Less	13 to 36 Months	36 to 48 Months	48 to 60 Months	
United States Government Sponsored					
Enterprise Securities	\$ 10,006,610	\$ 133,731,855	\$ 47,331,971	\$ 19,824,268	\$ 210,894,704
Corporate Medium Term Notes	7,670,569	1,502,160	-	-	9,172,729
Municipal Bonds	11,505,780	5,811,070	1,153,350	-	18,470,200
Negotiable Certificates of Deposit	-	1,978,505	746,327	459,076	3,183,908
Local Agency Investment Fund (LAIF)	87,254,171	-	-	-	87,254,171
Money Market Mutual Funds	99	-	-	-	99
Held by Fiscal Agent:					
Money Market Mutual Funds	7,871,786	-	-	-	7,871,786
	<u>\$ 124,309,015</u>	<u>\$ 143,023,590</u>	<u>\$ 49,231,648</u>	<u>\$ 20,283,344</u>	<u>\$ 336,847,597</u>

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, 2016, is \$170,773,293 or 51.91% of the City's portfolio (excluding held by fiscal agents).

Disclosures Relating to Credit Risk

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

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	AAA/Aaa	AA+/Aa1	AA to AA-/ Aa2 to Aa3	A+ to A/ A1 to A2	Unrated
United States Government Sponsored							
Enterprise Securities	\$ 210,894,704	N/A	\$ -	\$ 210,894,704	\$ -	\$ -	\$ -
Corporate Medium Term Notes	9,172,729	A	2,012,700	1,002,360	3,654,029	2,503,640	-
Municipal Bonds	18,470,200	A	-	1,500,030	16,970,170	-	-
Negotiable Certificates of Deposit	3,183,908	N/A	-	-	-	-	3,183,908
Local Agency Investment Fund (LAIF)	87,254,171	N/A	-	-	-	-	87,254,171
Money Market Mutual Funds	99	AAA/Aaa	99	-	-	-	-
Held by Bond Trustees:							
Money Market Mutual Funds	7,871,786	AAA/Aaa	7,871,786	-	-	-	-
	<u>\$ 336,847,597</u>		<u>\$ 9,884,585</u>	<u>\$ 213,397,094</u>	<u>\$ 20,624,199</u>	<u>\$ 2,503,640</u>	<u>\$ 90,438,079</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 3: Cash and Investments (Continued)**Concentration of Credit Risk**

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

Issuer	Investment Type	Reported Amount	Percent of Investment
Federal Home Loan Banks	United States Government Sponsored Enterprise Securities	\$ 38,603,567	11.7%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	44,296,467	13.5%
Federal Farm Credit Banks	United States Government Sponsored Enterprise Securities	61,706,447	18.7%
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	66,288,223	20.1%

Custodial Credit Risk

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

As of June 30, 2016, none of the City's deposits or investments were exposed to custodial credit risk.

Investment in State Investment Pool

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

Fair Value Measurement of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**Note 3: Cash and Investments (Continued)**

The City has the following recurring fair market value measurements as of June 30, 2016:

Investments	Fair Value	Level		
		1	2	3
U.S. Government-Sponsored				
Enterprise Obligations	\$ 210,894,704	\$ -	\$ 210,894,704	\$ -
Municipal Bonds	18,470,200	-	18,470,200	-
Medium Term Notes	9,172,729	-	9,172,729	-
Negotiable Certificates of Deposit	3,183,908	-	3,183,908	-
Money Market Mutual Funds	99	-	99	-
Local Agency Investment Fund	87,254,171	-	87,254,171	-
Held by Fiscal Agent:				
Money Market Mutual Funds	7,871,786	-	7,871,786	-
	\$ 336,847,597	\$ -	\$ 336,847,597	\$ -

Note 4: Property Taxes

Property taxes attach a legal enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Diego (the County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when an enforceable legal lien is attached to the property. The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property assessed value not more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

Note 5: Notes Receivable

At June 30, 2016, the City had notes receivable reported in the following funds:

Grants Fund	\$ 48,262,352
Housing Assistance Program	20,730,384
Community Development Block Grant	611,531
	\$ 69,604,267

The Grants Special Revenue Fund has made various low or noninterest bearing loans to property owners for the rehabilitation of property and first time home buyer program within the City. The notes are payable upon the sale of the property or upon the death of the current property owner. As of June 30, 2016, the outstanding balance including accrued interest of \$6,464,706 is \$48,262,352.

The Housing Assistance Program Special Revenue Fund has made various low or noninterest bearing loans to property owners for the rehabilitation of property and first time home buyer program within the City. The notes are payable upon the sale of the property or upon the death of the current property owner. As of June 30, 2016, the outstanding balance including accrued interest of \$1,506,225 is \$19,613,416. In addition, amounts borrowed pertaining to the Supplemental Educational Revenue Augmentation Fund (SERAF) are now being recorded in the Housing Assistance Program Special Revenue Fund in the amount of \$1,116,968.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 5: Notes Receivable (Continued)

The City loaned monies to the Community Development Commission in 1986 and 1989 to fund redevelopment projects. As a result of the dissolution of the redevelopment activities of the Community Development Commission, the State of California Department of Finance ruled that these loans are not enforceable obligations and will not be repaid. As a result of this ruling, the City wrote off these loans and the outstanding balance at June 30, 2016 is \$0.

The Community Development Block Grant Fund loaned Mental Health \$655,000 on July 1, 2012 for the acquisition and rehabilitation of an apartment complex. The balance outstanding at June 30, 2016 is \$611,531.

Note 6: Interfund Transactions

a. Due To/From Other Funds

At June 30, 2016, there were the following short-term interfund receivables and payables:

Due from Other Funds	Due to Other Funds				Total
	General Fund	Grants Fund	Housing Assistance Program	Non-Major Governmental Funds	
General Fund	\$ -	\$ 341,840	\$ 9,055	\$ 445,512	\$ 796,407
Housing Assistance Program	2,113	2,876	-	-	4,989
Internal Service Funds	-	-	2,492	-	2,492
Total	\$ 2,113	\$ 344,716	\$ 11,547	\$ 445,512	\$ 803,888

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

b. Advances To/From Other Funds

At June 30, 2016, the City had the following long-term interfund receivables and payables:

Advances to Other Funds	Advances from Other Funds		Total
	Oceanside Small Craft Harbor District	Special Aviation Enterprise Fund	
General Fund	\$ -	\$ 1,516,496	\$ 1,516,496
Internal Service Funds	500,000	-	500,000
Total	\$ 500,000	\$ 1,516,496	\$ 2,016,496

The General Fund advanced funds to the Special Aviation Enterprise Fund for operational purposes. As of June 30, 2016, the outstanding balance of the loans were \$1,516,496, respectively.

The General Services Internal Service Fund advanced funds to the Oceanside Small Craft Harbor District for the purpose of purchasing a new police vessel for harbor patrol. As of June 30, 2016, the outstanding balance of the loan was \$500,000.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**Note 6: Interfund Transactions (Continued)****c. Transfers In/Out**

Transfers in and out for the year ended June 30, 2016, are as follows:

Transfers Out	Transfers In							Total
	General Fund	Grants	General Improvement	Nonmajor Governmental Funds	Water Enterprise Fund	Special Aviation Enterprise Fund	Internal Service Funds	
General Fund	\$ -	\$ 169,369	\$ 2,293,864	\$ 85,800	\$ -	\$ -	\$ -	\$ 2,549,033
Grants	252	-	-	-	270,000	279,280	-	549,532
Housing Assistance Program	-	-	-	101,964	-	-	-	101,964
Nonmajor Governmental Funds	1,202,784	-	-	701,728	20,500	-	-	1,925,012
Water Enterprise Fund	836,452	-	451,429	-	-	-	-	1,287,881
Sewer Enterprise Fund	-	-	519,958	-	-	-	-	519,958
Waste Disposal Enterprise Fund	4,902,787	-	430,671	150,000	-	-	-	5,483,458
Special Aviation Enterprise Fund	10,700	-	-	-	-	-	-	10,700
Oceanside Small Craft Harbor District	5,504,280	-	-	-	-	-	-	5,504,280
Internal Service Funds	66,121	-	-	1,426	18,368	-	22,542	108,457
Total	\$ 12,523,376	\$ 169,369	\$ 3,695,922	\$ 1,040,918	\$ 308,868	\$ 279,280	\$ 22,542	\$ 18,040,275

Transfers between funds were for operating expenses and capital costs.

Note 7: Capital Assets**a. Governmental Activities Capital Assets**

A summary of changes in the governmental activities capital assets at June 30, 2016, is as follows:

	Balance at July 1, 2015	Transfers	Additions	Deletions	Balance at June 30, 2016
Capital assets not being depreciated:					
Land	\$ 56,085,522	\$ -	\$ -	\$ -	\$ 56,085,522
Construction in progress	8,599,421	(16,022,210)	12,700,491	185,483	5,092,219
Total Capital Assets, Not Being Depreciated	64,684,943	(16,022,210)	12,700,491	185,483	61,177,741
Capital assets being depreciated:					
Buildings and improvements	102,965,873	3,074,416	22,275	-	106,062,564
Improvements other than buildings	39,282,112	12,292,283	263,976	-	51,838,371
Machinery and equipment	67,380,355	655,511	3,338,193	846,449	70,527,610
Infrastructure	312,585,729	-	-	-	312,585,729
Total Capital Assets, Being Depreciated	522,214,069	16,022,210	3,624,444	846,449	541,014,274
Less accumulated depreciation for:					
Buildings and improvements	39,089,525	-	2,810,064	-	41,899,589
Improvements other than buildings	12,509,323	-	2,693,074	-	15,202,397
Machinery and equipment	54,631,977	-	3,639,752	781,651	57,490,078
Infrastructure	185,098,019	-	6,101,321	-	191,199,340
Total Accumulated Depreciation	291,328,844	-	15,244,211	781,651	305,791,404
Total Capital Assets, Being Depreciated, Net	230,885,225	16,022,210	(11,619,767)	64,798	235,222,870
Governmental Activities Capital Assets, Net	\$ 295,570,168	\$ -	\$ 1,080,724	\$ 250,281	\$ 296,400,611

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 7: Capital Assets (Continued)

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

General Government	\$ 368,730
Public Safety	1,568,020
Public Works	8,516,662
Community Development	625,167
Community/ Cultural Services	2,228,404
Internal Service Funds	1,937,228
Total depreciation expense-governmental activities	<u>\$ 15,244,211</u>

b. Business-Type Activities Capital Assets

A summary of changes in the business-type activities capital assets at June 30, 2016, is as follows:

	Balance at July 1, 2015	Adjustments*	Adjusted Balance at July 1, 2015	Transfers	Additions	Deletions	Balance at June 30, 2016
Capital assets not being depreciated:							
Land	\$ 29,613,703	\$ -	\$ 29,613,703	\$ -	\$ -	\$ -	\$ 29,613,703
Construction in progress	16,578,592	-	16,578,592	(18,405,232)	28,470,381	-	26,643,741
Total Capital Assets, Not Being Depreciated	46,192,295	-	46,192,295	(18,405,232)	28,470,381	-	56,257,444
Capital assets being depreciated:							
Buildings and improvements	188,593,448	-	188,593,448	6,624,567	318,164	-	195,536,179
Improvements other than buildings	534,483,038	-	534,483,038	11,780,665	-	-	546,263,703
Machinery and equipment	12,512,351	-	12,512,351	-	78,870	24,961	12,566,260
Total Capital Assets, Being Depreciated	735,588,837	-	735,588,837	18,405,232	397,034	24,961	754,366,142
Less accumulated depreciation for:							
Buildings and improvements	55,519,548	-	55,519,548	-	3,908,722	-	59,428,270
Improvements other than buildings	284,857,937	186,599	285,044,536	-	10,517,160	-	295,561,696
Machinery and equipment	9,559,485	(186,599)	9,372,886	-	1,013,045	24,961	10,360,970
Total Accumulated Depreciation	349,936,970	-	349,936,970	-	15,438,927	24,961	365,350,936
Total Capital Assets, Being Depreciated, Net	385,651,867	-	385,651,867	18,405,232	(15,041,893)	-	389,015,206
Business-Type Activities Capital Assets, Net	<u>\$ 431,844,162</u>	<u>\$ -</u>	<u>\$ 431,844,162</u>	<u>\$ -</u>	<u>\$ 13,428,488</u>	<u>\$ -</u>	<u>\$ 445,272,650</u>

* Adjustment made to reclassify assets to the correct category.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**Note 7: Capital Assets (Continued)**

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

Water	\$ 6,474,517
Sewer	8,241,712
Waste Disposal	927
Special Aviation	77,538
Oceanside Small Craft Harbor District	644,233
Total depreciation expense-business type activities	<u>\$ 15,438,927</u>

Note 8: Long-Term Liabilities**a. Governmental Activities Long-Term Debt**

The following is a summary of changes in governmental activities long-term debt for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year	Due in More Than One Year
Certificate of Participation:						
2005 Refunding COP	\$ 10,785,000	\$ -	\$ (10,785,000)	\$ -	\$ -	\$ -
2011 COP	5,625,000	-	(590,000)	5,035,000	620,000	4,415,000
2013 COPS 2003 Refunding	8,464,361	-	(1,200,001)	7,264,360	1,221,408	6,042,952
Total COPs	<u>24,874,361</u>	<u>-</u>	<u>(12,575,001)</u>	<u>12,299,360</u>	<u>1,841,408</u>	<u>10,457,952</u>
Capital Leases:						
2013 Streetlight Retrofit Lease Agreement	4,168,402	-	(347,631)	3,820,771	358,667	3,462,104
2011 Fire Apparatus	380,992	-	(122,111)	258,881	126,934	131,947
Total Capital Leases	<u>4,549,394</u>	<u>-</u>	<u>(469,742)</u>	<u>4,079,652</u>	<u>485,601</u>	<u>3,594,051</u>
Notes Payable:						
2008 HUD 108 Loans	2,813,000	-	(138,000)	2,675,000	146,000	2,529,000
Total Notes Payable	<u>2,813,000</u>	<u>-</u>	<u>(138,000)</u>	<u>2,675,000</u>	<u>146,000</u>	<u>2,529,000</u>
Pension Obligation Bonds	33,580,000	-	(33,580,000)	-	-	-
2015 Taxable Pension Obligation Bonds	-	32,020,000	-	32,020,000	2,585,000	29,435,000
2015A OPFA Lease Revenue Bonds	-	8,335,000	-	8,335,000	2,000,000	6,335,000
Claims Payable	17,509,241	7,016,915	(4,752,281)	19,773,875	5,366,938	14,406,937
Compensated Absences	10,829,844	5,385,214	(4,772,776)	11,442,282	5,032,485	6,409,797
Net Pension Liability	154,972,055	27,561,925	(15,980,252)	166,553,728	-	166,553,728
Other post-employment benefit obligation	2,930,548	630,007	(197,575)	3,362,980	-	3,362,980
Subtotal	<u>\$ 252,058,443</u>	<u>\$ 80,949,061</u>	<u>\$ (72,465,627)</u>	<u>260,541,877</u>	<u>\$ 17,457,432</u>	<u>\$ 243,084,445</u>
Add: Unamortized Bond Premium (Discount)				471,339		
Total				<u>\$ 261,013,216</u>		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 8: Long-Term Liabilities (Continued)**Certificates of Participation**2005 Refunding Certificates of Participation - Original Issue \$20,170,000

The 2005 Refunding Certificates of Participation were issued by the Community Development Commission to partially refund the 1995 Refunding Certificates of Participation, which was used for the City's Civic Center Project and to pay the costs of issuance. The certificates consist of serial certificates in the amount of \$20,170,000 due in annual installments of \$1,905,000 to \$2,350,000. Interest rates range from 3% to 5% and are payable semiannually on February 1 and August 1. Certificates maturing before August 1, 2016, are not subject to redemption prior to maturity. Certificates maturing on or after August 1, 2016, are subject to redemption in whole or in part on August 1, 2016, and each interest date thereafter. The full refunding of the 2005 Certificates by the issuance of the 2015 Oceanside Public Financing Authority Lease Revenue Bonds, Series A on July 21, 2015 reduced the total debt service payments over the life of the 2005 Certificates by \$579,539, and obtained an economic gain (difference between net present value of the debt service payments on the old debt and new debt) of \$588,725. As of June 30, 2016 the 2005 Certificates of Participation are considered fully refunded, with no principal outstanding.

