

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. In the foreground, there are silhouettes of palm trees of various heights and a pier extending into the water on the right side. The text 'city of' is in a small, yellow, cursive font. Below it, 'OCEANSIDE' is in large, bold, yellow, sans-serif capital letters. To the right of 'OCEANSIDE', the word 'CALIFORNIA' is in a smaller, white, sans-serif, all-caps font.

city of
OCEANSIDE
CALIFORNIA

Comprehensive Annual Financial Report
For the year ended June 30, 2017

CITY OF OCEANSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017

Prepared by: Finance Department

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CITY OF OCEANSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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City of Oceanside

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

December 7, 2017

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, 2017.

This report consists of management's representations concerning the finances of the City of Oceanside. As such, 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, 2017. The independent auditor's report is presented as the first component of the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance and the United States Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, along with the independent auditors' reports on internal controls and compliance with applicable laws, can be found in a separately issued single audit 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 176,500, making it the third largest city in San Diego County. The median household income for the City is \$54,184.

The City operates under the council-manager form of government. The City Council is responsible, among other things, for setting policy, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies of the Council, overseeing the day-to-day operations of the City, and appointing Executive Management personnel who oversee 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. economic growth is continuing in the same pattern it has been following for much of the post-recession period with solid growth in business investment and spending. At the state level, California's housing shortage and high home prices and rents continues to be one of the greatest impediments to the states future economic growth.

The City of Oceanside's revenues have stabilized since the great recession and are projected to increase nominally the next few years. Oceanside continues to grow with new homes being built and increasing housing prices, along with new commercial properties and hotels which will result in consistent incremental increases in property tax and transient occupancy tax revenues in future years. Sales taxes continue to be flat due to slow sales growth in retail establishments and enhanced online sales.

The City's increasing employee costs, specifically CalPERS retirement costs, are impacting the City's ability to invest in infrastructure repairs and increase services for the citizens. The City's pension cost is projected to increase \$11.5 million in the general fund over the next five years. With employee pension costs rising faster than operating revenues, there is a potential for a structural deficit in future years. The City has implemented a plan to help mitigate growing employee costs. Employee bargaining groups are being asked to pay a higher percentage of the total costs and the City has capped the City contribution to employee health care. The City is also paying down the pension unfunded liability with one time funds and has directed a portion of the interest income to pay down the unfunded liability.

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 a public hearing 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 \$371,329,365.

Debt Administration – As of June 30, 2017 the City had a total of \$104,987,662 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 2016-17 assessed valuation was 2.14% as of June 30, 2017.

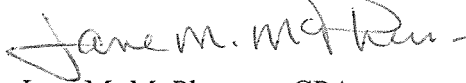
Awards and Acknowledgements

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, 2016. 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 and Treasury Department. The City Council has continued to extend its support to the Financial Services Department in the planning of responsible and progressive financial operations. I would like to thank the Mayor, City Council and City Manager for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in cursive script, reading "Jane M. McPherson".

Jane M. McPherson, CPA
Financial Services Director

PRINCIPAL OFFICIALS

JUNE 30, 2017

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	Dr. Rafe Edward Trickey, Jr.
Assistant City Manager	Deanna Lorson
Development Services Director	Jonathan Borrego
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**

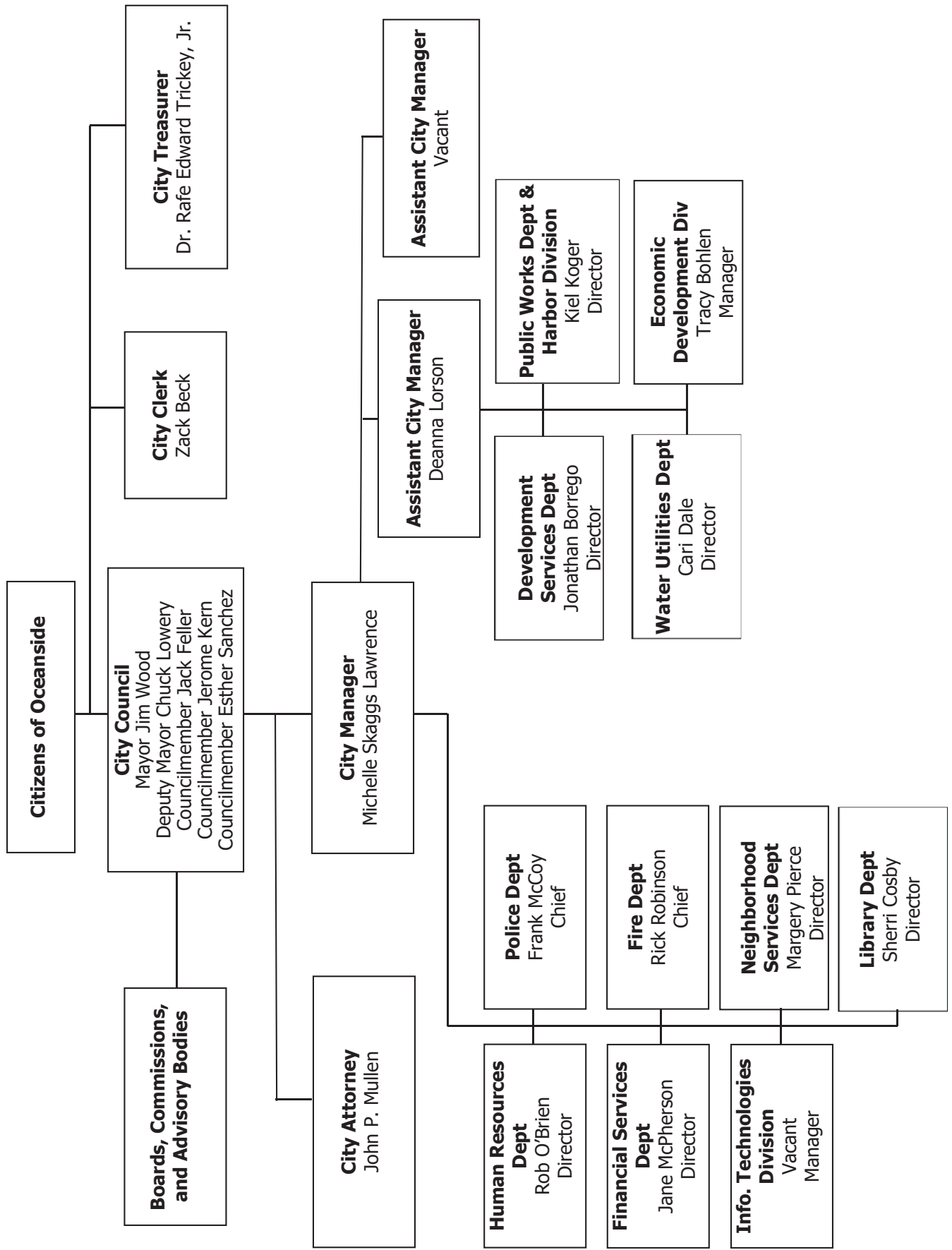
Presented to

**City of Oceanside
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



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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, 2017, 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.