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

The 2011 Refunding Certificates of Participation were issued by the City to refund the 1998 Certificates of Participation, which were issued by the Financing Authority for the purpose of reimbursing the City for costs of acquisition of certain real property and improvements to be used as police and library facilities. The certificates consist of serial certificates in the amount of \$7,725,000 due in annual installments of \$565,000 to \$840,000. Interest rates range from 2.19% to 4.77% and are payable semiannually on December 1 and June 1. At June 30, 2016, the outstanding balance of these certificates was \$5,035,000.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 620,000	\$ 196,864	\$ 816,864
2018	640,000	175,616	815,616
2019	675,000	151,260	826,260
2020	715,000	123,432	838,432
2021	750,000	92,357	842,357
2022-2023	1,635,000	78,109	1,713,109
Totals	<u>\$ 5,035,000</u>	<u>\$ 817,638</u>	<u>\$ 5,852,638</u>

2013 Refunding Certificates of Participation Series A - Original Issue \$12,126,893

The 2013 Refunding Certificates of Participation were issued by the City to refund the 2003 Certificates of Participation, which were issued by the Financing Authority to refinance the outstanding 1993 Series A Refunding Certificates of Participation and to lease certain facilities and projects. The certificates consist of serial certificates in the amount of \$12,500,000 due in annual installments of \$1,345,000 including interest. Interest rate is 1.776% and payments are payable semiannually on October 1 and April 1. As of June 30, 2016, the outstanding balance of these certificates was \$7,264,360.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**Note 8: Long-Term Liabilities (Continued)**

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 1,221,408	\$ 123,592	\$ 1,345,000
2018	1,243,196	101,804	1,345,000
2019	1,265,374	79,626	1,345,000
2020	857,498	58,963	916,461
2021	876,592	43,650	920,242
2022-2023	1,800,292	40,091	1,840,383
Totals	<u>\$ 7,264,360</u>	<u>\$ 447,726</u>	<u>\$ 7,712,086</u>

Capital Lease Obligations2011 Fire Apparatus Lease/Purchase Agreement

On February 4, 2011, the City entered into a lease/purchase agreement with Oshkosh Capital in the amount of \$1,624,761 for the purchase of one 2011 Pierce PUC Tiller and one 2011 Pierce PUC Pumper. The lease is due in annual installments of \$137,159. The lease bears an interest rate of 3.95% and is payable annually on February 4. As of June 30, 2016, the outstanding balance of this lease was \$258,881.

The future minimum lease payments are as follows:

Year Ending June 30	Annual Payment
2017	\$ 137,159
2018	137,159
	<u>274,318</u>
Less Interest	<u>(15,437)</u>
Total	<u>\$ 258,881</u>

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

2013 Streetlight Retrofit Lease Agreement

On October 10, 2013, the City entered into a lease/purchase agreement with Banc of America Capital Corp. in the amount of \$4,731,027 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/purchase was subsequently sold to Pinnacle Public Finance on October 24, 2013 under the same term and conditions. The lease is due in annual installments of \$476,219. The lease bears an interest rate of 3.15% and is payable semiannually on June 10 and December 10. As of June 30, 2016, the outstanding balance of this lease was \$3,820,771.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**Note 8: Long-Term Liabilities (Continued)**

Year Ending June 30	Annual Payment
2017	\$ 476,219
2018	476,219
2019	476,219
2020	476,219
2021	476,219
2022-2026	2,058,230
	4,439,325
Less Interest	(618,554)
Total	<u>\$ 3,820,771</u>

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

In June 2008, the City entered into a contract with the United States Department of Housing and Urban Development for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308 for Series 2008-A Certificates. The loans are due in annual installments ranging from \$130,000 to \$279,000. Interest is payable quarterly at a rate equal to 20 basis points above the applicable LIBOR, adjusted monthly on the first day of each month. At June 30, 2016, the outstanding balance of the loans was \$2,675,000.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 146,000	\$ 133,194	\$ 279,194
2018	154,000	126,413	280,413
2019	162,000	119,159	281,159
2020	171,000	111,252	282,252
2021	181,000	102,600	283,600
2022-2026	1,068,000	359,248	1,427,248
2027-2029	793,000	65,786	858,786
Totals	<u>\$ 2,675,000</u>	<u>\$ 1,017,652</u>	<u>\$ 3,692,652</u>

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

On August 1, 2005, the City issued \$42,780,000 Taxable Pension Obligation Bonds, Series 2005 for the purpose of paying the City's unamortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System (CalPERS) for the benefit of the City's employees. The bonds are due in annual installments of \$1,745,000 to \$4,975,000. Interest rates range from 4.17% to 5.25% and are payable semiannually on February 15 and August 15. The full refunding of the 2005 Bonds by the issuance of the 2015 Taxable Pension Obligation Refunding Bonds on August 11, 2015 reduced the total debt service payments over the life of the 2005 Bonds by \$2,685,839, and obtained an economic gain (difference between net present value of the debt service payments on the old debt and new debt) of \$2,254,907. As of June 30, 2016 the 2005 Pension Obligation Bonds are considered fully refunded, with no principal outstanding.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**Note 8: Long-Term Liabilities (Continued)**2015 Taxable Pension Obligation Refunding Bonds - Original Issuance \$32,020,000

On August 11, 2015, the City issued \$32,020,000 Taxable Pension Obligation Refunding Bonds, Series 2015 for the purpose of refunding the 2005 Taxable Pension Obligation Bonds. The bonds are due in annual installments of \$270,000 to \$4,700,000. Interest rates range from 1.406% to 4.275% and are payable semiannually on February 15 and August 15. At June 30, 2016, the outstanding balance of the bonds was \$32,020,000.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 2,585,000	\$ 1,004,146	\$ 3,589,146
2018	2,775,000	960,915	3,735,915
2019	2,970,000	901,732	3,871,732
2020	3,195,000	821,758	4,016,758
2021	3,445,000	719,584	4,164,584
2022-2026	17,050,000	1,486,221	18,536,221
Totals	\$ 32,020,000	\$ 5,894,356	\$ 37,914,356

Lease Revenue Bonds2015 Lease Revenue Refunding Bonds, Series A - Original Issuance \$8,335,000

On July 21, 2015, the Oceanside Public Financing Authority issued \$8,335,000 Lease Revenue Refunding Bonds, Series 2015A for the purpose of refunding the 2005 Refunding Certificates of Participation. The bonds are due in annual installments of \$2,000,000 to \$2,195,000. Interest rates range from 2.000% to 5.000% and are payable semiannually on May 1 and November 1. At June 30, 2016, the outstanding balance of the bonds was \$8,335,000.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 2,000,000	\$ 275,250	\$ 2,275,250
2018	2,050,000	234,750	2,284,750
2019	2,090,000	162,000	2,252,000
2020	2,195,000	54,875	2,249,875
Totals	\$ 8,335,000	\$ 726,875	\$ 9,061,875

Claims Payable

Claims payable have been accrued. Amounts determined to be debts of either the business-type and/or the proprietary funds have been recorded as liabilities in those funds. There is no fixed payment schedule to pay these liabilities. Additional information can be obtained from note 10. Total amount of claims payable for the governmental activities as of June 30, 2016, was \$19,773,875.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 8: Long-Term Liabilities (Continued)**Compensated Absences**

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities amounts to \$11,442,282 at June 30, 2016. The general fund has a committed fund balance in the amount of \$2,794,948 for employment leave reserve. The remaining liability will be liquidated from the funds that fund employees.

Net Pension Liability

The City participates in an agent multiple-employer defined benefit pension plan administered through the California Public Employees Retirement System (CalPERS). The City's liability for governmental activities amounts to \$166,553,728. Additional information on the plan can be obtained from note 11.

Other post-employment benefit obligation

The City's liability for governmental activities amounts to \$3,362,980. Additional information on the plan can be obtained from note 12. The liability will be liquidated from the funds that fund employees.

b. Business-Type Activities Long-Term Debt

The following is a summary of changes in business-type and proprietary funds activities long-term debt for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year	Due in More Than One Year
Revenue Refunding Bonds:						
2013 Gross Revenue Refunding Bonds	\$ 1,595,000	\$ -	\$ (370,000)	\$ 1,225,000	\$ 310,000	\$ 915,000
2013A Water Revenue Refunding Bonds	17,590,000	-	(1,375,000)	16,215,000	1,425,000	14,790,000
2013A Sewer Revenue Refunding Bonds	11,975,000	-	(1,615,000)	10,360,000	1,075,000	9,285,000
Total Refunding Bonds	31,160,000	-	(3,360,000)	27,800,000	2,810,000	24,990,000
Notes Payable:						
State Revolving Loan	28,963,747	-	(2,404,175)	26,559,572	2,447,522	24,112,050
Department of Transportation	287,111	-	(73,667)	213,444	77,444	136,000
Total Notes Payable	29,250,858	-	(2,477,842)	26,773,016	2,524,966	24,248,050
Net Pension Liability	13,011,334	2,562,120	(1,196,657)	14,376,797	-	14,376,797
Compensated Absences	1,834,399	1,004,953	(869,016)	1,970,336	933,311	1,037,025
Subtotal	\$ 75,256,591	\$ 3,567,073	\$ (7,903,515)	70,920,149	\$ 6,268,277	\$ 64,651,872
		Add: Unamortized Bond Premiums		3,314,970		
				Total	\$ 74,235,119	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 8: Long-Term Liabilities (Continued)**Bonds Payable**2013 Gross Revenue Refunding Bonds - Original Issue \$1,965,000

The bonds were issued by the City to prepay all of the Oceanside Small Craft Harbor District loans payable to the Department of Boating and Waterways. The bonds are due in annual installments ranging from \$95,000 to \$370,000 through August 2023. The interest rate is 2% and is payable annually on August 1. Bonds are not subject to optional redemption prior to maturity. As of June 30, 2016, the outstanding balance of these bonds was \$1,225,000.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 310,000	\$ 21,400	\$ 331,400
2018	320,000	15,100	335,100
2019	95,000	10,950	105,950
2020	95,000	9,050	104,050
2021	100,000	7,100	107,100
2022-2024	305,000	9,250	314,250
Totals	<u>\$ 1,225,000</u>	<u>\$ 72,850</u>	<u>\$ 1,297,850</u>

2013A Water Revenue Refunding Bonds - Original Issue \$19,490,000

The bonds were issued by the City to (a) prepay all of City of Oceanside Water Revenue Refunding Bonds (1998 Water Refunding Project) and City of Oceanside Revenue Certificates of Participation (1993 Water System Refunding Project) Series 2003; (b) finance certain improvements to the City's Water System; and (c) pay the costs of issuing the 2013A Bonds. The bonds are due in annual installments ranging from \$550,000 to \$1,475,000 through May 2033. Interest rates range from 2.0% to 5.25% and are payable semiannually on May 1 and November 1. Bonds are subject to optional redemption prior to maturity. As of June 30, 2016, the outstanding balance was \$16,215,000 and unamortized bond premium was \$1,769,265.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 1,425,000	\$ 778,213	\$ 2,203,213
2018	1,475,000	721,213	2,196,213
2019	1,120,000	662,213	1,782,213
2020	1,160,000	617,413	1,777,413
2021	1,215,000	559,413	1,774,413
2022-2026	3,870,000	2,051,063	5,921,063
2027-2031	4,030,000	1,154,075	5,184,075
2032-2036	1,920,000	152,513	2,072,513
Totals	<u>\$ 16,215,000</u>	<u>\$ 6,696,116</u>	<u>\$ 22,911,116</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**Note 8: Long-Term Liabilities (Continued)**2013A Sewer Revenue Refunding Bonds - Original Issue \$15,135,000

The bonds were issued by the City to (a) prepay all of City of Oceanside Revenue Certificates of Participation (1993 Wastewater System Refunding Project) Series 2003 and City of Oceanside Revenue Refunding Certificates of Participation, Series 2008; (b) prepay all amounts due under the 1993 State Loan; (c) finance certain improvements to the City's Sewer System; and (d) pay the costs of issuing the 2013A Bonds. The bonds are due in semi-annual installments ranging from \$1,590,000 to \$1,615,000 through November 2028. Interest rates range from 2.0% to 5.0% and are payable semiannually on May 1 and November 1. Bonds are subject to optional redemption prior to maturity. As of June 30, 2016, the outstanding balance was \$10,360,000 and unamortized bond premium was \$1,545,705.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 1,075,000	\$ 433,819	\$ 1,508,819
2018	1,120,000	390,819	1,510,819
2019	1,160,000	346,019	1,506,019
2020	1,215,000	299,619	1,514,619
2021	1,255,000	251,019	1,506,019
2022-2026	3,095,000	738,094	3,833,094
2027-2028	1,440,000	81,188	1,521,188
Totals	<u>\$ 10,360,000</u>	<u>\$ 2,540,577</u>	<u>\$ 12,900,577</u>

Notes PayableState Water Resources Control Board Loan for the San Luis Rey Wastewater Treatment Plant Interim Expansion - Original Issue \$58,527,824

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$60,000,000 to fund the San Luis Rey Wastewater Treatment Plant generally consisting of upgrades to control odors and improve process performance. The loan is due in installments of \$2,926,391 commencing in January 2007 through 2026. The interest rate is 1.803% payable annually on January 26. As of June 30, 2016, the outstanding balance of these notes was \$26,559,572.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 2,447,522	\$ 478,869	\$ 2,926,391
2018	2,491,651	434,740	2,926,391
2019	2,536,576	389,815	2,926,391
2020	2,582,310	344,081	2,926,391
2021	2,628,869	297,522	2,926,391
2022-2026	13,872,644	759,309	14,631,953
Totals	<u>\$ 26,559,572</u>	<u>\$ 2,704,336</u>	<u>\$ 29,263,908</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 8: Long-Term Liabilities (Continued)

Department of Transportation - Original Issue \$850,000

On June 9, 2003, the City entered into a California Airport Loan Agreement with the California Department of Transportation for the purpose of planning, acquisition, construction, improvement, maintenance or operation of the airport located in the City of Oceanside. The interest on the agreement is 5.0569%; annual principal payments range from \$54,778 to \$81,222 through 2019. As of June 30, 2016, the outstanding balance of this note was \$213,444.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 77,444	\$ 10,794	\$ 88,238
2018	81,222	6,877	88,099
2019	54,778	2,770	57,548
Totals	\$ 213,444	\$ 20,441	\$ 233,885

Net Pension Liability

The City participates in an agent multiple-employer defined benefit pension plan administered through the California Public Employees Retirement System (CalPERS). The City's liability in the business-type activities has been accrued and amounts to \$14,376,797. Additional information on the plan can be obtained from note 11.

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.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 8: Long-Term Liabilities (Continued)

c. Debt Without City Commitment - Special District Bonds

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

Issuer	Date of Issue	Amount of Issue	Balance at June 30, 2016
CFD 2006-1 Pacific Coast Business Park	May 20, 2008	\$ 8,880,000	\$ 8,745,000
CFD 2000-1 Ocean Ranch 2013 Refunding	June 13, 2013	11,175,000	10,715,000
CFD 2000-1 Ocean Ranch 2014 Refunding	June 4, 2014	11,755,000	11,655,000
CFD 2001-1 Morro Hills 2013 Refunding	June 13, 2013	6,710,000	5,475,000
CFD 2001-1 Morro Hills Refunding 2014A	February 14, 2014	10,885,000	9,460,000
CFD 2001-1 Morro Hills Imp Area 1 Refunding 2014A	February 14, 2014	7,025,000	6,275,000

Note 9: Fund Balances

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

	General Fund	Grants	Housing Assistance Program	General Improvement	General Debt Service	Other Governmental Funds	Total Governmental Funds
Non Spendable							
Inventories	\$ 13,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,297
Prepaid costs	87,669	-	-	-	-	-	87,669
Land held for resale	700,000	-	-	-	-	-	700,000
Advances to other funds	1,516,496	-	-	-	-	-	1,516,496
Restricted							
Community development projects	-	126,445	-	-	-	-	126,445
Public safety	-	127,950	-	-	-	1,002,810	1,130,760
Highways	-	-	-	-	-	4,942,726	4,942,726
Debt service	-	-	-	-	2,563,360	32,429	2,595,789
Street lighting and landscape maintenance	-	-	-	-	-	1,646,617	1,646,617
Housing program	-	6,442,082	7,348,913	-	-	-	13,790,995
Capital projects	-	-	-	41,373,208	-	-	41,373,208
Committed							
Community development projects	16,721,646	-	-	-	-	-	16,721,646
Employment leave	2,794,948	-	-	-	-	-	2,794,948
Assigned							
Community development projects	1,543,112	-	-	-	-	-	1,543,112
Parks and recreation	8,398,951	-	-	-	-	-	8,398,951
Public works	1,200,000	-	-	-	-	-	1,200,000
Capital projects	1,100,000	-	-	-	-	-	1,100,000
Infrastructure	17,433,666	-	-	-	-	-	17,433,666
Other purposes	3,852,067	-	-	-	-	-	3,852,067
Unassigned	2,129,908	(2,718,367)	-	-	-	(100,689)	(689,148)
Total Fund Balance	\$ 57,491,760	\$ 3,978,110	\$ 7,348,913	\$ 41,373,208	\$ 2,563,360	\$ 7,523,893	\$ 120,279,244

Note 10: Risk Management

CASC - Excess Insurance Authority (CSAC-EIA) is a member-directed risk sharing pool of counties and public entities. With the dissolution of SANDPIPA, the City of Oceanside elected to join the CSAC-EIA pool as a new member and procured all lines of insurance coverage for the City. With the assistance of the City's broker Alliant, coverage includes General Liability,

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 10: Risk Management (Continued)

Workers Compensation, First Party Property, Automobile, Vessel and Cyber Liability coverages. The financial strength of the City of Oceanside has allowed itself a risk tolerance level of a self-insured retention up to \$500,000.0. Through the CSAC-EIA pooled layer, the City is insured up to \$25,000,000, with excess coverage purchased bringing the total limit to \$50,000,000. The City did sustain one loss over its self-insured retention level during the covered period with the excess amount honored by coverage procured through SANDPIPA. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The workers' compensation and general/auto liability claims payable of \$16,415,000 and \$3,358,875, respectively, reported at June 30, 2016, 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
2014	\$ 15,273,815	\$ 3,982,334	\$ 4,979,479	\$ 14,276,670
2015	14,276,670	9,158,074	5,925,503	17,509,241
2016	17,509,241	7,016,915	4,752,281	19,773,875

Excess Insurance Authority was formed as a Joint Powers Authority (JPA) in 1979 and recognized as a leader in the pooling and risk management community within the state of California as well as nationwide, and headquartered in Folsom, CA. The membership consists of 55 counties and 268 public entity organizations comprised of cities, school districts, special districts and other JPA's. A key component of EIA is its membership participation. Members provide their time, expertise, and leadership serving on the Board of Directors and on one or more of the 16 committees. Presently, more than 120 individuals are participating in the governance of the organization. The Board of Directors is comprised of 62 members; 1 representative from each member county and 7 members elected by the public entity membership. The Executive Committee consists of 11 members elected by the Board of Directors. Thereafter appointments are made by the Executive Committee from members' participation in the specific coverage program, or based upon background and expertise.

Annual premiums and assessments are approved by the Board of Directors and are adjusted each year based on the following criteria:

- Each city's incurred losses;
- Each city's share of such losses and other expense as a proportion of all such losses;
- Each city's contribution to reserves, including reserves for incurred- but-not-reported losses;

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liability include an amount for claims that have been incurred but not reported. The ultimate amount of losses incurred is dependent on future developments. The amounts reported in the accompanying financial statement have been determined based upon actuarial analysis and information from the City's legal counsel and Risk Management.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 11: Retirement Plans**a. General Information about the Pension Plan****Plan Description**

The Miscellaneous Plan and Safety Plan of the City of Oceanside are agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of each pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in their respective June 30, 2014 Annual Actuarial Valuation Reports. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Miscellaneous Plan			
Hire date	Prior to January 1, 2011*	January 1, 2011 but prior to January 1, 2013 *	January 1, 2013 and after
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%, 50 yrs - 63+ yrs, respectively	1.092% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.000%	7.000%	6.750%
Required employer contribution rates	13.678%	14.678%	14.928%
Total Contribution	21.6780%	21.6780%	21.6780%

*Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 11: Retirement Plans (Continued)

Safety Plan		
Hire date	Prior to January 1, 2013*	January 1, 2013 and after
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000% 50 yrs - 55+ yrs	2.000% - 2.700%, 50 yrs - 63+ yrs, respectively
Required employee contribution rates	9.000%	12.250%
Required employer contribution rates	21.800%	18.550%
Total Contribution	30.8000%	30.8000%

*Closed to new entrants

At June 30, 2014, the following employees were covered by the benefit terms of the plan:

Description	Number of members	
	Miscellaneous Plan	Safety Plan
Active members	529	321
Transferred members	363	88
Terminated members	299	52
Retired members and beneficiaries	788	411
Total	1,979	872

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the employer contributions recognized as a reduction to the net pension liability for all the Miscellaneous Plan and Safety Plan were \$7,450,216 and \$9,726,446 respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 11: Retirement Plans (Continued)**b. Net Pension Liability**

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 11: Retirement Plans (Continued)**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 11: Retirement Plans (Continued)**Subsequent Events**

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

c. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 11: Retirement Plans (Continued)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Miscellaneous Plan			
Balance at: 6/30/2014 (Valuation Date) (1)	\$ 363,658,121	\$ 284,657,919	\$ 79,000,202
Changes Recognized for the Measurement Period:			
Service Cost	6,352,501	-	6,352,501
Interest on the Total Pension Liability	26,777,993	-	26,777,993
Changes of Benefit Terms	-	-	-
Plan to Plan Resource Movement	-	(255)	255
Differences between Expected and Actual Experience	(1,673,895)	-	(1,673,895)
Difference between Projected and Actual Earnings on Plan Investments	-	(15,067,835)	15,067,835
Changes of Assumptions	(6,534,185)	-	(6,534,185)
Contribution from the Employer	-	7,450,463	(7,450,463)
Contributions from Employees	-	2,960,994	(2,960,994)
Net Investment Income (2)	-	21,405,203	(21,405,203)
Benefit Payments including Refunds of Employee Contributions	(17,174,366)	(17,174,366)	-
Administrative Expenses	-	(327,880)	327,880
Net Changes During 2014-15	7,748,048	(753,676)	8,501,724
Balance at: 6/30/2015 (Measurement Date) (1)	\$ 371,406,169	\$ 283,904,243	\$ 87,501,926
Safety Plan			
Balance at: 6/30/2014 (Valuation Date) (1)	\$ 431,711,191	\$ 342,728,005	\$ 88,983,186
Changes Recognized for the Measurement Period:			
Service Cost	9,471,721	-	9,471,721
Interest on the Total Pension Liability	31,362,885	-	31,362,885
Changes of Benefit Terms	-	-	-
Plan to Plan Resource Movement	-	255	(255)
Differences between Expected and Actual Experience	(8,658,602)	-	(8,658,602)
Difference between Projected and Actual Earnings on Plan Investments	-	(18,339,741)	18,339,741
Changes of Assumptions	(7,872,460)	-	(7,872,460)
Contribution from the Employer	-	9,726,446	(9,726,446)
Contributions from Employees	-	2,946,540	(2,946,540)
Net Investment Income (2)	-	25,910,337	(25,910,337)
Benefit Payments including Refunds of Employee Contributions	(19,887,274)	(19,887,274)	-
Administrative Expenses	-	(385,706)	385,706
Net Changes During 2014-15	4,416,270	(29,143)	4,445,413
Balance at: 6/30/2015 (Measurement Date) (1)	\$ 436,127,461	\$ 342,698,862	\$ 93,428,599
Total Combined Plan at 6/30/2015 (Measurement Date)	\$ 807,533,630	\$ 626,603,105	\$ 180,930,525

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report

(2) Net of administrative expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 11: Retirement Plans (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Miscellaneous Plan's Net Pension Liability	\$ 137,037,929	\$ 87,501,926	\$ 46,621,359
Safety Plan's Net Pension Liability	153,645,533	93,428,599	44,113,193
Total Net Pension Liability	<u>\$ 290,683,462</u>	<u>\$ 180,930,525</u>	<u>\$ 90,734,552</u>

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

d. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$3,794,629 and \$6,388,078 for the miscellaneous and safety plans, respectively. Note that no adjustments have been made for contributions subsequent to the measurement date.

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 11: Retirement Plans (Continued)

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Miscellaneous Plan</u>		
Contributions made after the measurement date	\$ 8,320,100	\$ -
Difference between expected and actual experience	-	(976,439)
Change in assumptions	-	(3,811,608)
Net difference between projected and actual earnings on pension plan investments	-	(2,619,745)
Miscellaneous Plan Total	8,320,100	(7,407,792)
<u>Safety Plan</u>		
Contributions made after the measurement date	10,124,282	-
Difference between expected and actual experience	-	(6,690,738)
Change in assumptions	-	(6,083,265)
Net difference between projected and actual earnings on pension plan investments	-	(2,986,177)
Safety Plan Total	10,124,282	(15,760,180)
Total	\$ 18,444,382	\$ (23,167,972)

\$18,444,382 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) or Resources
2016	\$ (11,272,905)
2017	(9,220,885)
2018	(7,852,872)
2019	5,178,690

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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

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

Funding Policy

Contribution requirements are also negotiated between the City and the non-OFA employee associations. Eligible non-OFA retirees and their covered dependents receiving benefits contribute 100% of their premium costs. While the City does not directly contribute towards the cost of premiums for non-OFA retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the non-OFA retirees, called an "implicit subsidy". This implicit subsidy is considered to be an Other Post-Employment Benefit (OPEB) obligation of the City. For the year ended June 30, 2016, the City contribution including subsidy amounted to \$166,663 in health care costs for its non-OFA retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over an open-period basis using a 30 year amortization period.

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

Annual required contribution	\$ 661,660
Interest on net OPEB obligation	93,171
Adjustment to annual required contribution	(137,148)
Annual OPEB cost (expense)	617,683
Contribution including subsidy	(166,663)
Increase in net OPEB obligation	451,020
Net OPEB obligation - beginning of year	2,379,285
Net OPEB obligation - end of year	<u>\$ 2,830,305</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 12: Post-Employment Benefits Other Than Pensions (Continued)

The City's annual OPEB cost, contribution including subsidy, percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the year ended June 30, 2016, and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution including subsidy	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/2014	\$ 657,057	\$ 349,161	53.1%	\$ 2,079,062
6/30/2015	649,384	349,161	53.8%	2,379,285
6/30/2016	617,683	166,663	27.0%	2,830,305

Funded Status and Funding Progress

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

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

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a)-(b)]/(c)
2011	\$ 4,563,531	\$ -	\$ 4,563,531	0.0%	\$ 55,600,000	8.21%
2013	6,271,148	-	6,271,148	0.0%	62,225,267	10.08%
2015	5,094,841	-	5,094,841	0.0%	63,197,046	8.06%

The City has an actuarial valuation every two years.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2015, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 4.0% per annum, a rate of return on assets of 5.0% per annum, general inflation rate of 2.5% and a healthcare cost trend rate of 8.0%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over 30 years on a closed basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 12: Post-Employment Benefits Other Than Pensions (Continued)**b. The PERS Health Program****Plan Description**

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

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

Funding Policy

The City's contribution on behalf of all OFA retirees is determined under the "unequal contribution method" as described in California Government Code Section 22892(c). The current rate for retirees is \$112/month for calendar year 2012 and \$117/month for calendar year 2013, increased in all future years according to the rate of medical inflation which is set at the minimum contribution required by CalPERS. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2016, the City paid \$30,912 in health care costs for its OFA retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 23,356
Interest on net OPEB obligation	22,051
Adjustment to annual required contribution	<u>(33,083)</u>
Annual OPEB cost (expense)	12,324
Contributions made, including subsidy	<u>(30,912)</u>
Increase in net OPEB obligation	(18,588)
Net OPEB obligation - beginning of year	<u>551,263</u>
Net OPEB obligation - end of year	<u>\$ 532,675</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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

The City's annual OPEB cost, actual contribution, percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the year ended June 30, 2016, and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/2014	\$ 12,839	\$ 30,912	240.8%	\$ 569,612
6/30/2015	12,563	30,912	246.1%	551,263
6/30/2016	12,324	30,912	250.8%	532,675

Funded Status and Funding Progress

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

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

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a)-(b)]/(c)
2011	\$ 1,494,098	\$ -	\$ 1,494,098	0.0%	\$ 7,656,472	19.51%
2013	403,223	-	403,223	0.0%	9,415,640	4.28%
2015	403,878	-	403,878	0.0%	9,054,061	4.46%

The City has an actuarial valuation every two years.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2015, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 4.0% per annum, a rate of return on assets of 5.0% per annum and a healthcare cost trend rate of 8.0% initially. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over 30 years on a closed basis.

CITY OF OCEANSIDE**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2016**Note 13: Commitments and Contingencies****Commitments**

The following material construction commitments existed at June 30, 2016:

Project	Contract Amount	Expenditures to date as of June 30, 2016	Remaining Commitments
Annual Overlay Fiscal Year 2015-16	\$ 3,741,797	\$ 594,787	\$ 3,147,010
French Field Remediation	2,563,616	313,297	2,250,319

Contingent Liabilities

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

Note 14: Restatement of Net Position and Fund Balance

Beginning net position and beginning fund balance have been restated as follows:

Governmental Activities:

To write off advances to the Successor Agency due to State of California Department of Finance ruling that the obligations are nonenforceable and will not be repaid. (General Fund)	\$ (8,918,296)
To correct prior year retentions payable balance (General Improvement Fund)	18,644
	<u>\$ (8,899,652)</u>

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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

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

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

a. Cash and investments

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

Cash and investments pooled with the City	\$ 3,694,564
Cash and investments with fiscal agent	8,926
	<u>\$ 3,703,490</u>

b. Capital Assets

Capital assets of the Successor Agency as of June 30, 2016, were as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets not being depreciated:				
Land	\$ 3,699,165	\$ -	\$ -	\$ 3,699,165
Construction in progress	349,132	334,669	-	683,801
Total Capital Assets, Not Being Depreciated	<u>4,048,297</u>	<u>334,669</u>	<u>-</u>	<u>4,382,966</u>
Capital assets being depreciated:				
Infrastructure	<u>2,155,238</u>	<u>-</u>	<u>-</u>	<u>2,155,238</u>
Total Capital Assets, Being Depreciated	<u>2,155,238</u>	<u>-</u>	<u>-</u>	<u>2,155,238</u>
Less accumulated depreciation for:				
Infrastructure	<u>26,867</u>	<u>107,762</u>	<u>-</u>	<u>134,629</u>
Total Accumulated Depreciation	<u>26,867</u>	<u>107,762</u>	<u>-</u>	<u>134,629</u>
Total Capital Assets, Being Depreciated, Net	<u>2,128,371</u>	<u>(107,762)</u>	<u>-</u>	<u>2,020,609</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,176,668</u>	<u>\$ 226,907</u>	<u>\$ -</u>	<u>\$ 6,403,575</u>

CITY OF OCEANSIDE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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

c. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2016, follows.

	Balance July 1, 2015	Adjustments *	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due in More Than One Year
2002 Tax Allocation Refunding Bonds	\$ 13,895,000	\$ -	\$ -	\$ (13,895,000)	\$ -	\$ -	\$ -
2003 Tax Allocation Refunding Bonds	2,520,000	-	-	(2,520,000)	-	-	-
2003 Subordinate Tax Allocation Bonds	12,120,000	-	-	(12,120,000)	-	-	-
2004 Tax Allocation Refunding Bonds	10,060,000	-	-	(10,060,000)	-	-	-
2015A Tax Allocation Refunding Bonds	-	-	20,370,000	-	20,370,000	1,800,000	18,570,000
2015B Tax Allocation Refunding Bonds	-	-	10,080,000	-	10,080,000	915,000	9,165,000
Advances from the City of Oceanside	16,974,605	(12,657,520)	-	-	4,317,085	-	4,317,085
Total	\$ 55,569,605	\$ (12,657,520)	\$ 30,450,000	\$ (38,595,000)	34,767,085	\$ 2,715,000	\$ 32,052,085
Add: Unamortized Bond Premium					2,530,819		
Total					\$ 37,297,904		

Tax Allocation Bonds

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

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

The bonds mature annually through 2026, in amounts ranging from \$910,000 to \$1,640,000. Interest rates vary from 3.0% to a maximum of 5.5% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2013, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2013, are subject to redemption in whole or in part on September 1, 2012, and each interest date thereafter. The bonds were refunded by the issuance of the Tax Allocation Refunding Bonds Series 2015A and Series B on August 12, 2015. As of June 30, 2016, the outstanding balance of the bonds is \$0.

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 \$570,000 to \$670,000. Interest rates vary from 2.0% to a maximum of 4.0% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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 bonds were refunded by the issuance of the Tax Allocation Refunding Bonds Series 2015A and Series B on August 12, 2015. As of June 30, 2016, the outstanding balance of the bonds is \$0.