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, 2017, 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.





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

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, grants special revenue fund, and housing assistance program special revenue fund; the schedule of changes in net pension liability and related ratios; the schedule of plan contributions; and the schedule of funding progress 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 fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, 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 solely 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 the effectiveness of the City's 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 & Lingham, LLP

Brea, California
December 7, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2017

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2017. 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 \$38.5 million. This is composed of a \$13.7 million increase in Governmental activities assets and \$24.8 million increase in Business-Type activities assets.
- The City's Total Net Position increased overall by \$52.2 million. Governmental activities net position increased \$23.1 million. The increase was partially due to \$2.4 million increase in property taxes and lower expenditures.
- Business-Type activities net position increased \$29.1 million. The increase was due to expenditures coming in lower than charges for services.
- The City's total revenues increased \$9.6 million from 2016
 - Governmental activities revenues increased \$.8 million
 - Business-Type activities revenues increased \$8.8 million
- The City's total expenses increased \$8.3 million from 2016
 - Governmental activities expenses increased \$8.2 million. The increases were in Public Safety, Community Development, and Public Works
 - Business-Type activities expenses were flat over the prior year
- General Fund had a surplus of \$9.3 million in one-time funds for the year ending June 30, 2017. These one-time funds have been assigned by Council for the following:
 - Pier Maintenance – \$2.0 million
 - PERS Unfunded Liability - \$6.0 million
 - Healthy City Reserves - \$0.8 million
 - Employee Compensation Reserves - \$0.5 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 Parks and 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, Sewer, 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, 2017 is compared to results for 2016 in Table 1.

Table 1

City of Oceanside Statement of Net Position						
(in millions of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current & other assets	\$250.3	\$243.9	\$195.1	\$180.2	\$445.4	\$424.1
Capital assets	<u>303.7</u>	<u>296.4</u>	<u>455.2</u>	<u>445.3</u>	<u>758.9</u>	<u>741.7</u>
Total assets	<u>\$554.0</u>	<u>\$540.3</u>	<u>\$650.3</u>	<u>\$625.5</u>	<u>\$1,204.3</u>	<u>\$1,165.8</u>
Deferred Outflows of Resources	<u>\$49.3</u>	<u>\$17.1</u>	<u>\$5.8</u>	<u>\$1.5</u>	<u>\$55.1</u>	<u>\$18.6</u>
Long-term debt outstanding	\$289.4	\$261.0	\$71.6	\$74.2	\$361.0	\$335.2
Other liabilities	<u>12.4</u>	<u>11.2</u>	<u>15.9</u>	<u>14.2</u>	<u>28.3</u>	<u>25.4</u>
Total liabilities	<u>\$301.8</u>	<u>\$272.2</u>	<u>\$87.5</u>	<u>\$88.4</u>	<u>\$389.3</u>	<u>\$360.6</u>
Deferred Inflows of Resources	<u>\$15.5</u>	<u>\$22.4</u>	<u>\$2.1</u>	<u>\$1.3</u>	<u>\$17.6</u>	<u>\$23.7</u>
Net Position						
Net investment in capital assets	\$282.8	\$271.2	\$403.0	\$387.6	\$685.8	\$658.8
Restricted	53.4	65.6	79.5	63.8	132.9	129.4
Unrestricted	<u>(50.3)</u>	<u>(74.0)</u>	<u>84.0</u>	<u>86.0</u>	<u>33.7</u>	<u>12.0</u>
Total Net Position	<u>\$285.9</u>	<u>\$262.8</u>	<u>\$566.5</u>	<u>\$537.4</u>	<u>\$852.4</u>	<u>\$800.2</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 \$52.2 million for a total of \$852.4 million at June 30, 2017 from \$800.2 million at June 30, 2016 for a 6.5 % increase of Total Net Position.
- The overall increase in Total Assets is \$38.5 million. The Governmental activities total Assets increased \$13.7 million with higher cash/investments. The Business-Type Total Assets activities increased \$24.8 million with higher cash/investments and increases to capital assets.
- The overall increase in Total Liabilities is \$28.7 million which is attributable to the \$37 million increase in the net pension liability less the \$11.6 million decrease in long-term debt.
- Total Assets and deferred outflows of resources increase \$75 million along with an increase of Total Liabilities and deferred inflows of resources of \$22.6 million.

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 80.5% of the City's Total Net Position. The City's total Restricted Net Position increased \$3.5 million from 2016 due to an increase in restriction for pension liability and capital projects. The City's total Unrestricted Net Position increased \$21.7 million. The Governmental Unrestricted Net Position category increased \$23.7 million. The Business-Type Unrestricted Net Position category had a \$2.0 million decrease.

Table 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Investment in Capital Assets	\$419.4	\$442.0	\$635.2	\$630.7	\$629.0	\$621.9	\$597.2	\$634.2	\$658.8	\$685.8
Restricted	132.5	97.4	110.0	141.1	150.1	140.4	125.1	112.9	129.4	132.9
Unrestricted	<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>	<u>33.7</u>
Total Net Position	\$656.1	\$656.2	\$840.0	\$854.4	\$873.1	\$901.5	\$930.1	\$757.6	\$800.2	\$852.4
\$ increase (decrease) from prior year	\$41.0	\$0.1	\$183.8	\$14.4	\$18.7	\$28.4	\$28.6	(\$172.5)	\$42.6	\$52.2
% increase (decrease) from prior year	6.7%	0.0%	28.0%	1.7%	2.2%	3.3%	3.2%	-18.5%	5.6%	6.5%

Total City Activities - The City's combined Activities for the fiscal year ended June 30, 2017 is compared to results for 2016 in Table 3. The Statement of Activities reveals an increase of revenues of \$9.6 million from 2016 and expenses increased \$8.3 million. For 2017, 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 \$23.2 million in 2017 compared to the \$30.0 million increase in 2016 as identified in Table 3. An overall decrease in Program Revenues of \$4.8 million, along with a \$5.6 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 increased by \$8.2 million in 2017. General Government expenses were flat, Public Safety increased \$1.8 million, Public Works increased \$4.8 million and Community Development increased \$1.5 million. Interest on long-term debt decreased \$0.8 million.