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 \$790,000 to \$1,425,000. Interest rates vary from 2.0% to a maximum of 5.2% and are payable semiannually on September 1 and March 1. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2013, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2013, are subject to redemption in whole or in part on September 1, 2012, and each interest date thereafter. The bonds were refunded by the issuance of the Tax Allocation Refunding Bonds Series 2015A and Series B on August 12, 2015. As of June 30, 2016, the outstanding balance of the bonds is \$0.

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 \$385,000 to \$1,550,000. Interest rates vary from 2.5% to a maximum of 4.5% and are payable semiannually on March 1 and September 1, commencing March 1, 2005. The bonds can be redeemed prior to maturity if notice of such redemption is mailed and trustee is satisfied with such procedure. Bonds maturing before September 1, 2015, are not subject to redemption prior to maturity. Bonds maturing on or after September 1, 2015, are subject to redemption in whole or in part on September 1, 2014, and each interest date thereafter. The bonds were refunded by the issuance of the Tax Allocation Refunding Bonds Series 2015A and Series B on August 12, 2015. As of June 30, 2016, the outstanding balance of the bonds is \$0.

2015A Tax Allocation Refunding Bonds - Original Issue \$20,370,000

The 2015 Tax Allocation Refunding Bonds Series A were issued to refund the Commission's outstanding 2002, 2003, and 2004 Tax Allocation Series bonds. The bonds mature annually through 2025, in amounts ranging from \$1,225,000 to \$2,555,000. Interest rates vary from 2.0% to a maximum of 5.0% and are payable semiannually on March 1 and September 1, commencing September 1, 2016. As of June 30, 2016, the outstanding balance of the bonds is \$20,370,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 1,800,000	\$ 891,050	\$ 2,691,050
2018	1,830,000	845,600	2,675,600
2019	1,885,000	780,450	2,665,450
2020	2,005,000	692,625	2,697,625
2021	2,105,000	589,875	2,694,875
2022-2026	10,745,000	1,256,375	12,001,375
Totals	<u>\$ 20,370,000</u>	<u>\$ 5,055,975</u>	<u>\$ 25,425,975</u>

2015B Tax Allocation Refunding Bonds - Original Issue \$10,080,000

The 2015 Tax Allocation Refunding Bonds Series B were issued to refund the Commission's outstanding 2002, 2003, and 2004 Tax Allocation Series bonds. The bonds mature annually through 2025, in amounts ranging from \$915,000 to \$1,145,000. Interest rates vary from 1.0% to a maximum of 4.0% and are payable semiannually on March 1 and September 1, commencing September 1, 2016. As of June 30, 2016, the outstanding balance of the bonds is \$10,080,000.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 915,000	\$ 269,131	\$ 1,184,131
2018	925,000	258,197	1,183,197
2019	940,000	242,438	1,182,438
2020	960,000	222,238	1,182,238
2021	980,000	198,575	1,178,575
2022-2026	5,360,000	500,619	5,860,619
Totals	<u>\$ 10,080,000</u>	<u>\$ 1,691,198</u>	<u>\$ 11,771,198</u>

The full refunding of the 2002, 2003, 2003 Subordinate, and 2004 Tax Allocation Bonds by the issuance of the 2015 Tax Allocation Bonds reduced the total debt service payments over the life of the old bonds by \$8,926,595, and obtained an economic gain (difference between net present value of the debt service payments on the old debt and new debt) of \$4,690,454. As of June 30, 2016 the 2002, 2003, 2003 Subordinate, and 2004 Tax Allocation Bonds are considered fully refunded, with no principal outstanding.

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it received. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

dissolution of the redevelopment activities of the Community Development Commission, property taxes allocated to redevelopment activities no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt as of June 30, 2016, is \$37,197,173 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,982,990 and the debt service obligation on the bonds was \$4,701,440.

Advances from the City of Oceanside

The Commission borrowed in prior years \$1,116,968 for the Supplemental Educational Revenue Augmentation Fund (SERAF) which are now owed to the City of Oceanside Community Development Commission.

The Commission also borrowed in prior years \$3,200,117 from the Low-Mod Housing Authority set-aside. The amount is owed to the City of Oceanside Community Development Commission as a result of the dissolution of the redevelopment activities of the Commission.

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

The City of Oceanside's General Fund loaned monies to the Commission in 1986 and 1989 to fund redevelopment projects. During fiscal year 2015-2016, the California Department of Finance ruled that these loans were nonenforceable obligations; as such they were not to be repaid. The City wrote them off with a restatement of net position. As of June 30, 2016, the outstanding balance is \$0.

d. Insurance

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

e. Commitments and Contingencies

As of June 30, 2016, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

f. Net Position Restatement

Beginning net position of the Successor Agency was restated by \$12,657,520 to remove the advances from the City's General Fund that the State of California Department of Finance deemed non-enforceable obligation.

Budgetary Information

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

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

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

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

Expenditures may not legally exceed appropriations at the activity level.

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, as restated	\$ 50,034,969	\$ 50,034,969	\$ 50,034,969	\$ -
Resources (Inflows):				
Taxes	86,910,000	86,881,000	92,398,458	5,517,458
Licenses and permits	2,275,400	2,514,400	2,715,146	200,746
Intergovernmental	500,000	500,000	1,056,874	556,874
Charges for services	13,361,919	14,055,419	16,098,571	2,043,152
Use of money and property	6,026,500	6,126,500	7,435,769	1,309,269
Fines and forfeitures	3,680,000	3,640,000	3,636,224	(3,776)
Administrative and in lieu charges	6,961,113	6,941,300	6,937,676	(3,624)
Miscellaneous	84,000	84,000	76,611	(7,389)
Transfers in	12,721,430	13,333,466	12,523,376	(810,090)
Amounts Available for Appropriations	182,555,331	184,111,054	192,913,674	8,802,620
Charges to Appropriations (Outflow):				
General government				
City Council	922,423	942,846	909,839	33,007
City Clerk	1,162,274	1,168,339	1,012,948	155,391
City Treasurer	1,042,805	1,083,828	1,195,106	(111,278)
City Manager	666,123	673,912	583,116	90,796
City Attorney	1,551,289	1,589,287	1,569,374	19,913
Financial Services	5,473,533	5,560,879	5,012,353	548,526
Human Resources	714,170	725,703	665,364	60,339
Nondepartmental	5,667,974	5,249,257	4,765,513	483,744
Public safety				
Police	52,506,416	53,843,624	55,139,197	(1,295,573)
Fire	27,063,698	27,308,424	28,753,677	(1,445,253)
Community development				
Engineering	4,366,440	4,374,951	4,048,711	326,240
Planning	1,584,778	1,749,231	1,583,566	165,665
Building	2,258,582	2,382,002	2,127,911	254,091
Community/cultural services				
Library	4,769,780	4,815,301	4,710,055	105,246
Neighborhood Services Department	6,164,474	6,313,746	5,910,201	403,545
Economic and Community Development	633,203	669,564	463,948	205,616
Property Management	809,570	947,583	716,772	230,811
Public works				
Public Works	13,186,801	13,348,159	12,706,187	641,972
Capital outlay	118,000	1,326,101	861,884	464,217
Debt service:				
Principal retirement	-	-	122,111	(122,111)
Interest and fiscal charges	-	-	15,048	(15,048)
Transfers out	1,155,256	1,357,252	2,549,033	(1,191,781)
Total Charges to Appropriations	131,817,589	135,429,989	135,421,914	8,075
Budgetary Fund Balance, June 30	\$ 50,737,742	\$ 48,681,065	\$ 57,491,760	\$ 8,810,695

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
GRANTS
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 6,571,704	\$ 6,571,704	\$ 6,571,704	\$ -
Resources (Inflows):				
Intergovernmental	6,587,939	10,578,233	6,589,265	(3,988,968)
Charges for services	5,600	5,600	6,645	1,045
Interest and rentals	271,449	271,749	485,517	213,768
Developer participation	198,301	198,301	262,318	64,017
Miscellaneous	353,392	468,743	377,870	(90,873)
Transfers in	5,369,807	5,327,395	169,369	(5,158,026)
Amounts Available for Appropriations	19,358,192	23,421,725	14,462,688	(8,959,037)
Charges to Appropriations (Outflow):				
Public safety	2,179,736	4,016,195	2,478,348	1,537,847
Community development	9,859,558	10,868,553	6,860,497	4,008,056
Parks and recreation	549,762	391,734	289,647	102,087
Community/Cultural Services	115,432	47,847	-	47,847
Capital outlay	195,000	1,340,986	306,554	1,034,432
Transfers out	5,987,351	6,720,958	549,532	6,171,426
Total Charges to Appropriations	18,886,839	23,386,273	10,484,578	12,901,695
Budgetary Fund Balance, June 30	\$ 471,353	\$ 35,452	\$ 3,978,110	\$ 3,942,658

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
HOUSING ASSISTANCE PROGRAM
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 6,458,786	\$ 6,458,786	\$ 6,458,786	\$ -
Resources (Inflows):				
Licenses and permits	284,167	284,167	287,751	3,584
Intergovernmental	15,052,664	15,466,736	15,665,310	198,574
Charges for services	65,634	65,634	65,763	129
Interest and rentals	498,728	892,933	998,975	106,042
Miscellaneous	671,135	567,135	426,115	(141,020)
Transfers in	60,000	60,000	-	(60,000)
Amounts Available for Appropriations	23,091,114	23,795,391	23,902,700	107,309
Charges to Appropriations (Outflow):				
Community development	16,574,728	17,314,221	16,451,823	862,398
Transfers out	60,000	60,000	101,964	(41,964)
Total Charges to Appropriations	16,634,728	17,374,221	16,553,787	820,434
Budgetary Fund Balance, June 30	\$ 6,456,386	\$ 6,421,170	\$ 7,348,913	\$ 927,743

CITY OF OCEANSIDE

MISCELLANEOUS PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT DATE	2014	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 6,739,488	\$ 6,352,501
Interest	25,673,047	26,777,993
Difference between expected and actual experience	-	(1,673,895)
Changes in assumptions	-	(6,534,185)
Benefit payments, including refunds of employee contributions	(15,383,934)	(17,174,366)
Net Change in Total Pension Liability	17,028,601	7,748,048
Total Pension Liability - Beginning	346,629,520	363,658,121
Total Pension Liability - Ending (a)	\$ 363,658,121	\$ 371,406,169
PLAN FIDUCIARY NET POSITION		
Contribution - employer	\$ 7,232,808	\$ 7,450,463
Contribution - employee	3,121,902	2,960,994
Net investment income (2)	42,691,113	6,337,368
Benefit payments, including refunds of employee contributions	(15,383,934)	(17,174,366)
Other changes in fiduciary net position	-	(328,135)
Net Change in Fiduciary Net Position	37,661,889	(753,676)
Plan Fiduciary Net Position - Beginning	246,996,030	284,657,919
Plan Fiduciary Net Position - Ending (b)	\$ 284,657,919	\$ 283,904,243
Plan Net Pension Liability - Ending (a) - (b)	\$ 79,000,202	\$ 87,501,926
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.28%	76.44%
Covered Payroll	\$ 35,409,488	\$ 35,092,814
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	223.10%	249.34%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Measurement date June 30, 2014 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

CITY OF OCEANSIDE

SAFETY PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT DATE	2014	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 10,028,996	\$ 9,471,721
Interest	30,432,000	31,362,885
Difference between expected and actual experience	-	(8,658,602)
Changes in assumptions	-	(7,872,461)
Benefit payments, including refunds of employee contributions	(18,990,595)	(19,887,274)
Net Change in Total Pension Liability	21,470,401	4,416,269
Total Pension Liability - Beginning	410,240,790	431,711,191
Total Pension Liability - Ending (a)	\$ 431,711,191	\$ 436,127,460
PLAN FIDUCIARY NET POSITION		
Contribution - employer	\$ 9,044,122	\$ 9,726,446
Contribution - employee	2,972,544	2,946,540
Net investment income (2)	51,514,503	7,570,596
Benefit payments, including refunds of employee contributions	(18,990,595)	(19,887,275)
Other changes in fiduciary net position	-	(385,450)
Net Change in Fiduciary Net Position	44,540,574	(29,143)
Plan Fiduciary Net Position - Beginning	298,187,430	342,728,004
Plan Fiduciary Net Position - Ending (b)	\$ 342,728,004	\$ 342,698,861
Plan Net Pension Liability - Ending (a) - (b)	\$ 88,983,187	\$ 93,428,599
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.39%	78.58%
Covered Payroll	\$ 33,220,696	\$ 32,835,473
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	267.85%	284.54%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Measurement date June 30, 2014 was the first year of implementation, therefore only two years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

CITY OF OCEANSIDE

**MISCELLANEOUS AND SAFETY PLANS
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

Miscellaneous Plan	2014	2015	2016
Actuarially Determined Contribution	\$ 7,232,808	\$ 7,450,216	\$ 8,320,100
Contribution in Relation to the Actuarially Determined Contribution	(7,232,808)	(7,450,216)	(8,320,100)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 35,409,488	\$ 35,092,814	\$ 34,378,144
Contributions as a Percentage of Covered Payroll	20.43%	21.23%	24.20%
Safety Plan	2014	2015	2016
Actuarially Determined Contribution	\$ 9,044,122	\$ 9,726,446	\$ 10,124,282
Contribution in Relation to the Actuarially Determined Contribution	(9,044,122)	(9,726,446)	(10,124,282)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 33,220,696	\$ 32,835,473	\$ 32,253,103
Contributions as a Percentage of Covered Payroll	27.22%	29.62%	31.39%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Data was available for Fiscal Year 2014 going forward, therefore only three years are shown.

Note to Schedule:

A summary of principal assumptions and methods used to determine the ARC is shown below:

Valuation Date:	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Average Remaining Period	
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

Debt Service Funds

The **Oceanside Lighting District** is used to account for payment of interest and principal on capital lease debt incurred by the City of Oceanside.

CITY OF OCEANSIDE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds			
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant
Assets:				
Cash and investments	\$ 991,740	\$ -	\$ 5,973,036	\$ -
Receivables:				
Taxes	-	-	-	-
Notes and loans	-	-	-	611,531
Due from other governments	-	-	104,936	383,173
Restricted assets:				
Cash and investments with fiscal agents	-	-	155,271	-
Total Assets	\$ 991,740	\$ -	\$ 6,233,243	\$ 994,704
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 9,021	\$ 1,226,562	\$ 21,275
Accrued liabilities	-	-	32,293	12,788
Due to other funds	-	72,350	-	368,428
Total Liabilities	-	81,371	1,258,855	402,491
Deferred Inflows of Resources:				
Unavailable revenues	-	-	31,662	611,531
Total Deferred Inflows of Resources	-	-	31,662	611,531
Fund Balances:				
Restricted for:				
Public safety	991,740	-	-	-
Highways	-	-	4,942,726	-
Street lighting and landscape maintenance	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	(81,371)	-	(19,318)
Total Fund Balances	991,740	(81,371)	4,942,726	(19,318)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 991,740	\$ -	\$ 6,233,243	\$ 994,704

CITY OF OCEANSIDE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds		Debt Service Fund	
	Maintenance Districts	State & Local Asset Seizure	Oceanside Lighting District	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 1,727,482	\$ 11,070	\$ 32,429	\$ 8,735,757
Receivables:				
Taxes	23,353	-	-	23,353
Notes and loans	-	-	-	611,531
Due from other governments	-	-	-	488,109
Restricted assets:				
Cash and investments with fiscal agents	183	-	-	155,454
Total Assets	\$ 1,751,018	\$ 11,070	\$ 32,429	\$ 10,014,204
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 99,667	\$ -	\$ -	\$ 1,356,525
Accrued liabilities	-	-	-	45,081
Due to other funds	4,734	-	-	445,512
Total Liabilities	104,401	-	-	1,847,118
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	643,193
Total Deferred Inflows of Resources	-	-	-	643,193
Fund Balances:				
Restricted for:				
Public safety	-	11,070	-	1,002,810
Highways	-	-	-	4,942,726
Street lighting and landscape maintenance	1,646,617	-	-	1,646,617
Debt service	-	-	32,429	32,429
Unassigned	-	-	-	(100,689)
Total Fund Balances	1,646,617	11,070	32,429	7,523,893
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,751,018	\$ 11,070	\$ 32,429	\$ 10,014,204

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	54,751	-	13,643,360	1,224,936
Charges for services	-	87,015	-	-
Interest and rental	10,252	10	65,115	41,002
Miscellaneous	-	58,280	234,640	-
Total Revenues	65,003	145,305	13,943,115	1,265,938
Expenditures:				
Current:				
Public safety	64,534	-	-	-
Community development	-	-	248,869	952,372
Community/cultural services	-	271,782	-	138,078
Public works	-	-	6,156,769	-
Capital outlay	-	-	7,065,824	-
Debt service:				
Principal retirement	-	-	-	138,000
Interest and fiscal charges	-	-	-	139,452
Total Expenditures	64,534	271,782	13,471,462	1,367,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	469	(126,477)	471,653	(101,964)
Other Financing Sources (Uses):				
Transfers in	-	85,800	151,426	101,964
Transfers out	-	-	(1,257,228)	-
Total Other Financing Sources (Uses)	-	85,800	(1,105,802)	101,964
Net Change in Fund Balances	469	(40,677)	(634,149)	-
Fund Balances, Beginning of Year	991,271	(40,694)	5,576,875	(19,318)
Fund Balances, End of Year	\$ 991,740	\$ (81,371)	\$ 4,942,726	\$ (19,318)

CITY OF OCEANSIDE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds		Debt Service Fund	
	Maintenance Districts	State & Local Asset Seizure	Oceanside Lighting District	Total Nonmajor Governmental Funds
Revenues:				
Assessments	\$ 2,464,430	\$ -	\$ -	\$ 2,464,430
Intergovernmental	-	-	-	14,923,047
Charges for services	-	-	-	87,015
Interest and rental	16,841	113	-	133,333
Miscellaneous	-	-	476,219	769,139
Total Revenues	2,481,271	113	476,219	18,376,964
Expenditures:				
Current:				
Public safety	-	-	-	64,534
Community development	-	-	-	1,201,241
Community/cultural services	-	-	-	409,860
Public works	2,126,495	-	-	8,283,264
Capital outlay	946,792	-	-	8,012,616
Debt service:				
Principal retirement	-	-	347,631	485,631
Interest and fiscal charges	-	-	128,588	268,040
Total Expenditures	3,073,287	-	476,219	18,725,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	(592,016)	113	-	(348,222)
Other Financing Sources (Uses):				
Transfers in	701,728	-	-	1,040,918
Transfers out	(667,784)	-	-	(1,925,012)
Total Other Financing Sources (Uses)	33,944	-	-	(884,094)
Net Change in Fund Balances	(558,072)	113	-	(1,232,316)
Fund Balances, Beginning of Year	2,204,689	10,957	32,429	8,756,209
Fund Balances, End of Year	\$ 1,646,617	\$ 11,070	\$ 32,429	\$ 7,523,893

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 991,271	\$ 991,271	\$ 991,271	\$ -
Resources (Inflows):				
Intergovernmental	60,000	60,000	54,751	(5,249)
Interest and rentals	6,000	6,000	10,252	4,252
Amounts Available for Appropriations	1,057,271	1,057,271	1,056,274	(997)
Charges to Appropriations (Outflow):				
Public safety	450,000	450,000	64,534	385,466
Total Charges to Appropriations	450,000	450,000	64,534	385,466
Budgetary Fund Balance, June 30	\$ 607,271	\$ 607,271	\$ 991,740	\$ 384,469

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
LIBRARY
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (40,694)	\$ (40,694)	\$ (40,694)	\$ -
Resources (Inflows):				
Charges for services	110,000	110,000	87,015	(22,985)
Interest and rentals	119	119	10	(109)
Miscellaneous	68,000	68,000	58,280	(9,720)
Transfers in	85,800	85,800	85,800	-
Amounts Available for Appropriations	223,225	223,225	190,411	(32,814)
Charges to Appropriations (Outflow):				
Community/cultural services	263,800	263,800	271,782	(7,982)
Total Charges to Appropriations	263,800	263,800	271,782	(7,982)
Budgetary Fund Balance, June 30	\$ (40,575)	\$ (40,575)	\$ (81,371)	\$ (40,796)

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 GAS TAX AND TRANSPORTATION
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 5,576,875	\$ 5,576,875	\$ 5,576,875	\$ -
Resources (Inflows):				
Intergovernmental	16,120,629	16,478,126	13,643,360	(2,834,766)
Interest and rentals	54,540	54,540	65,115	10,575
Miscellaneous	15,000	15,000	234,640	219,640
Transfers in	962,000	962,000	151,426	(810,574)
Amounts Available for Appropriations	22,729,044	23,086,541	19,671,416	(3,415,125)
Charges to Appropriations (Outflow):				
Community development	1,800,000	1,800,000	248,869	1,551,131
Community/Cultural Services	6,907,015	9,602,360	6,156,769	3,445,591
Capital outlay	9,152,290	13,940,025	7,065,824	6,874,201
Transfers out	945,500	1,257,228	1,257,228	-
Total Charges to Appropriations	18,804,805	26,599,613	14,728,690	11,870,923
Budgetary Fund Balance, June 30	\$ 3,924,239	\$ (3,513,072)	\$ 4,942,726	\$ 8,455,798

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (19,318)	\$ (19,318)	\$ (19,318)	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,559,928	2,651,575	1,224,936	(1,426,639)
Interest and rentals	41,001	41,001	41,002	1
Transfers in	-	-	101,964	101,964
Amounts Available for Appropriations	2,581,611	2,673,258	1,348,584	(1,324,674)
Charges to Appropriations (Outflow):				
Community development	2,323,001	1,298,054	952,372	345,682
Parks and recreation	-	1,127,632	138,078	989,554
Debt service:				
Principal retirement	138,000	138,000	138,000	-
Interest and fiscal charges	139,452	139,452	139,452	-
Total Charges to Appropriations	2,600,453	2,703,138	1,367,902	1,335,236
Budgetary Fund Balance, June 30	\$ (18,842)	\$ (29,880)	\$ (19,318)	\$ 10,562

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 MAINTENANCE DISTRICTS
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,204,689	\$ 2,204,689	\$ 2,204,689	\$ -
Resources (Inflows):				
Assessments	2,379,848	2,379,848	2,464,430	84,582
Interest and rentals	11,886	11,886	16,841	4,955
Transfers in	390,000	701,728	701,728	-
Amounts Available for Appropriations	4,986,423	5,298,151	5,387,688	89,537
Charges to Appropriations (Outflow):				
Community/Cultural Services	2,336,640	2,337,767	2,126,495	211,272
Capital outlay	-	-	946,792	(946,792)
Transfers out	667,784	667,784	667,784	-
Total Charges to Appropriations	3,004,424	3,005,551	3,741,071	(735,520)
Budgetary Fund Balance, June 30	\$ 1,981,999	\$ 2,292,600	\$ 1,646,617	\$ (645,983)

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
STATE & LOCAL ASSET SEIZURE
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 10,957	\$ 10,957	\$ 10,957	\$ -
Resources (Inflows):				
Intergovernmental	200	200	-	(200)
Interest and rentals	-	-	113	113
Amounts Available for Appropriations	11,157	11,157	11,070	(87)
Charges to Appropriations (Outflow):				
Public safety	200	200	-	200
Total Charges to Appropriations	200	200	-	200
Budgetary Fund Balance, June 30	\$ 10,957	\$ 10,957	\$ 11,070	\$ 113

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
GENERAL IMPROVEMENT
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1, as restated	\$33,960,484	\$33,960,484	\$33,960,484	\$ -
Resources (Inflows):				
Intergovernmental	-	-	40,000	40,000
Charges for services	206,400	206,400	226,319	19,919
Use of money and property	433,642	683,642	1,078,112	394,470
Developer participation	901,557	901,557	3,015,825	2,114,268
Miscellaneous	24,000	24,000	445,114	421,114
Transfers in	1,935,000	4,509,556	3,695,922	(813,634)
Contribution from Successor Agency	-	6,000,000	6,000,000	-
Amounts Available for Appropriations	37,461,083	46,285,639	48,461,776	2,176,137
Charges to Appropriations (Outflow):				
General government	45,000	45,000	25,000	20,000
Community development	105,686	189,584	92,914	96,670
Public works	799,928	1,204,760	916,548	288,212
Capital outlay	5,304,098	27,353,115	6,054,106	21,299,009
Transfers out	60,000	60,000	-	60,000
Total Charges to Appropriations	6,314,712	28,852,459	7,088,568	21,763,891
Budgetary Fund Balance, June 30	\$31,146,371	\$17,433,180	\$41,373,208	\$ 23,940,028

CITY OF OCEANSIDE

**BUDGETARY COMPARISON SCHEDULE
 GENERAL DEBT SERVICE
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,224,109	\$ 2,224,109	\$ 2,224,109	\$ -
Resources (Inflows):				
Interest and rentals	-	-	22,058	22,058
Miscellaneous	7,456,875	7,456,875	7,456,875	-
Refunding bonds issued	-	-	40,355,000	40,355,000
Bond premium	-	-	667,768	667,768
Amounts Available for Appropriations	9,680,984	9,680,984	50,725,810	41,044,826
Charges to Appropriations (Outflow):				
General government	6,400	6,400	4,452	1,948
Debt service:				
Principal retirement	5,755,001	5,755,001	46,155,001	(40,400,000)
Interest and fiscal charges	1,695,474	1,695,474	1,447,015	248,459
Pass-through agreement payments	-	-	494,230	(494,230)
Bond discount	-	-	61,752	(61,752)
Total Charges to Appropriations	7,456,875	7,456,875	48,162,450	(40,705,575)
Budgetary Fund Balance, June 30	\$ 2,224,109	\$ 2,224,109	\$ 2,563,360	\$ 339,251

CITY OF OCEANSIDE

BUDGETARY COMPARISON SCHEDULE
OCEANSIDE LIGHTING DISTRICT
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 32,429	\$ 32,429	\$ 32,429	\$ -
Resources (Inflows):				
Miscellaneous	476,219	476,219	476,219	-
Amounts Available for Appropriations	508,648	508,648	508,648	-
Charges to Appropriations (Outflow):				
Debt service:				
Principal retirement	347,630	347,630	347,631	(1)
Interest and fiscal charges	128,589	128,589	128,588	1
Total Charges to Appropriations	476,219	476,219	476,219	-
Budgetary Fund Balance, June 30	\$ 32,429	\$ 32,429	\$ 32,429	\$ -

INTERNAL SERVICE FUNDS

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

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

CITY OF OCEANSIDE

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Loss Prevention	General Services	Total
Assets:			
Current:			
Cash and investments	\$ 25,383,714	\$ 21,853,480	\$ 47,237,194
Restricted cash and investments	460,000	-	460,000
Receivables:			
Accounts	49,171	-	49,171
Prepaid costs	1,238	85,197	86,435
Due from other funds	-	2,492	2,492
Inventories	-	247,330	247,330
Total Current Assets	25,894,123	22,188,499	48,082,622
Noncurrent:			
Advances to other funds	-	500,000	500,000
Capital assets - net of accumulated depreciation	42,560	7,570,717	7,613,277
Total Noncurrent Assets	42,560	8,070,717	8,113,277
Total Assets	25,936,683	30,259,216	56,195,899
Deferred Outflows of Resources:			
Deferred pension-related items	112,900	1,157,880	1,270,780
Total Deferred Outflows of Resources	112,900	1,157,880	1,270,780
Total Assets and Deferred Outflows of Resources	\$ 26,049,583	\$ 31,417,096	\$ 57,466,679
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 176,753	\$ 624,284	\$ 801,037
Accrued liabilities	9,612	175,179	184,791
Compensated absences	7,032	324,849	331,881
Claims and judgments	5,288,008	-	5,288,008
Total Current Liabilities	5,481,405	1,124,312	6,605,717
Noncurrent:			
Compensated absences	8,955	413,756	422,711
Claims and judgments	14,485,867	-	14,485,867
Net Pension Liability	434,209	5,001,951	5,436,160
Total Noncurrent Liabilities	14,929,031	5,415,707	20,344,738
Total Liabilities	20,410,436	6,540,019	26,950,455
Deferred Inflows of Resources:			
Deferred pension-related items	95,298	1,113,266	1,208,564
Total Deferred Inflows of Resources	95,298	1,113,266	1,208,564
Net Position:			
Net investment in capital assets	42,560	7,570,717	7,613,277
Unrestricted	5,501,289	16,193,094	21,694,383
Total Net Position	5,543,849	23,763,811	29,307,660
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 26,049,583	\$ 31,417,096	\$ 57,466,679

CITY OF OCEANSIDE

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016**

	Loss Prevention	General Services	Total
Operating Revenues:			
Sales and service charges	\$ 7,706,524	\$ 50,040,319	\$ 57,746,843
Miscellaneous	1,084,137	189,230	1,273,367
Total Operating Revenues	8,790,661	50,229,549	59,020,210
Operating Expenses:			
Personnel services	435,118	37,625,407	38,060,525
Maintenance and operations	7,793,034	8,313,756	16,106,790
Depreciation expense	21,280	1,915,950	1,937,230
Total Operating Expenses	8,249,432	47,855,113	56,104,545
Operating Income (loss)	541,229	2,374,436	2,915,665
Nonoperating Revenues (Expenses):			
Gain (loss) on disposal of capital assets	-	25,046	25,046
Total Nonoperating Revenues (Expenses)	-	25,046	25,046
Income Before Transfers	541,229	2,399,482	2,940,711
Transfers in	-	22,542	22,542
Transfers out	(108,457)	-	(108,457)
Changes in Net Position	432,772	2,422,024	2,854,796
Net Position:			
Beginning of Fiscal Year	5,111,077	21,341,787	26,452,864
End of Fiscal Year	\$ 5,543,849	\$ 23,763,811	\$ 29,307,660

CITY OF OCEANSIDE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Loss Prevention	General Services	Total
Cash Flows from Operating Activities:			
Cash received from interfund service provided	\$ 8,848,252	\$ 50,255,311	\$ 59,103,563
Cash paid to suppliers for goods and services	(5,374,802)	(9,150,323)	(14,525,125)
Cash paid to employees for services	(477,578)	(37,740,663)	(38,218,241)
Net Cash Provided (Used) by Operating Activities	2,995,872	3,364,325	6,360,197
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	-	22,542	22,542
Cash transfers out	(108,457)	-	(108,457)
Due from other funds	-	(2,492)	(2,492)
Advance to other funds	-	(500,000)	(500,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	(108,457)	(479,950)	(588,407)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(2,829,044)	(2,829,044)
Proceeds from disposal of capital assets	-	84,002	84,002
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(2,745,042)	(2,745,042)
Net Increase (Decrease) in Cash and Cash Equivalents	2,887,415	139,333	3,026,748
Cash and Cash Equivalents at Beginning of Year	22,956,299	21,714,147	44,670,446
Cash and Cash Equivalents at End of Year	\$ 25,843,714	\$ 21,853,480	\$ 47,697,194
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 541,229	\$ 2,374,436	\$ 2,915,665
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	21,280	1,915,950	1,937,230
(Increase) decrease in accounts receivable	57,591	25,762	83,353
(Increase) decrease in prepaid expense	(1,238)	(73,619)	(74,857)
(Increase) decrease in inventory	-	(4,793)	(4,793)
(Increase) decrease in deferred outflows from pensions	(9,598)	(46,680)	(56,278)
Increase (decrease) in accounts payable	154,836	(758,155)	(603,319)
Increase (decrease) in accrued liabilities	(605)	51,925	51,320
Increase (decrease) in deferred inflows from pensions	(67,368)	(690,918)	(758,286)
Increase (decrease) in net pension liability	47,108	483,139	530,247
Increase (decrease) in claims and judgments	2,264,634	-	2,264,634
Increase (decrease) in compensated absences	(11,997)	87,278	75,281
Total Adjustments	2,454,643	989,889	3,444,532
Net Cash Provided (Used) by Operating Activities	\$ 2,995,872	\$ 3,364,325	\$ 6,360,197

FIDUCIARY FUNDS

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

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

CITY OF OCEANSIDE

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2016

	Special Assessment District	Deposit	Total
Assets:			
Cash and investments	\$ 2,636,394	\$ 5,049,910	\$ 7,686,304
Restricted cash and investments	6,916,517	-	6,916,517
Receivables:			
Taxes	11,097	-	11,097
Total Assets	\$ 9,564,008	\$ 5,049,910	\$ 14,613,918
Liabilities:			
Accounts payable	\$ 8,500	\$ 137,810	\$ 146,310
Deposits payable	179,264	4,912,100	5,091,364
Due to parties/other agencies	9,376,244	-	9,376,244
Total Liabilities	\$ 9,564,008	\$ 5,049,910	\$ 14,613,918