Table 3

City of Oceanside Activities						
(in thousands of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
<i>Program Revenues</i>						
Charges for services	\$45,527	\$37,093	\$143,394	\$135,345	\$188,921	\$172,438
Operating grants and contributions	29,966	40,680	0	0	29,966	40,680
Capital grants and contributions	8,319	10,858	0	0	8,319	10,858
<i>General Revenues</i>					0	0
Property taxes	57,601	54,205	0	0	57,601	54,205
Sales taxes	22,131	22,150	0	0	22,131	22,150
Other taxes	15,261	14,929	0	0	15,261	14,929
Use of money and property	11,192	6,115	934	1,914	12,126	8,029
Other	<u>5,545</u>	<u>8,741</u>	<u>5,667</u>	<u>3,929</u>	<u>11,212</u>	<u>12,670</u>
Total Revenues	<u>\$195,542</u>	<u>\$194,771</u>	<u>\$149,995</u>	<u>\$141,188</u>	<u>\$345,537</u>	<u>\$335,959</u>
Expenses						
General government	\$15,296	\$15,553	\$0	\$0	\$15,296	\$15,553
Public safety	84,873	83,065	0	0	84,873	83,065
Public works	35,778	30,969	0	0	35,778	30,969
Community development	33,710	32,225	0	0	33,710	32,225
Community/cultural services	14,777	13,546	0	0	14,777	13,546
Interest on long-term debt	803	1,645	0	0	803	1,645
Water	0	0	55,915	55,293	55,915	55,293
Sewer	0	0	30,605	31,470	30,605	31,470
Waste disposal	0	0	19,685	19,241	19,685	19,241
Other	<u>0</u>	<u>0</u>	<u>1,315</u>	<u>1,456</u>	<u>1,315</u>	<u>1,456</u>
Total Expenses	<u>\$185,237</u>	<u>\$177,003</u>	<u>\$107,520</u>	<u>\$107,460</u>	<u>\$292,757</u>	<u>\$284,463</u>
Increase (decrease) in net position before transfers and gain on sale of assets	\$10,305	\$17,768	\$42,475	\$33,728	\$52,780	\$51,496
Transfers	13,404	12,218	(13,404)	(12,218)	0	0
Gain on sale of assets	<u>165</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>165</u>	<u>0</u>
Increase in net position	\$23,874	\$29,986	\$29,071	\$21,510	\$52,945	\$51,496
Beginning net position as restated	<u>262,083</u>	<u>232,812</u>	<u>537,379</u>	<u>515,869</u>	<u>799,462</u>	<u>748,681</u>
Ending net position	<u>\$285,957</u>	<u>\$262,798</u>	<u>\$566,450</u>	<u>\$537,379</u>	<u>\$852,407</u>	<u>\$800,177</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)

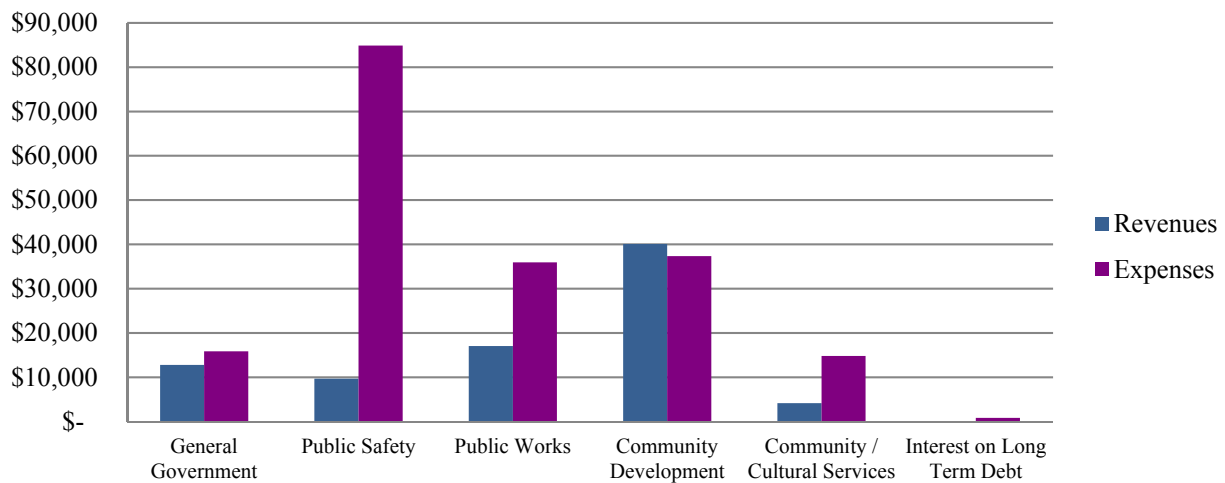
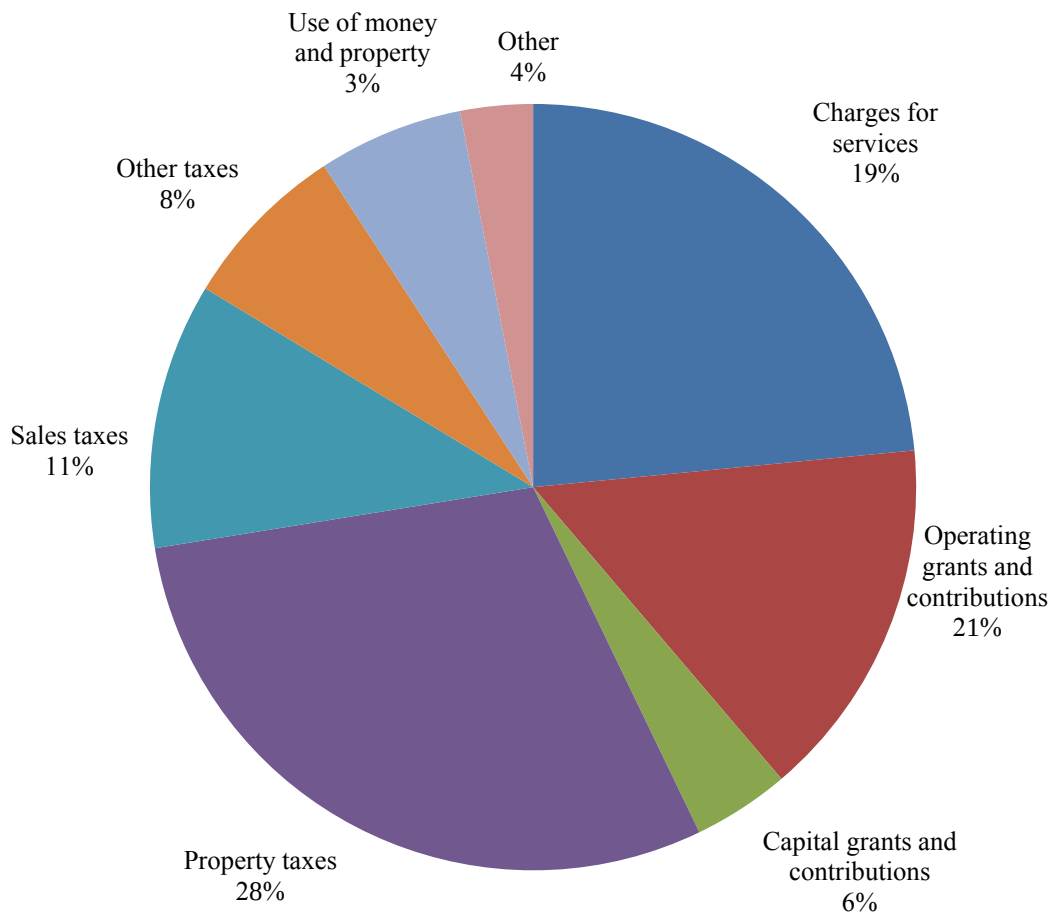


Chart 2 shows that Property Tax, Operating Grants and Contributions, Charges for Service and Sales Tax are the top four categories of revenue and comprise 81% of funding for Government activities. The Other category includes proceeds from the disposition of City real property, intergovernmental administrative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

Chart 2

Governmental Revenues



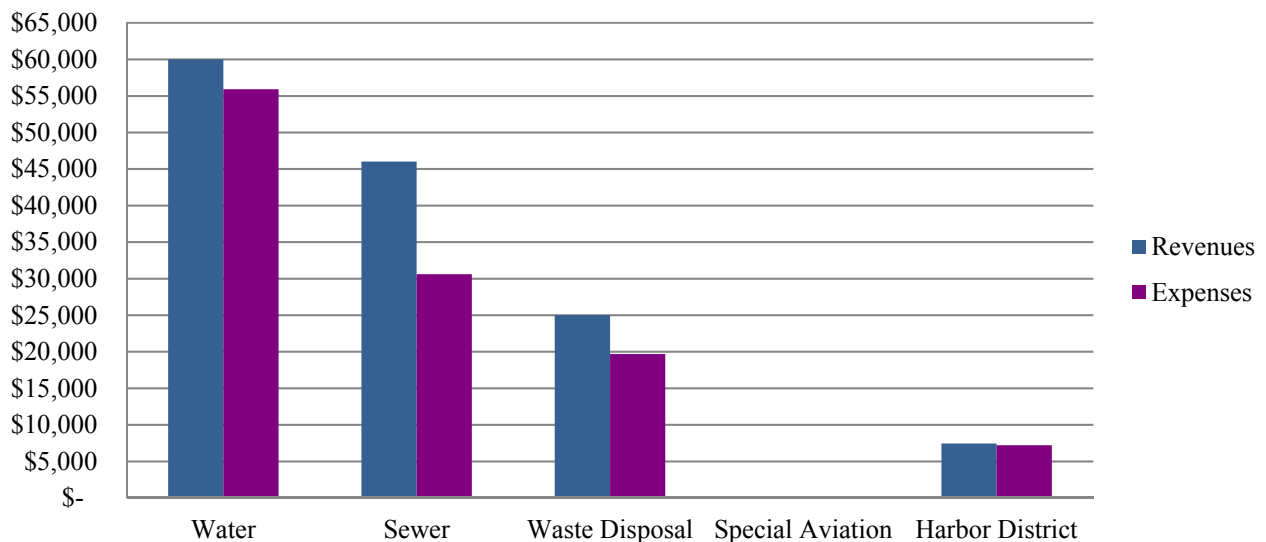
Business-Type Activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and Special Aviation. The Net Position (including transfers) increased \$29.1 million over last fiscal year as noted on Table 3. Revenues increased \$8.8 million due to increase in water rates and usage. Expenses were nearly flat compared to 2016. Transfers out to other funds (a deduction to Net Position) increased \$1.2 million as compared to the prior year.

The Statement of Revenues, Expenses, and Changes in Net Position for proprietary funds reflect a increase of \$10.5 million in total operating revenues from the previous year. The Water operating revenue increased \$8.5 million and Sewer operating revenue increased \$1.2 million. Harbor revenues increased \$.3 million and Waste Disposal operating revenue increased \$.5 million. Operating expenses for Water increased \$.6 million and Sewer decreased \$.7 million. In Water, administrative costs increased slightly, and the cost of purchased water increased \$2.1 million from the prior year. Maintenance and operations costs decreased by \$1.6 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 \$.5 million from 2016.

Overall, the Business-Type activities operating revenue exceeded operating expenses (before transfers and contributions) for fiscal year 2016-17 with a total net operating income of \$44.3 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 City's General Fund had a total fund balance of \$66.7 million at year-end, as shown on the Balance Sheet. This is an increase of \$9.3 million from 2016. Of this total amount, \$2.4 million is nonspendable, \$19.8 million is committed, \$42.5 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 \$9.3 million increase in the General Fund balance. General Fund revenues increased approximately \$5.2 million from 2016. General Fund expenditures increased overall \$2.4 million or 1.8%. Other Financing Sources includes a transfer in of \$13.2 million of which \$6 million came from the Harbor fund for harbor administrative, maintenance and police services, \$5.9 million from Water, Sewer and Waste Disposal funds for administrative services. Other Financing uses also includes a transfer out of \$4.2 million for grants, general improvement capital projects, internal services, and other governmental funds.