CITY OF OCEANSIDE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016

	Balance 7/1/2015	Additions	Deductions	Balance 6/30/2016
<u>Special Assessment District</u>				
Assets:				
Pooled cash and investments	\$ 2,974,651	\$ 12,587,960	\$ 12,926,217	\$ 2,636,394
Restricted cash and investments	6,863,264	6,367,125	6,313,872	6,916,517
Receivables:				
Taxes	18,638	11,097	18,638	11,097
Total Assets	\$ 9,856,553	\$ 18,966,182	\$ 19,258,727	\$ 9,564,008
Liabilities:				
Accounts payable	\$ 18,284	\$ 54,485	\$ 64,269	\$ 8,500
Deposits payable	179,266	1,829,416	1,829,418	179,264
Due to external parties/other agencies	9,659,004	3,400,021	3,682,781	9,376,244
Total Liabilities	\$ 9,856,554	\$ 5,283,922	\$ 5,576,468	\$ 9,564,008
<u>Deposit</u>				
Assets:				
Pooled cash and investments	\$ 4,522,947	\$ 27,734,020	\$ 27,207,057	\$ 5,049,910
Total Assets	\$ 4,522,947	\$ 27,734,020	\$ 27,207,057	\$ 5,049,910
Liabilities:				
Accounts payable	\$ 54,302	\$ 24,901,004	\$ 24,817,496	\$ 137,810
Deposits payable	4,468,645	50,388,368	49,944,913	4,912,100
Total Liabilities	\$ 4,522,947	\$ 75,289,372	\$ 74,762,409	\$ 5,049,910
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 7,497,598	\$ 40,321,980	\$ 40,133,274	\$ 7,686,304
Restricted cash and investments	6,863,264	6,367,125	6,313,872	6,916,517
Receivables:				
Taxes	18,638	11,097	18,638	11,097
Total Assets	\$ 14,379,500	\$ 46,700,202	\$ 46,465,784	\$ 14,613,918
Liabilities:				
Accounts payable	\$ 72,586	\$ 24,955,489	\$ 24,881,765	\$ 146,310
Deposits payable	4,647,911	52,217,784	51,774,331	5,091,364
Due to external parties/other agencies	9,659,004	3,400,021	3,682,781	9,376,244
Total Liabilities	\$ 14,379,501	\$ 80,573,294	\$ 80,338,877	\$ 14,613,918

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2016

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

Contents:

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

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

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

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

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

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

City of Oceanside

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Invested in capital assets, net of related debt	\$ 192,580,094	\$ 223,022,078	\$ 234,316,806	\$ 234,789,461
Restricted for:				
Debt Service	10,400,086	9,401,419	5,007,853	2,174,867
Capital Projects	56,584,296	75,302,178	78,554,859	40,191,226
Specific Projects and Programs	56,971,726	45,513,582	44,045,329	39,150,717
Total Restricted	123,956,108	130,217,179	127,608,041	81,516,810
Unrestricted	45,103,813	45,039,132	39,968,095	73,283,539
Total governmental activities net position	\$ 361,640,015	\$ 398,278,389	\$ 401,892,942	\$ 389,589,810
Business-type Activities				
Invested in capital assets, net of related debt	\$ 187,894,276	\$ 196,363,003	\$ 207,637,088	\$ 400,340,807
Restricted for:				
Capital projects	1,899,746	2,252,846	33,894,838	27,552,284
Debt service				955,236
Rate stabilization				
Unrestricted	63,744,851	59,188,035	12,766,808	21,602,927
Total business-type activities net position	\$ 253,538,873	\$ 257,803,884	\$ 254,298,734	\$ 450,451,254
Primary Government				
Invested in capital assets, net of related debt	\$ 380,474,370	\$ 419,385,081	\$ 441,953,894	\$ 635,130,268
Restricted	125,855,854	132,470,025	161,502,879	110,024,330
Unrestricted	108,848,664	104,227,167	52,734,903	94,886,466
Total Primary Government net position	<u>\$ 615,178,888</u>	<u>\$ 656,082,273</u>	<u>\$ 656,191,676</u>	<u>\$ 840,041,064</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 235,574,067	\$ 243,655,279	\$ 241,149,904	\$ 246,144,971	\$ 266,146,413	\$ 271,158,974
4,141,868	2,161,962	2,256,658	2,237,378	2,256,538	2,595,789
58,506,353		28,708,355	29,702,850	33,941,840	41,373,208
42,884,232	106,653,971	82,545,895	85,489,088	21,814,282	21,639,789
105,532,453	108,815,933	113,510,908	117,429,316	58,012,660	65,608,786
53,795,980	49,273,627	59,194,764	58,259,611	(82,447,190)	(73,969,324)
\$ 394,902,500	\$ 401,744,839	\$ 413,855,576	\$ 421,833,898	\$ 241,711,883	\$ 262,798,436
\$ 395,086,570	\$ 385,375,753	\$ 380,748,031	\$ 364,159,043	\$ 368,135,588	\$ 387,599,614
32,998,023	38,054,343	23,556,608	56,127,650	47,783,461	56,933,570
936,607	930,832	1,019,886	1,000,178	961,741	769,774
1,700,000	2,318,667	2,318,667	0	6,078,455	6,078,455
28,535,592	44,681,865	79,945,483	86,994,807	92,909,730	85,997,831
\$ 459,256,792	\$ 471,361,460	\$ 487,588,675	\$ 508,281,678	\$ 515,868,975	\$ 537,379,244
\$ 630,660,637	\$ 629,031,032	\$ 621,897,935	\$ 610,304,014	\$ 634,282,001	\$ 658,758,588
139,467,083	150,119,775	140,406,069	174,557,144	109,926,675	129,390,585
82,331,572	93,955,492	138,201,395	145,254,418	13,372,182	12,028,507
\$ 852,459,292	\$ 873,106,299	\$ 900,505,399	\$ 930,115,576	\$ 757,580,858	\$ 800,177,680

City of Oceanside

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 13,958,047	\$ 16,004,013	\$ 19,051,433	\$ 13,967,349
Public safety	64,713,256	68,521,173	76,759,409	81,635,635
Community development	26,915,033	24,715,209	28,756,441	39,476,894
Community/cultural services	14,224,389	14,191,135	14,193,259	14,565,149
Public works	24,585,242	27,088,207	28,263,292	27,101,514
Depreciation (unallocated)	-	-	-	-
Interest on long-term debt	7,634,724	7,486,339	7,363,801	9,213,229
Total governmental activities	<u>\$ 152,030,691</u>	<u>\$ 158,006,076</u>	<u>\$ 174,387,635</u>	<u>\$ 185,959,770</u>
Business-type activities:				
Water	41,066,482	40,649,208	41,651,535	44,640,059
Sewer	26,465,182	27,039,628	28,233,964	29,744,119
Waste disposal	20,074,362	20,846,158	21,282,754	19,073,268
Special aviation	467,505	432,432	565,477	230,378
Oceanside Small Craft Harbor District	5,700,513	5,807,752	6,551,918	4,454,450
Total business-type activities	<u>93,774,044</u>	<u>94,775,178</u>	<u>98,285,648</u>	<u>98,142,274</u>
Total primary government expenses	<u>\$ 245,804,735</u>	<u>\$ 252,781,254</u>	<u>\$ 272,673,283</u>	<u>\$ 284,102,044</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,726,649	\$ 2,910,185	\$ 2,735,446	\$ 1,510,087
Public safety	4,506,019	5,546,313	6,016,525	8,123,510
Community development	7,426,082	5,992,226	5,509,157	5,180,697
Community/cultural services	952,830	1,283,498	2,421,512	1,111,571
Public works	6,546,976	21,137,007	6,881,633	6,721,474
Operating Grants and Contributions	42,771,143	31,173,230	24,119,622	38,057,394
Capital Grants and Contributions	7,612,717	9,418,160	9,997,029	4,824,134
Total governmental activities program revenues	<u>72,542,416</u>	<u>77,460,619</u>	<u>57,680,924</u>	<u>65,528,867</u>
Business-type activities:				
Charges for services:				
Water	39,415,143	42,185,950	42,313,563	41,865,765
Sewer	23,054,008	24,749,371	25,304,602	28,570,644
Waste disposal	20,405,194	20,961,319	21,442,968	20,795,455
Special aviation	439,422	464,774	465,150	144,269
Oceanside Small Craft Harbor District	5,299,861	5,322,666	5,311,555	5,028,536
Operating Grants and Contributions	-	4,220,677	1,132,596	1,787,839
Capital Grants and Contributions	-	-	-	238,500
Total business-type activities program revenues	<u>88,613,628</u>	<u>97,904,757</u>	<u>95,970,434</u>	<u>98,431,008</u>
Total primary government program revenues	<u>\$ 161,156,044</u>	<u>\$ 175,365,376</u>	<u>\$ 153,651,358</u>	<u>\$ 163,959,875</u>
Net (Expense)/Revenue				
Governmental activities	\$ (79,488,275)	\$ (80,545,457)	\$ (116,706,711)	\$ (120,430,903)
Business-type activities	(5,160,416)	3,129,579	(2,315,214)	288,734
Total primary government net expense	<u>\$ (84,648,691)</u>	<u>\$ (77,415,878)</u>	<u>\$ (119,021,925)</u>	<u>\$ (120,142,169)</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 14,899,107	\$ 16,101,719	\$ 14,830,050	\$ 16,455,355	\$ 16,671,736	\$ 15,552,936
74,767,172	70,989,600	76,558,916	76,486,996	80,525,772	83,064,936
28,968,430	28,291,313	25,082,898	24,559,378	30,564,852	32,224,969
11,669,455	11,615,707	11,910,768	14,051,321	12,941,427	13,545,812
32,341,519	27,020,879	28,329,168	30,469,085	37,084,193	30,968,801
-	-	-	-	-	-
7,472,655	5,441,528	2,861,072	2,151,302	2,078,438	1,645,159
<u>\$ 170,118,338</u>	<u>\$ 159,460,746</u>	<u>\$ 159,572,872</u>	<u>\$ 164,173,437</u>	<u>\$ 179,866,418</u>	<u>\$ 177,002,613</u>
43,930,562	51,309,115	51,800,928	56,800,583	56,314,612	55,292,508
29,272,281	33,251,371	31,340,700	31,537,700	31,516,720	31,470,309
20,035,442	20,111,113	19,217,767	18,745,866	19,323,265	19,240,727
380,711	94,106	90,609	86,988	83,305	92,086
1,382,005	1,292,291	1,312,457	1,372,653	1,366,092	1,363,913
95,001,001	106,057,996	103,762,461	108,543,790	108,603,994	107,459,543
<u>\$ 265,119,339</u>	<u>\$ 265,518,742</u>	<u>\$ 263,335,333</u>	<u>\$ 272,717,227</u>	<u>\$ 288,470,412</u>	<u>\$ 284,462,156</u>
\$ 1,618,641	\$ 2,112,141	\$ 2,479,719	\$ 5,039,215	\$ 9,642,667	\$ 10,588,709
6,116,702	5,005,344	6,514,143	6,673,108	8,867,434	7,008,828
6,127,879	6,073,887	6,864,969	6,687,509	8,400,755	11,865,536
1,203,242	897,301	974,234	1,126,533	840,123	1,912,587
8,424,047	6,978,316	6,984,599	7,365,266	5,359,055	5,716,976
45,593,539	36,121,277	31,216,913	34,768,831	31,943,724	40,680,408
7,479,535	7,490,018	5,593,000	732,237	2,328,368	10,857,618
<u>76,563,585</u>	<u>64,678,284</u>	<u>60,627,577</u>	<u>62,392,699</u>	<u>67,382,126</u>	<u>88,630,662</u>
45,307,197	53,176,890	57,469,143	62,320,181	59,703,297	58,870,606
32,440,442	37,638,074	39,670,129	44,210,556	46,181,396	44,918,587
23,119,454	22,756,966	23,568,208	23,706,070	24,473,562	25,093,298
97,633	100,865	102,084	104,298	96,131	123,129
5,003,985	5,792,048	6,099,713	6,095,895	6,267,995	6,339,274
384,697	1,881,956	586,367	-	118,470	-
-	-	-	-	939,000	-
106,353,408	121,346,799	127,495,644	136,437,000	137,779,851	135,344,894
<u>\$ 182,916,993</u>	<u>\$ 186,025,083</u>	<u>\$ 188,123,221</u>	<u>\$ 198,829,699</u>	<u>\$ 205,161,977</u>	<u>\$ 223,975,556</u>
\$ (93,554,753)	\$ (94,782,462)	\$ (98,945,295)	\$ (101,780,738)	\$ (112,484,292)	\$ (88,371,951)
11,352,407	15,288,803	23,733,183	27,893,210	29,175,857	27,885,351
<u>\$ (82,202,346)</u>	<u>\$ (79,493,659)</u>	<u>\$ (75,212,112)</u>	<u>\$ (73,887,528)</u>	<u>\$ (83,308,435)</u>	<u>\$ (60,486,600)</u>

City of Oceanside

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

	Fiscal Year			
	2007	2008	2009	2010
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 54,785,119	\$ 58,663,948	\$ 61,239,407	\$ 55,979,593
Sales taxes	17,814,047	18,734,655	16,914,344	17,326,635
Other taxes	11,437,735	11,746,323	12,424,966	10,577,615
Total taxes	84,036,901	89,144,926	90,578,717	83,883,843
Intergovernmental unrestricted	12,682,555	13,633,572	14,083,346	504,448
Investment Earnings	14,095,895	13,343,619	9,861,241	8,380,289
Developer contributions	-	-	-	-
Miscellaneous	1,072,547	563,443	423,227	3,673,334
Loss on sale of assets	219,935	157,154	-	-
Extraordinary gain(loss)	-	-	-	-
Transfers	1,408,380	1,883,945	8,214,295	4,961,121
Total Governmental activities	113,516,213	118,726,659	123,160,826	101,403,035
Business-type activities:				
Investment Earnings	3,945,045	3,017,902	2,109,687	982,961
Miscellaneous	-	-	-	3,860,425
Loss on sale of assets	5,599	-	4,964,630	-
Transfers	(1,408,380)	(1,883,945)	(8,214,295)	(4,961,121)
Total business-type activities:	2,542,264	1,133,957	(1,139,978)	(117,735)
Total primary government	\$ 116,058,477	\$ 119,860,616	\$ 122,020,848	\$ 101,285,300
Change in Net Position				
Governmental activities	\$ 34,027,938	\$ 38,181,202	6,454,115	(19,027,868)
Business-type activities:	(2,618,152)	4,263,536	(3,455,192)	170,999
Total primary government	\$ 31,409,786	\$ 42,444,738	\$ 2,998,923	\$ (18,856,869)

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 54,923,310	\$ 51,774,298	\$ 49,143,021	\$ 49,142,577	\$ 51,170,308	\$ 54,205,419
18,141,424	19,397,588	20,716,764	20,960,270	21,748,689	22,150,105
11,091,446	11,461,700	16,565,848	12,405,237	14,344,548	14,928,000
84,156,180	82,633,586	86,425,633	82,508,084	87,263,545	91,283,524
830,682	90,581				
9,585,836	-	-	-	-	-
-	-	-	-	-	-
5,749,504	23,213,669	13,889,663	15,946,986	14,949,969	14,856,503
-				130,127	
-	(11,501,480)		104,999	33,177,247	
7,025,199	6,883,340	10,740,736	11,286,667	10,910,791	12,218,129
107,347,401	101,319,696	111,056,032	109,846,736	146,431,679	118,358,156
568,677	932,868	(536,263)	1,959,130	1,574,239	1,914,261
4,461,855	2,766,337	3,654,356	2,024,680	2,966,379	3,928,786
-	-	-	6,357	-	-
(7,025,199)	(6,883,340)	(10,740,736)	(11,286,667)	(10,910,791)	(12,218,129)
(1,994,667)	(3,184,135)	(7,622,643)	(7,296,500)	(6,370,173)	(6,375,082)
\$ 105,352,734	\$ 98,135,561	\$ 103,433,389	\$ 102,550,236	\$ 140,061,506	\$ 111,983,074
13,792,648	6,537,234	12,110,737	8,065,998	33,947,387	29,986,205
9,357,740	12,104,668	16,110,540	20,596,710	22,805,684	21,510,269
\$ 23,150,388	\$ 18,641,902	\$ 28,221,277	\$ 28,662,708	\$ 56,753,071	\$ 51,496,474