The fund balance of the Grants Special Revenue Fund increased \$.1 million. Revenues decreased \$1.5 million and expenditures decreased \$3.7 million as compared to 2016.

The fund balance of the Housing Assistance Program Special Revenue Fund decreased \$.7 million. Revenues increased \$1.1 million and expenditures increased \$1.8 million as compared to 2016. This increase of expenditures is due to the Mission Cove low income housing project.

The fund balance of \$9.1 million in total other governmental funds decreased \$1 million from 2016. The decrease is due to the Debt Service fund being separately grouped this year.

Debt Administration

Governmental activities debt outstanding at year-end increased \$28.4 million as noted in Table 4. The most significant increases to long-term liabilities was the net pension liability for the pension plan. 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				
	Balance at June 30, 2016	Incurred or Issued	Satisfied or Matured	Balance at June 30, 2017
Governmental Activities				
Certificates of Participation	\$12,299,360	\$0	(\$1,841,408)	\$10,457,952
Capital Leases Payable	4,079,652	0	(485,601)	3,594,051
Notes Payable	2,675,000	0	(146,000)	2,529,000
Pension Obligation Bonds	32,020,000	0	(2,585,000)	29,435,000
Lease Revenue Bonds	8,335,000	0	(2,000,000)	6,335,000
Claims Payable	19,773,875	5,621,000	(4,937,060)	20,457,815
Compensated Absences	11,442,282	5,328,414	(4,831,269)	11,939,427
Net Pension Liability	166,553,728	34,053,868	0	200,607,596
Other Post-Employment Benefits	3,362,980	393,425	0	3,756,405
Unamortized Bond Premiums	471,339	0	(151,988)	319,351
Total Governmental Activities	\$261,013,216	\$45,396,707	(\$16,978,326)	\$289,431,597

Business-Type debt activities increased in the fiscal year ending 2017 by \$.7 million. As noted above in the Governmental Activities Debt, the net pension liability was the main reason for the increase.

Table 5

City of Oceanside				
Business-Type Activities Debt Outstanding				
	Balance at June 30, 2016	Incurred or Issued	Satisfied, Adjusted or Matured	Balance at June 30, 2017
Business-Type Activities				
Bonds Payable	\$27,800,000	\$0	(\$2,810,000)	\$24,990,000
Notes Payable	26,773,016	0	(2,524,967)	24,248,049
Net Pension Liability	14,376,797	2,992,314	0	17,369,111
Compensated Absences	1,970,336	938,659	(951,492)	1,957,503
Unamortized Bond Premiums	3,314,970	0	(235,711)	3,079,259
Total Business-Type Activities	\$74,235,119	\$3,930,973	(\$6,522,170)	\$71,643,922

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, 2017, net capital assets of the Governmental activities totaled \$303.7 million and the net capital assets of the Business-Type activities totaled \$455.2 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$56,085,522	\$56,085,522	\$29,613,703	\$29,613,703
Buildings	107,007,302	106,062,564	211,337,894	195,536,179
Improvements	53,954,802	51,838,371	551,246,192	546,263,703
Equipment	72,931,670	70,527,610	12,480,134	12,566,260
Construction in Progress	20,342,195	5,092,219	30,795,880	26,643,741
Infrastructure	312,585,729	312,585,729	0	0
Capital Assets	\$622,907,220	\$602,192,015	\$835,473,803	\$810,623,586
Accumulated Depreciation	(319,184,594)	(305,791,404)	(380,309,553)	(365,351,936)
Total Capital Assets	\$303,722,626	\$296,400,611	\$455,164,250	\$445,271,650

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 \$13.3 million shown in Table 7 does not represent available one-time funds. The actual excess of resources over charges of \$9.3 million is available as one-time funds and has been assigned by Council for specific uses as outlined on previously. Revenues received were approximately \$8.9 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 \$9.3 million which increased the General Fund balance. In accordance with the City's Administrative Directive 20, approximately \$2.4 million was carried forward to FY 2017-2018 for continued appropriation of incomplete projects and \$9.3 million was set aside for specific council directed projects.

Table 7

City of Oceanside			
General Fund Comparison – Actual and Budget Year Ended June 30, 2017			
	Amended <u>Budget</u>	<u>Actual</u>	Variance <u>Pos/(Neg)</u>
Resources (inflows)			
Taxes	\$90,562,580	\$94,992,630	4,430,050
Licenses and permits	2,873,250	3,804,528	931,278
Intergovernmental	484,000	497,833	13,833
Charges for services	14,731,753	18,653,610	3,921,857
Use of money and property	6,724,307	6,911,923	187,616
Fines and forfeitures	3,607,300	3,582,534	(24,766)
Administrative and in lieu charges	6,913,320	6,914,897	1,577
Miscellaneous	84,000	160,767	76,767
Transfers in	<u>13,897,604</u>	<u>13,270,374</u>	<u>(627,230)</u>
Amount Available for Appropriations	\$139,878,114	\$148,789,096	\$8,910,982
Charges to Appropriations (outflows)			
General Government	\$17,379,120	\$15,138,568	2,240,552
Public Safety	85,581,209	85,812,369	(231,160)
Community Development	9,105,211	7,872,151	1,233,060
Community/Cultural Services	13,569,389	12,710,940	858,449
Public Works	14,092,099	13,176,201	915,898
Capital Outlay	613,751	423,183	190,568
Debt Service	142,925	137,160	5,765
Transfers Out	<u>3,320,255</u>	<u>4,177,476</u>	<u>(857,221)</u>
Total Charges to Appropriations	\$143,803,959	\$139,448,048	\$4,355,911
Excess of Resources Over (Under)			
Charges to Appropriations as of June 30, 2017	<u>(\$3,925,845)</u>	<u>\$9,341,048</u>	<u>\$13,266,893</u>

Table 8 compares the General Fund (inclusive of Fund 101 General Fund and Fund 102 Investment Clearing Fund) original adopted budget of \$138,982,534 to the final budget amount of \$143,803,959 which shows an overall amended increase of \$4,821,425 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, 2017			
	<u>Adopted</u>	<u>Amended</u>	<u>Increase/ (Decrease)</u>
General Government			
Operational	\$12,080,971	\$12,143,086	\$62,115
Non-Departmental	5,205,659	5,236,034	30,375
Public Safety			
Police	54,656,276	56,447,274	1,790,998
Fire	28,915,631	29,133,935	218,304
Public Works	13,900,904	14,092,099	191,195
Community Development			
Planning	2,112,784	2,084,227	(28,557)
Building	2,388,445	2,482,980	94,535
Engineering	4,779,701	4,538,004	(241,697)
Community and Cultural Services			
Economic and Community Development	634,057	679,497	45,440
Library	5,072,461	5,009,751	(62,710)
Neighborhood Services	6,608,753	6,779,560	170,807
Property Management	914,476	1,100,581	186,105
Transfers/Capital Outlay/Debt	<u>1,712,416</u>	<u>4,076,931</u>	<u>2,364,515</u>
Total Budget	\$138,982,534	\$143,803,959	\$4,821,425

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 164,290,948	\$ 178,097,633	\$ 342,388,581
Receivables:			
Accounts	4,924,732	12,462,093	17,386,825
Taxes	5,331,833	-	5,331,833
Notes and loans	73,054,938	-	73,054,938
Accrued interest	921,581	-	921,581
Other	1,718,597	-	1,718,597
Due from other governments	1,730,188	-	1,730,188
Internal balances	(3,798,747)	3,798,747	-
Prepaid costs	684,399	27,731	712,130
Inventories	264,268	659,180	923,448
Land held for resale	700,000		700,000
Restricted assets:			
Cash and investments	470,645	-	470,645
Cash and investments held with fiscal agents	10,132	81,447	91,579
Capital assets, not being depreciated	76,427,717	60,409,583	136,837,300
Capital assets, net of depreciation	227,294,909	394,754,667	622,049,576
Total Assets	554,026,140	650,291,081	1,204,317,221
Deferred Outflows of Resources:			
Deferred charge on refunding	-	176,935	176,935
Deferred pension-related items	49,255,293	5,665,270	54,920,563
Total Deferred Outflows of Resources	49,255,293	5,842,205	55,097,498
Liabilities:			
Accounts payable	\$ 5,313,746	\$ 13,179,774	\$ 18,493,520
Accrued liabilities	4,099,071	572,439	4,671,510
Accrued interest	512,740	378,117	890,857
Unearned revenue	1,549,413	380,824	1,930,237
Deposits payable	832,363	1,392,748	2,225,111
Due to other governments	61,857	-	61,857
Noncurrent liabilities:			
Due within one year	17,260,993	6,444,174	23,705,167
Due in more than one year	67,806,603	47,830,637	115,637,240
Net pension liability	200,607,596	17,369,111	217,976,707
Other post-employment benefits liability	3,756,405	-	3,756,405
Total Liabilities	301,800,787	87,547,824	389,348,611
Deferred Inflows of Resources:			
Deferred charge on refunding	400,653	-	400,653
Deferred pension-related items	15,123,273	2,134,712	17,257,985
Total Deferred Inflows of Resources	15,523,926	2,134,712	17,658,638
Net Position:			
Net investment in capital assets	282,775,916	403,023,876	685,799,792
Restricted:			
Community development	3,960,929	-	3,960,929
Public safety	1,097,024	-	1,097,024
Capital projects	33,510,793	74,021,628	107,532,421
Debt service	2,588,474	81,447	2,669,921
Lighting and landscape districts	1,427,935	-	1,427,935
Highways	4,276,086	-	4,276,086
Housing program	6,611,909	-	6,611,909
Rate stabilization	-	5,276,131	5,276,131
Unrestricted	(50,292,346)	84,047,668	33,755,322
Total Net Position	\$ 285,956,720	\$ 566,450,750	\$ 852,407,470

The notes to financial statements are an integral part of this statement.

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 15,296,527	\$ 12,750,353	\$ 8,100	\$ -
Public safety	84,872,862	7,661,652	2,017,427	117,887
Community development	33,709,839	17,649,387	22,420,064	-
Community/cultural services	14,776,797	2,097,115	2,047,690	-
Public works	35,778,483	5,368,106	3,472,356	8,201,330
Interest on long-term debt	802,656	-	-	-
Total Governmental Activities	185,237,164	45,526,613	29,965,637	8,319,217
Business-Type Activities:				
Water	55,915,076	65,750,944	-	-
Sewer	30,604,682	45,395,610	-	-
Waste Disposal	19,684,911	25,505,957	-	-
Special Aviation	104,671	113,913	-	-
Oceanside Small Craft Harbor District	1,210,663	6,627,547	-	-
Total Business-Type Activities	107,520,003	143,393,971	-	-
Total Primary Government	\$ 292,757,167	\$ 188,920,584	\$ 29,965,637	\$ 8,319,217

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

Gain on sale of capital asset

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at the Beginning of the Year,
as Originally Reported

Restatements

Net Position at the Beginning of the Year,
as Restated**Net Position at the End of the Year**

The notes to financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (2,538,074)	\$ -	\$ (2,538,074)
(75,075,896)	-	(75,075,896)
6,359,612	-	6,359,612
(10,631,992)	-	(10,631,992)
(18,736,691)	-	(18,736,691)
(802,656)	-	(802,656)
(101,425,697)	-	(101,425,697)
-	9,835,868	9,835,868
-	14,790,928	14,790,928
-	5,821,046	5,821,046
-	9,242	9,242
-	5,416,884	5,416,884
-	35,873,968	35,873,968
(101,425,697)	35,873,968	(65,551,729)
57,600,747	-	57,600,747
7,066,170	-	7,066,170
22,130,638	-	22,130,638
4,185,453	-	4,185,453
2,812,886	-	2,812,886
1,196,736	-	1,196,736
11,191,641	934,405	12,126,046
5,545,850	5,667,029	11,212,879
165,162	-	165,162
13,403,896	(13,403,896)	-
125,299,179	(6,802,462)	118,496,717
23,873,482	29,071,506	52,944,988
262,798,436	537,379,244	800,177,680
(715,198)	-	(715,198)
262,083,238	537,379,244	799,462,482
\$ 285,956,720	\$ 566,450,750	\$ 852,407,470

The notes to financial statements are an integral part of this statement.