City of Oceanside

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 3,740,229	\$ 3,607,416	\$ -	\$ -
Unreserved, designated	-	35,804,645	-	-
Unreserved, undesignated	46,202,605	4,711,757	-	-
Nonspendable	\$ -	\$ -	\$ 3,680,434	\$ 11,693,612
Restricted	-	-	-	-
Committed	-	-	15,442,512	15,737,602
Assigned	-	-	15,680,540	9,051,338
Unassigned	-	-	6,558,093	1,008,053
Total General Fund	<u>\$ 49,942,834</u>	<u>\$ 44,123,818</u>	<u>\$ 41,361,579</u>	<u>\$ 37,490,605</u>
All Other Governmental Funds				
Reserved:				
Special revenue funds	\$ 9,179,056	\$ 22,373,194	\$ -	\$ -
Debt service funds	9,721,949	9,401,419	-	-
Capital projects funds	13,727,570	13,525,685	-	-
Unreserved, designated:				
Special revenue funds	-	21,812,104	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	45,615,179	14,808,283	-	-
Debt service funds	(12,434,455)	(12,669,680)	-	-
Capital projects funds	61,608,352	61,776,493	-	-
Nonspendable				
Special revenue funds	\$ -	\$ -	\$ 214	\$ 23,597,506
Debt service funds	-	-	-	-
Capital projects funds	-	-	13,285,070	18,949,270
Other Governmental Funds	-	-	-	4,051,048
Restricted				
Special revenue funds	-	-	1,790,736	7,354,557
Debt service funds	-	-	4,412,804	-
Capital projects funds	-	-	2,645,521	-
Other Governmental Funds	-	-	17,306,801	6,489,499
Committed				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	412,349
Capital projects funds	-	-	206,462	-
Other Governmental Funds	-	-	-	-
Assigned				
Special revenue funds	-	-	31,967,903	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	54,739,867	56,242,413
Other Governmental Funds	-	-	3,231,453	2,821,010
Unassigned				
Special revenue funds	-	-	-	-
Debt service funds	-	-	(13,242,660)	(9,817,564)
Capital projects funds	-	-	-	-
Other Governmental Funds	-	-	-	(167,026)
Total all other Governmental Funds	<u>\$ 127,417,651</u>	<u>\$ 131,027,498</u>	<u>\$ 116,344,171</u>	<u>\$ 109,933,062</u>
All Governmental Funds	<u>\$ 177,360,485</u>	<u>\$ 175,151,316</u>	<u>\$ 157,705,750</u>	<u>\$ 147,423,667</u>

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
\$ 13,378,851	\$ 11,255,881	\$ 11,280,586	\$ 11,168,901	\$ 11,113,123	\$ 2,317,462
15,667,245	16,348,074	16,213,781	17,526,258	17,160,366	19,516,594
5,806,222	7,472,057	12,712,663	15,679,811	18,835,653	33,527,796
-	1,997,735	8,490,329	8,352,469	11,844,123	2,129,908
<u>\$ 34,852,318</u>	<u>\$ 37,073,747</u>	<u>\$ 48,697,359</u>	<u>\$ 52,727,439</u>	<u>\$ 58,953,265</u>	<u>\$ 57,491,760</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 23,575,682	\$ 5,406,933	\$ 5,366,479	\$ -	\$ -	\$ -
-	-	-	-	-	-
335,047	-	-	-	-	-
24,176,027	-	4,449	-	-	-
7,889,448	7,493,591	7,469,221	13,229,318	13,030,490	14,045,390
-	-	2,224,229	-	-	2,563,360
1,432,594	-	-	-	-	41,373,208
17,881,727	42,681,033	43,500,742	46,547,909	44,982,170	7,624,582
-	-	-	-	-	-
-	-	-	-	-	-
21,030	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
46,908,822	-	-	-	-	-
1,967,025	4,019,757	909,617	4,213,824	-	-
-	(90,115)	(744,030)	-	-	(2,718,367)
(12,029,374)	-	-	-	-	-
-	-	-	-	-	-
(373,292)	(233,255)	(53,807)	(93,079)	(60,012)	(100,689)
<u>\$ 111,784,736</u>	<u>\$ 59,277,944</u>	<u>\$ 58,676,900</u>	<u>\$ 63,897,972</u>	<u>\$ 57,952,648</u>	<u>\$ 62,787,484</u>
<u>\$ 146,637,054</u>	<u>\$ 96,351,691</u>	<u>\$ 107,374,259</u>	<u>\$ 116,625,411</u>	<u>\$ 116,905,913</u>	<u>\$ 120,279,244</u>

City of Oceanside

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Taxes	\$ 84,150,853	\$ 88,632,073	\$ 91,340,010	\$ 83,508,603
Licenses and permits	2,296,979	1,899,169	1,877,798	973,602
Intergovernmental	28,451,602	42,765,760	27,941,755	28,700,124
Charges for services	10,842,358	10,554,651	10,366,112	14,492,767
Interest and rentals	12,375,093	12,166,634	8,673,200	6,318,649
Fines and forfeitures	4,299,450	4,974,638	4,770,065	1,890,806
Lease revenue	4,644,958	4,656,346	4,738,281	2,342,583
Developer fees	10,997,445	4,026,658	4,439,021	2,744,171
Special assessments	12,453,958	8,286,857	2,351,621	-
Administrative and in lieu charges	12,682,555	13,633,572	14,083,346	16,537,589
Contribution from Successor Agency				
Other	1,140,081	1,486,331	770,811	4,639,198
Total Revenues	184,335,332	193,082,689	171,352,020	162,148,092
Expenditures:				
General government	12,913,269	14,588,366	16,229,297	13,705,854
Public safety	65,460,131	69,336,877	73,479,724	76,616,881
Community development	33,913,454	24,861,865	33,420,647	38,432,800
Community/cultural services	12,381,047	13,852,218	12,898,183	14,881,758
Public works	15,746,646	15,669,045	17,813,964	18,664,638
Capital outlay	25,540,153	46,019,219	22,067,047	8,953,305
Debt service				
Principal	6,252,146	5,724,192	6,100,728	6,596,713
Interest	8,526,638	7,964,401	8,152,267	9,638,213
Bond issuance costs				
Total Expenditures	180,733,484	198,016,183	190,161,857	187,490,162
Excess of Revenues over (under) expenditures	3,601,848	(4,933,494)	(18,809,837)	(25,342,070)
Other Financing Sources (Uses)				
Issuance of long-term debt	-	-	-	-
Issuance of refunding debt	-	-	-	-
Bond premium/(discount), net	-	-	-	-
Payment of unfunded pension liability	-	-	-	-
Redemption of refunded debt	-	-	-	-
Loan proceeds	-	3,500,000	-	-
Proceed from sale of real property	1,663,000	1,560	7,905	-
Transfers in	37,997,067	25,040,614	24,680,835	27,723,634
Transfers out	(36,697,390)	(24,377,845)	(20,484,907)	(22,306,443)
Total other financing sources (uses)	2,962,677	4,164,329	4,203,833	5,417,191
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-
Net change in fund balances	\$ 6,564,525	\$ (769,165)	\$ (14,606,004)	\$ (19,924,879)
Debt Service as a percentage of noncapital expenditures.	9.5%	9.0%	8.5%	9.1%

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 84,252,109	\$ 82,159,554	\$ 81,307,547	\$ 82,818,776	\$ 86,981,734	\$ 92,398,458
2,501,483	1,987,843	2,201,628	2,171,960	2,205,931	3,002,897
38,281,505	34,823,491	28,709,782	27,038,190	30,517,109	38,274,496
12,999,466	9,254,906	11,649,934	15,145,486	15,745,425	16,484,313
3,629,981	6,051,536	4,828,626	6,715,747	8,306,216	10,153,764
1,949,170	4,536,471	4,289,750	4,211,163	3,947,380	3,636,224
2,348,728	1,234,704	-	-	-	-
2,782,358	2,191,048	2,775,907	2,498,169	2,068,849	3,278,143
-	-	-	-	-	-
10,911,973	8,798,042	8,872,886	9,197,686	9,273,016	9,402,106
					6,000,000
8,258,197	9,138,214	14,468,524	8,652,117	9,155,313	9,551,724
167,914,970	160,175,809	159,104,584	158,449,294	168,200,973	192,182,125
14,204,862	15,040,557	14,102,273	15,557,074	15,770,645	15,743,065
72,109,425	71,220,254	74,771,213	76,446,617	82,300,876	86,435,756
27,655,390	27,968,667	25,064,042	24,700,043	28,324,390	32,366,663
10,843,234	9,591,839	9,847,644	11,837,141	12,360,663	12,500,483
17,130,401	15,999,867	16,715,563	19,123,912	20,150,010	21,905,999
14,513,009	11,290,953	6,899,316	9,609,187	16,402,049	15,235,160
7,616,985	14,967,189	21,152,400	5,533,197	5,978,373	46,762,743
7,608,092	6,186,648	3,127,280	2,289,860	2,213,452	1,730,103
					494,230
171,681,398	172,265,974	171,679,731	165,097,031	183,500,458	233,174,202
(3,766,428)	(12,090,165)	(12,575,147)	(6,647,737)	(15,299,485)	(40,992,077)
1,624,761	7,725,000	12,126,893	4,731,027	-	-
-	-	-	-	-	40,355,000
-	-	-	-	-	606,016
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	786,000	-
32,976,259	23,022,366	15,831,614	18,173,810	20,692,139	17,429,585
(28,437,187)	(14,530,805)	(4,360,792)	(6,918,272)	(5,898,152)	(5,125,541)
6,163,833	16,216,561	23,597,715	15,986,565	15,579,987	53,265,060
-	(19,505,666)	-	-	-	-
\$ 2,397,405	\$ (15,379,270)	\$ 11,022,568	\$ 9,338,828	\$ 280,502	\$ 12,272,983

9.7%

13.1%

14.6%

4.9%

4.7%

22.1%

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City of Oceanside

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

Fiscal Year	Property	Sales and Use	Property Transfer	Transient Occupancy	Franchises	Licenses	Total
2007	\$ 44,484,217	\$ 19,548,981	\$ 897,005	\$ 2,938,174	\$ 3,882,369	\$ 3,627,323	\$ 75,378,069
2008	48,002,987	19,355,845	760,351	3,389,739	3,932,716	3,687,900	79,129,538
2009	49,112,892	18,610,365	666,349	3,889,238	4,130,601	4,064,677	80,474,123
2010	41,072,836	17,045,656	664,486	3,184,613	3,912,710	2,590,262	68,470,562
2011	44,345,948	18,408,283	548,660	3,325,825	4,125,808	2,788,662	73,543,186
2012	45,631,731	18,923,556	627,729	3,817,155	4,041,626	2,557,232	75,599,029
2013	45,578,034	20,427,305	690,461	4,239,186	3,981,353	2,344,023	77,260,362
2014	47,167,486	21,251,247	875,716	4,707,473	4,112,292	2,449,210	80,563,424
2015	49,251,587	21,452,095	892,327	5,950,709	4,470,596	2,700,272	84,717,586
2016	51,874,767	23,265,039	1,000,623	6,574,179	4,493,687	2,706,109	89,914,404
Change 2007-2016	16.6%	19.0%	11.6%	123.8%	15.7%	-25.4%	19.3%

Source: Financial Services Department, Accounting Division

Note: Revenues are from the General Fund only

City of Oceanside

Schedule of Assessed Valuation Last Ten Fiscal Years

Fiscal Year	ASSESSED VALUATIONS			
	Land	Improvements	Personal Property	Total
2007	\$ 8,052,273,214	\$ 8,424,362,316	\$ 453,725,069	\$ 16,930,360,599
2008	8,946,406,079	9,080,678,149	424,946,166	18,452,030,394
2009	9,024,067,353	9,438,343,330	455,685,518	18,918,096,201
2010	8,134,265,718	9,032,754,746	156,958,673	17,323,979,137
2011	7,887,878,904	9,021,522,163	206,519,262	17,115,920,329
2012	7,961,957,259	9,137,698,273	210,019,528	17,309,675,060
2013	7,872,723,361	9,188,547,651	172,271,697	17,233,542,709
2014	8,095,710,824	9,389,176,806	166,785,707	17,651,673,337
2015	8,683,742,020	9,839,413,669	219,813,967	18,742,969,656
2016	9,287,367,799	10,202,305,174	185,365,982	19,675,038,955

Source: County of San Diego

NOTE:

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

* See Note15: Dissolution of redevelopment agency

EXEMPTIONS			Net Taxable Value	Direct Tax Rate	Property Tax Revenue
Homeowner's	Tax Increment	All Other			
\$ 223,131,924	\$ 832,836,578	\$ 216,620,223	\$ 15,657,771,874	0.284 %	44,484,217
223,068,966	931,606,219	223,594,652	17,073,760,557	0.281 %	48,002,987
223,598,913	1,089,025,866	248,883,479	17,356,587,943	0.283 %	49,112,892
221,666,443	1,105,792,566	249,819,005	15,746,701,123	0.261 %	41,072,836
218,883,810	1,097,822,948	289,636,525	15,509,577,046	0.286 %	44,345,948
215,170,966	*	320,337,222	16,774,166,872	0.272 %	45,631,731
209,521,671	*	335,956,443	16,688,064,595	0.273 %	45,578,034
204,943,661	*	344,215,225	17,102,514,451	0.276 %	47,167,486
201,562,704	*	364,331,723	18,177,075,229	0.271 %	49,251,587
198,243,898	*	379,259,306	19,097,535,751	0.272 %	51,874,767

City of Oceanside

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Education</u>	<u>Special Districts Improvements</u>	<u>City of Oceanside</u>	<u>Basic County/ City Rate</u>	<u>Total Tax Rate (1)</u>
2007	0.15597%	0.03022%	0.22959%	1.00000%	1.18619%
2008	0.19334%	0.02793%	0.23059%	1.00000%	1.22127%
2009	0.19342%	0.02075%	0.23675%	1.00000%	1.21417%
2010	0.21311%	0.02318%	0.24113%	1.00000%	1.23629%
2011	0.22287%	0.02507%	0.24115%	1.00000%	1.48909%
2012	0.26110%	0.03004%	0.24388%	1.00000%	1.53502%
2013	0.26665%	0.03175%	0.24228%	1.00000%	1.54068%
2014	0.25871%	0.02770%	0.19349%	1.00000%	1.47990%
2015	0.25185%	0.03146%	0.19287%	1.00000%	1.47618%
2016	0.25120%	0.02942%	0.19282%	1.00000%	1.47344%

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

Source: San Diego County Assessor and HdL Coren & Cone

City of Oceanside

Principal Property Owners Current Year and Ten Years Ago

Principal Tax Payers	2016			2007		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Genentech Inc	\$ 332,182,334	1	1.68%			
P K II El Camino North LP	97,012,459	2	0.49%			
Guardian Piazza Doro LLC	82,703,944	3	0.42%			
Walmart Real Estate Business Trust	78,378,674	4	0.40%			
ACP Rancho Del Oro LLC	73,678,041	5	0.37%			
Gilead Sciences Inc	68,870,889	6	0.35%			
Wyndham Vacation Resorts	67,279,449	7	0.34%			
Lakeridge-Island Club Apartments Partners	65,449,195	8	0.33%			
Prime Mesa LP	55,439,737	9	0.28%			
AGC Pacific Coast Plaza LLC	54,645,418	10	0.28%			
Genentech Inc				\$ 440,193,242	1	2.63%
Pan Pacific Retail Properties Inc.				84,289,749	2	0.50%
W2005 M R D Realty LLC				70,600,000	3	0.42%
Northwestern Mutual Life Ins. Company				63,277,299	4	0.39%
Richmond American Homes of CA INC				62,219,882	5	0.37%
Lakeridge-Island Club Apartments Partners				57,542,157	6	0.34%
W L Ocean Ranch Associates LP				56,000,000	7	0.34%
Essex Portfolio LP				50,627,860	8	0.30%
3883 San Ramon LLC				48,100,000	9	0.29%
Pacific Coast Plaza Investments LLC				47,840,114	10	0.29%
	<u>975,640,140</u>		<u>4.94%</u>	<u>980,690,303</u>		<u>5.87%</u>

Source: San Diego County Assessor and HdL Coren & Cone

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City of Oceanside

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Penalties Interest and Other Years Collections (2)	Total Collections		Delinquent Taxes Receivable	
		Amount (2)	% of Levy		Amount	% of Current Levy	Amount	% of Current Levy
2007	\$ 31,383,881	\$ 28,910,129	92.1%	\$ 183,106	\$ 29,093,235	92.7%	\$ 2,133,102	6.8%
2008	34,633,156	31,292,435	90.4%	700,023	31,992,458	92.4%	2,800,859	8.1%
2009	35,775,425	32,112,699	89.8%	1,091,106	33,203,804	92.8%	2,595,185	7.3%
2010	33,609,099	25,917,944	77.1%	847,183	26,765,127	79.6%	2,363,983	7.0%
2011	32,797,312	29,896,898	91.2%	361,117	30,258,015	92.3%	1,816,848	5.5%
2012	32,816,210	30,357,852	92.5%	72,685	30,430,537	92.7%	1,690,640	5.2%
2013	32,717,637	30,899,311	94.4%	284,066	31,183,377	95.3%	1,512,637	4.6%
2014	33,230,696	31,654,633	95.3%	187,360	31,841,993	95.8%	1,460,119	4.4%
2015	34,914,895	33,431,694	95.8%	163,579	33,595,273	96.2%	988,804	2.8%
2016	36,515,160	35,166,254	96.3%	195,113	35,361,367	96.8%	1,138,605	3.1%

Source: County of San Diego

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

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

City of Oceanside

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	Pension Obligation Bonds	Redevelopment Bonds	Capital Leases & Notes Payable	Certificates of Participation	Special Assessment Bonds
2007	\$ 42,365,000	\$ 56,950,000	\$ 2,554,195	\$ 54,345,000	\$ -
2008	41,825,000	54,975,000	5,589,096	51,535,000	-
2009	41,150,000	52,925,000	5,114,241	48,565,000	-
2010	40,325,000	50,790,000	4,530,024	45,440,000	-
2011	39,345,000	48,560,000	5,042,800	42,145,000	-
2012	38,195,000	*	4,610,611	38,815,000	-
2013	36,860,000	*	3,678,468	32,680,659	-
2014	35,325,000	*	7,946,798	29,095,691	-
2015	33,580,000	*	7,362,394	25,389,486	-
2016	32,020,000	*	6,754,652	12,770,699	-

¹ 2007 - 2012 ratios were calculated using the Price and Population received from the State of California Department of Finance.