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

CITY OF OCEANSIDE, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds		
	General	Grants	Housing Assistance Program
Assets:			
Cash and investments	\$ 63,086,457	\$ 5,547,465	\$ 2,393,936
Receivables:			
Accounts	4,591,535	-	75,266
Taxes	5,321,898	-	-
Notes and loans	-	51,882,911	20,572,714
Accrued interest	921,581	-	-
Other	1,718,597	-	-
Prepaid costs	79,547	6,300	1,869
Due from other governments	-	1,395,502	78,525
Due from other funds	920,479	-	15,240
Advances to other funds	1,593,184	-	-
Inventories	16,376	-	-
Land held for resale	700,000	-	-
Restricted assets:			
Cash and investments	-	-	70,645
Cash and investments held with fiscal agents	-	-	-
Total Assets	\$ 78,949,654	\$ 58,832,178	\$ 23,208,195
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 2,064,680	\$ 515,358	\$ 57,094
Accrued liabilities	3,773,646	35,001	34,762
Unearned revenues	472,831	662,582	-
Deposits payable	723,446	-	108,917
Due to other governments	-	-	61,857
Due to other funds	15,240	660,023	893
Total Liabilities	7,049,843	1,872,964	263,523
Deferred Inflows of Resources:			
Unavailable revenues	5,156,226	52,873,528	16,330,894
Total Deferred Inflows of Resources	5,156,226	52,873,528	16,330,894
Fund Balances:			
Nonspendable	2,389,107	6,300	1,869
Restricted	-	4,079,386	6,611,909
Committed	19,765,583	-	-
Assigned	42,489,683	-	-
Unassigned	2,099,212	-	-
Total Fund Balances	66,743,585	4,085,686	6,613,778
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 78,949,654	\$ 58,832,178	\$ 23,208,195

The notes to financial statements are an integral part of this statement.

CITY OF OCEANSIDE, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Projects Fund		
	General Improvement	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 35,096,700	\$ 9,838,520	\$ 115,963,078
Receivables:			
Accounts	78,581	-	4,745,382
Taxes	-	9,935	5,331,833
Notes and loans	-	599,313	73,054,938
Accrued interest	-	-	921,581
Other	-	-	1,718,597
Prepaid costs	585,000	-	672,716
Due from other governments	-	256,161	1,730,188
Due from other funds	-	-	935,719
Advances to other funds	-	-	1,593,184
Inventories	-	-	16,376
Land held for resale	-	-	700,000
Restricted assets:			
Cash and investments	100,000	-	170,645
Cash and investments held with fiscal agents	-	10,132	10,132
Total Assets	\$ 35,860,281	\$ 10,714,061	\$ 207,564,369
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 808,098	\$ 663,455	\$ 4,108,685
Accrued liabilities	11,729	47,912	3,903,050
Unearned revenues	414,000	-	1,549,413
Deposits payable	-	-	832,363
Due to other governments	-	-	61,857
Due to other funds	-	259,563	935,719
Total Liabilities	1,233,827	970,930	11,391,087
Deferred Inflows of Resources:			
Unavailable revenues	530,661	611,492	75,502,801
Total Deferred Inflows of Resources	530,661	611,492	75,502,801
Fund Balances:			
Nonspendable	585,000	-	2,982,276
Restricted	33,510,793	9,271,062	53,473,150
Committed	-	-	19,765,583
Assigned	-	-	42,489,683
Unassigned	-	(139,423)	1,959,789
Total Fund Balances	34,095,793	9,131,639	120,670,481
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 35,860,281	\$ 10,714,061	\$ 207,564,369

The notes to financial statements are an integral part of this statement.

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CITY OF OCEANSIDE, CALIFORNIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

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

Total fund balances - governmental funds		\$ 120,670,481
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		294,132,457
Long-term liabilities, as described below, are not due and payable in the current period, and therefore, are not reported in the funds.		
Certificates of Participation	\$ (10,457,952)	
Capital Leases	(3,594,051)	
Notes Payable	(2,529,000)	
Pension Obligation Bonds	(29,435,000)	
Lease Revenue Bonds	(6,335,000)	
Compensated Absences	(11,152,447)	
Unamortized Gain on Defeasance	(400,653)	
Unamortized Bond Premiums	<u>(319,351)</u>	(64,223,454)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(512,740)
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.		(194,068,950)
Deferred outflows for pension-related items are as follows:		
Contributions made after the actuarial measurement date	19,002,041	
Net difference between projected and actual earnings on pension plan investments	28,127,436	47,129,477
Deferred inflows for pension-related items are as follows:		
Differences between expected and actual experiences	(11,374,462)	
Changes of assumptions	<u>(2,934,888)</u>	(14,309,350)
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.		(3,756,405)
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.		75,502,801
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>25,392,403</u>
Net Position of governmental activities		<u>\$ 285,956,720</u>

The notes to financial statements are an integral part of this statement.

CITY OF OCEANSIDE, CALIFORNIA

**STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds		
	General	Grants	Housing Assistance Program
Revenues:			
Taxes	\$ 94,992,630	\$ -	\$ -
Licenses and permits	3,804,528	-	326,990
Intergovernmental	497,833	3,468,451	16,891,634
Charges for services	18,653,610	24,315	65,812
Use of money and property	6,911,923	517,044	853,214
Fines and forfeitures	3,582,534	-	-
Developer participation	-	1,871,229	-
Administrative and in lieu charges	6,914,897	-	-
Miscellaneous	160,767	337,046	380,876
Total Revenues	135,518,722	6,218,085	18,518,526
Expenditures:			
Current:			
General government	15,138,568	8,100	-
Public safety	85,812,369	1,114,824	-
Community development	7,872,151	4,010,418	18,279,700
Community/cultural services	12,710,940	173,581	-
Public works	13,176,201	80,887	-
Capital outlay	423,183	817,732	-
Debt service:			
Principal retirement	126,934	-	-
Interest and fiscal charges	10,226	-	-
Total Expenditures	135,270,572	6,205,542	18,279,700
Excess (Deficiency) of Revenues Over Expenditures	248,150	12,543	238,826
Other Financing Sources (Uses):			
Transfers in	13,270,374	1,352,255	-
Transfers out	(4,177,476)	(204,827)	(973,961)
Total Other Financing Sources (Uses)	9,092,898	1,147,428	(973,961)
Net Change in Fund Balances	9,341,048	1,159,971	(735,135)
Fund Balance at the Beginning of the Year, as Originally Reported	57,491,760	3,978,110	7,348,913
Restatements	(89,223)	(1,052,395)	-
Fund Balance at the Beginning of the Year, as Restated	57,402,537	2,925,715	7,348,913
Fund Balance at the End of the Year	\$ 66,743,585	\$ 4,085,686	\$ 6,613,778

The notes to financial statements are an integral part of this statement.