² 2013 - 2016 ratio was calculated using Per Capita Personal Income as provided by HDL.

* See Note 15: Dissolution of redevelopment agency

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

Business-Type Activities						
Revenue Bonds	Certificates of Participation	Loans Payable	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹	
\$ 8,525,000	\$ 21,215,000	\$ 72,763,761	\$ 258,717,956	3.50 %	1,468	
7,905,000	19,335,000	69,208,463	250,372,559	3.41 %	1,406	
7,265,000	27,800,000	50,621,564	233,440,805	3.16 %	1,299	
6,595,000	25,900,000	47,601,969	221,181,993	2.97 %	1,226	
5,890,000	23,930,000	44,513,086	209,425,886	2.74 %	1,245	
5,165,000	22,435,000	41,353,288	150,573,899	1.90 %	888	
19,525,145	6,020,000	36,248,337	135,012,609	2.79 %	797	
38,256,391	-	31,682,344	142,306,224	3.13 %	831	
34,710,680	-	29,250,858	130,293,418	2.75 %	760	
31,114,970	-	26,773,016	109,433,337	2.28 %	622	

City of Oceanside

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total	Percent of Assessed Value ¹	Per Capita	Total Assessed Valuation	Population
	Pension Obligation Bonds	Redevelopment Bonds	Certificates of Participation	Special Assessment Bonds					
2007	\$ 42,365,000	\$56,950,000	\$ 54,345,000	\$ -	\$ 153,660,000	0.91%	872	\$ 16,930,360,599	176,271
2008	41,825,000	54,975,000	51,535,000	-	148,335,000	0.80%	833	18,452,030,394	178,102
2009	41,150,000	52,925,000	48,565,000	-	142,640,000	0.75%	794	18,918,096,201	179,681
2010	40,325,000	50,790,000	45,440,000	-	136,555,000	0.78%	757	17,493,006,303	180,376
2011	39,345,000	48,560,000	42,145,000	-	130,050,000	0.76%	773	17,205,265,780	168,173
2012	38,195,000	*	38,815,000	-	77,010,000	0.44%	455	17,381,056,626	169,319
2013	36,860,000	*	32,056,636	-	68,916,636	0.40%	407	17,323,915,631	169,350
2014	35,325,000	*	28,523,330	-	63,848,330	0.36%	373	17,715,328,740	171,183
2015	33,580,000	*	24,874,361	-	58,454,361	0.31%	342	18,780,841,789	170,791
2016	32,020,000	*	12,299,360	-	44,319,360	0.22%	252	19,721,367,813	175,948

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

* See Note 15: Dissolution of redevelopment agency

City of Oceanside

Direct and Overlapping Governmental Activities Debt As of June 30, 2016

	Total Debt Debt 6/30/16	% Applicable (1)	City's Share of Debt 6/30/16
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 92,865,000	0.802%	\$ 744,777
Palomar Community College District	511,508,251	5.213%	26,664,925
Carlsbad Unified School District	175,000,581	1.962%	3,433,511
Oceanside Unified School District	238,627,478	99.860%	238,293,400
Vista Unified School District	102,214,882	33.860%	34,609,959
Fallbrook Union High School district	4,347,358	8.944%	388,828
Bonsall Unified School District	14,488,853	23.264%	3,370,687
City of Oceanside Community Facilities District No. 2000-1	22,370,000	100.000%	22,370,000
City of Oceanside Community Facilities District No. 2001-1	14,935,000	100.000%	14,935,000
City of Oceanside Community Facilities District No. 2001-1, Improvement Area No. 1	6,275,000	100.000%	6,275,000
City of Oceanside Community Facilities District No. 2006-1	8,745,000	100.000%	8,745,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 359,831,087
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Diego County General Fund Obligations	\$ 307,830,000	4.455%	\$ 13,713,827
San Diego County Pension Obligations	649,860,000	4.455%	28,951,263
San Diego County Superintendent of Schools Certificates of Participation	13,295,000	4.455%	592,292
Mira Costa Community College District Certificates of Participation	1,335,000	15.819%	211,184
Palomar Community College District Certificates of Participation	3,825,000	5.213%	199,397
Carlsbad Unified School District Certificates of Participation	46,480,000	1.962%	911,938
Vista Unified School District Certificates of Participation	3,275,000	33.860%	1,108,915
Bonsall Union School District Certificates of Participation	8,030,000	23.264%	1,868,099
City of Oceanside General Fund Obligations	20,634,360	100.000%	20,634,360
City of Oceanside Pension Obligations	32,020,000	100.000%	32,020,000
City of Oceanside Leases Obligations	4,079,652	100.000%	4,079,652
City of Oceanside Notes Obligations	2,675,000	100.000%	2,675,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 106,965,926
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	30,450,000	100.000%	30,450,000
TOTAL DIRECT DEBT			59,409,012
TOTAL OVERLAPPING DEBT			\$ 437,838,001
GROSS COMBINED TOTAL DEBT			\$ 497,247,013

- (1) Percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

Ratios to 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.83%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$59,409,012) 0.30%
Combined Total Debt 2.52%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,196,055,421):

Total Overlapping Tax Increment Debt 2.55%

Source: California Municipal Statistics, Inc

City of Oceanside

Legal Debt Margin Information Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
Assessed valuation	\$ 15,657,771,874	\$ 17,073,760,557	\$ 17,356,587,943	\$ 17,493,006,303
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	3,914,442,969	4,268,440,139	4,339,146,986	4,373,251,576
Debt limit percentage	15%	15%	15%	15%
Debt limit	587,166,445	640,266,021	650,872,048	655,987,736
Total net debt applicable to limit: General & Pension Obligation Bonds	42,365,000	41,825,000	41,150,000	40,325,000
Legal debt margin	544,801,445	598,441,021	609,722,048	615,662,736
Total debt applicable to the limit as a percentage of the debt limit	7.2%	6.5%	6.3%	6.1%

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 17,205,265,780	\$ 17,381,056,626	\$ 17,323,915,631	\$ 17,715,328,740	\$ 18,780,841,789	\$ 19,721,367,813
25%	25%	25%	25%	25%	25%
4,301,316,445	4,345,264,157	4,330,978,908	4,428,832,185	4,695,210,447	4,930,341,953
15%	15%	15%	15%	15%	15%
645,197,467	651,789,623	649,646,836	664,324,828	704,281,567	739,551,293
39,345,000	38,195,000	36,860,000	35,325,000	33,580,000	32,020,000
605,852,467	613,594,623	612,786,836	628,999,828	670,701,567	707,531,293
6.1%	5.9%	5.7%	5.3%	4.8%	4.3%

City of Oceanside

Pledged-Revenue Coverage Last Ten Years

Water Revenue Bonds							
Fiscal Year	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2007	\$ 39,415,143	\$ 40,413,262	\$ (998,119)	\$ 590,000	\$ 412,631	\$1,002,631	(1.00)
2008	42,185,950	40,190,946	1,995,004	620,000	387,214	1,007,214	1.98
2009	42,247,961	40,651,984	1,595,977	640,000	360,279	1,000,279	1.60
2010	43,225,444	44,170,890	(945,446)	670,000	331,779	1,001,779	(0.94)
*2011	47,185,491	43,347,722	3,837,769	705,000	301,176	1,006,176	3.81
*2012	55,177,939	50,913,163	4,264,776	725,000	268,548	993,548	4.29
*2013	58,828,063	51,404,369	7,423,694	765,000	233,805	998,805	7.43
**2014	63,266,148	55,526,689	7,739,459	550,000	638,889	1,188,889	6.51
**2015	61,018,738	55,069,339	5,949,399	1,350,000	860,213	2,210,213	2.69
**2016	60,589,287	54,093,986	6,495,301	1,375,000	833,213	2,208,213	2.94

Sewer Revenue Bonds							
Fiscal Year	Sewer Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
^2014	\$ 44,554,439	\$ 30,279,044	\$ 14,275,395	\$ 1,570,000	\$ 550,698	\$ 2,120,698	6.73
2015	47,048,104	30,448,939	16,599,165	1,590,000	530,219	2,120,219	7.83
2016	46,371,556	30,470,684	15,900,872	1,615,000	498,419	2,113,419	7.52

*Debt coverage improved due to increase in water revenue.

** 1998 Water Bond was fully defeased with the issuance of 2013A Refunding Revenue Bond, FY 2013-14 Principal and interest information is related to the 2013A Refunding Revenue bond

^2013 Sewer Refunding Bond was issued by the City

City of Oceanside

Demographic and Economic Statistics Last Ten Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (Millions \$)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	176,271	\$ 7,387	\$ 41,910	3.8%
2008	178,102	7,335	41,180	4.3%
2009	179,681	7,789	43,352	5.7%
2010	183,095	7,987	43,621	9.3%
2011	168,173	7,381	43,891	10.1%
2012	169,319	7,712	45,546	9.5%
2013	169,350	8,108	47,878	6.6%
2014	171,183	8,177	47,768	5.7%
2015	170,791	8,470	49,592	6.6%
2016	175,948	9,194	52,256	5.3%

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

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

City of Oceanside

Top 25 Sales tax Producers Current Year and Ten Years Ago

Business Name	2016	2007
	Business Category	Business Category
7 Eleven	Service Stations	
Albertsons	Grocery Stores Liquor	
Arco	Service Stations	
Arco AM PM	Service Stations	
Best Buy	Electronics/Appliance Stores	
Chevron	Service Stations	
Circle K	Service Stations	
CVS Pharmacy	Drug Stores	
G & M Oil	Service Stations	
Home Depot	Lumber/Building Materials	
Kohls	Department Stores	
Krannich Solar West	Energy/Utilities	
Lowe's	Lumber/Building Materials	
McDonalds	Quick-Service Restaurants	
Mission AM PM	Service Stations	
Moshen Oil	Service Stations	
Mossy Nissan	New Motor Vehicle Dealers	
MWI	Plumbing/Electrical Supplies	
One Source Supply Solutions	Electrical Equipment	
Ralphs	Grocery Stores Liquor	
Ross	Family Apparel	
Stater Bros	Grocery Stores Liquor	
Target	Discount Dept Store	
United Oil	Service Stations	
Walmart Supercenter	Discount Dept Store	
500 Motors		Used Automotive Dealers
Albertsons		Grocery Stores Liquor
Arco		Service Stations
Arco AM PM Mini Mart		Service Stations
Best Buy		Electronics/Appliance Stores
Chevron		Service Stations
Dick's Sporting Goods		Sporting Goods/Bike Store
Home Depot		Lumber/Building Materials
Kia of Oceanside		New Motor Vehicle Sales
Kohls		Department Stores
Lowe's		Lumber/Building Materials
Mervyns		Department Stores
Mission AM PM		Service Stations
Morally Wholesale		Plumbing/Electrical Supplies
Moshen Oil		Service Stations
Mossy Nissan		New Motor Vehicle Sales
Oceanside Ready Mix		Contractors
Oceanside Used Autos		Used Automotive Dealers
One Source Distributors		Electrical Equipment
Ralphs		Grocery Stores Liquor
Stater Bros		Grocery Stores Liquor
Superior Ready Mix Concrete		Contractors
Target		Discount Dept Store
Toys R Us		Specialty Stores
Walmart		Discount Dept Store
Percent of Fiscal Year Total Paid by Top 25 Accounts	40%	42%

* Firms listed alphabetically

Source: HdL Coren & Cone

City of Oceanside

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011*	2012	2013	2014	2015	2016
General Government	117	116	117	105	102	99	120	118	117	124
Public Safety										
Police	298	323	319	321	321	320	320	319	321	322
Fire	129	131	129	114	120	118	119	119	131	130
Public Works	165	119	119	109	121	110	91	88	88	88
Development Services	32	75	68	51	48	48	47	47	54	58
Neighborhood Services	79	82	78	71	69	63	59	55	56	57
Economic & Community Development	14	14	14	14	13	12	2	2	2	2
Library	44	37	36	35	32	27	26	26	26	27
Water Utilities	142	141	143	144	143	138	138	141	144	144
Harbor	39	37	37	26	0	0	0	0	0	0
Total	1,059	1,075	1,059	990	969	935	922	915	939	952

Note:

* Corrected 2011 employee count.

Source: Financial Services Department- Budgeted Positions

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City of Oceanside

Operating Indicators by Function/Program Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Arrests	10,646	9,139	8,391	7,245	5,961	9,086	7,920	6,841	6,031	5,021
Citations	25,233	22,514	19,697	17,491	23,464	26,639	23,467	23,082	15,910	13,654
Fire										
Number of Emergency Calls	14,090	15,678	15,553	16,692	16,662	17,913	17,811	17,975	19,777	20,430
Inspections	1,700	1,702	1,854	2,000	1,765	1,741	2,225	2,321	3,155	2,491
Public Works										
Street Resurfacing (lane miles)	25	65	43	54	46	0	40	14	52	49
Water										
Average Daily Consumption (million gallons)	30	30	30	24	23	24	24	25	25	19
Wastewater										
Average Daily Sewage Treatment (million gallons)	13	13	13	12	12	12	12	11	11	11
Recreation										
Number of Recreation Classes (quarterly)	55	157	98	140	120	100	130	130	130	145
Library										
Total Volumes in Collection	353,464	298,976	338,773	305,346	274,289	274,097	261,999	250,331	259,442	200,211
Total Volumes Loaned	480,406	516,222	553,323	561,182	497,563	501,410	489,361	478,695	491,451	453,213

Note:

Source: Various City Departments

City of Oceanside

Capital Asset Statistics by Function Last Ten Fiscal Years

	Fiscal Year		
	2007	2008	2009
Police			
Number of Police Stations	1	1	1
Fire			
Number of Fire Stations	8	8	8
Number of Engine Companies	6	6	6
Number of Truck/Rescue Companies	2	2	2
Number of Ambulances	4	4	4
Public Works			
Miles of Streets:	400	400	400
Number of Street Lights (City Owned):	8,000	10,000	a 9,345
Utilities:			
Miles of Lines and Mains	550	600	600
Number of Wastewater Treatment Plants	2	2	2
Miles of Sewers	450	450	450
Recreation and Cultural:			
Number of Parks (Improved and Unimproved)	38	34	c 40
Area of Parks (In Acres)	670	375	b 594
Recreation & Senior Centers	5	8	9
Pools	2	2	2
Number of Libraries	2	2	2
Number of Library Outlets	2	6	6
Number of Bookmobiles	2	2	2
Computer Terminals for Internet Access (Public)	106	107	107
Number of Visitors to Library	609,497	679,120	716,957

Source: Various City Departments

^a Estimated

^b Does not include El Corazon

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

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

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
1	1	1	1	1	1	1
8	8	8	8	8	8	8
6	6	6	6	6	6	6
2	2	2	2	2	2	2
4	4	4	4	4	4	5
400	475	475	480	480	480	480
8,345	8,345	8,345	8,445	8,546	8,546	8,546
600	580	580	580	580	580	593
2	2	2	2	2	2	2
450	450	450	450	450	450	460
33	33	33	33	33	33	33
810	810	810	810	810	810	810
6	6	6	6	6	6	6
2	2	2	2	2	2	2
2	2	2	2	2	2	2
4	3	3	3	3	3	3
1	1	1	1	2	2	2
76	85	85	85	87	87	75
576,223	469,610	472,617	485,035	396,597	483,521	476,019

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