CITY OF OCEANSIDE, CALIFORNIA

**STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Projects Fund		
	General Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 94,992,630
Licenses and permits	-	-	4,131,518
Intergovernmental	-	12,924,886	33,782,804
Charges for services	304,733	80,204	19,128,674
Use of money and property	700,580	2,312,052	11,294,813
Fines and forfeitures	-	-	3,582,534
Developer participation	6,443,827	-	8,315,056
Administrative and in lieu charges	-	2,414,623	9,329,520
Miscellaneous	51,506	5,479,274	6,409,469
Total Revenues	7,500,646	23,211,039	190,967,018
Expenditures:			
Current:			
General government	1,800	5,597	15,154,065
Public safety	-	49,783	86,976,976
Community development	190,446	1,506,298	31,859,013
Community/cultural services	-	2,089,602	14,974,123
Public works	1,722,430	8,773,974	23,753,492
Capital outlay	18,190,067	3,205,785	22,636,767
Debt service:			
Principal retirement	-	6,931,075	7,058,009
Interest and fiscal charges	-	1,034,724	1,044,950
Total Expenditures	20,104,743	23,596,838	203,457,395
Excess (Deficiency) of Revenues Over Expenditures	(12,604,097)	(385,799)	(12,490,377)
Other Financing Sources (Uses):			
Transfers in	5,548,924	1,050,986	21,222,539
Transfers out	(648,662)	(1,620,801)	(7,625,727)
Total Other Financing Sources (Uses)	4,900,262	(569,815)	13,596,812
Net Change in Fund Balances	(7,703,835)	(955,614)	1,106,435
Fund Balance at the Beginning of the Year, as Originally Reported	41,373,208	10,087,253	120,279,244
Restatements	426,420	-	(715,198)
Fund Balance at the Beginning of the Year, as Restated	41,799,628	10,087,253	119,564,046
Fund Balance at the End of the Year	\$ 34,095,793	\$ 9,131,639	\$ 120,670,481

The notes to financial statements are an integral part of this statement.

CITY OF OCEANSIDE, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

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

Net change in fund balances - total governmental funds	\$ 1,106,435
--	--------------

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

Capital outlay	\$ 18,870,786	
Depreciation	<u>(13,525,663)</u>	5,345,123

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The following amounts are the effects of these differences in the treatment of long-term debt and related items.

Bond principal repayments	6,426,408	
Amortization of bond premiums/discounts	151,988	
Amortization of deferred charges on refunding	57,236	
Loan principal repayments	146,000	
Capital lease installment payments	<u>485,601</u>	7,267,233

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	33,070
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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.	(464,757)
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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.	4,721,161
--	-----------

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.	(393,425)
--	-----------

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.	4,569,070
---	-----------

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.	<u>1,689,572</u>
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Change in net position of governmental activities	<u>\$ 23,873,482</u>
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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.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Assets:				
Current Assets:				
Cash and investments	\$ 88,837,095	\$ 75,875,152	\$ 7,004,702	\$ 747,385
Restricted cash and investments	81,187	260	-	-
Accounts receivable	7,123,703	4,333,305	732,447	3,252
Prepaid costs	16,929	10,802	-	-
Inventories	313,880	345,300	-	-
Total Current Assets	96,372,794	80,564,819	7,737,149	750,637
Noncurrent Assets:				
Advances to other funds	-	-	-	-
Capital assets, not being depreciated	31,706,278	23,675,103	934,353	3,835,398
Capital assets, being depreciated	329,768,781	411,541,856	133,016	2,105,525
Less accumulated depreciation	(162,833,476)	(193,394,278)	(111,685)	(1,113,523)
Total Noncurrent Assets	198,641,583	241,822,681	955,684	4,827,400
Total Assets	295,014,377	322,387,500	8,692,833	5,578,037
Deferred Outflows of Resources:				
Deferred charge on refunding	23,889	153,046	-	-
Deferred pension-related items	2,624,497	2,863,645	177,128	-
Total Deferred Outflows of Resources	2,648,386	3,016,691	177,128	-
Liabilities:				
Current Liabilities:				
Accounts payable	10,036,285	1,531,874	1,603,925	-
Accrued liabilities	271,300	286,277	14,862	-
Accrued interest	120,202	246,278	-	4,012
Unearned revenues	194,009	-	-	-
Deposits payable	1,058,411	-	-	4,580
Compensated absences	469,690	468,817	11,418	-
Accrued claims and judgments	-	-	-	-
Bonds and loans payable	1,475,000	3,611,651	-	81,222
Total Current Liabilities	13,624,897	6,144,897	1,630,205	89,814
Noncurrent Assets:				
Advances from other funds	-	-	-	1,593,184
Compensated absences	325,917	626,068	32,798	-
Accrued claims and judgments	-	-	-	-
Bonds and loans payable	14,979,177	31,200,481	-	54,778
Net pension liability	8,045,733	8,846,931	476,447	-
Total Noncurrent Liabilities	23,350,827	40,673,480	509,245	1,647,962
Total Liabilities	36,975,724	46,818,377	2,139,450	1,737,776
Deferred Inflows of Resources:				
Deferred pension-related items	991,156	1,094,860	48,696	-
Total Deferred Inflows of Resources	991,156	1,094,860	48,696	-
Net Position:				
Net investment in capital assets	182,211,295	207,163,595	955,684	4,691,400
Restricted for capital projects	37,173,828	36,397,800	450,000	-
Restricted for debt service	81,187	260	-	-
Restricted for rate stabilization	-	-	5,276,131	-
Unrestricted	40,229,573	33,929,299	-	(851,139)
Total Net Position	\$ 259,695,883	\$ 277,490,954	\$ 6,681,815	\$ 3,840,261

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 fundsCurrent years' adjustments to reflect the consolidation of internal
service activities related to enterprise funds**Net Position per Statement of Net Position**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Oceanside Small Craft Harbor District	Totals	
Assets:			
Current Assets:			
Cash and investments	\$ 5,633,299	\$ 178,097,633	\$ 48,327,870
Restricted cash and investments	-	81,447	300,000
Accounts receivable	269,386	12,462,093	179,350
Prepaid costs	-	27,731	11,683
Inventories	-	659,180	247,892
Total Current Assets	5,902,685	191,328,084	49,066,795
Noncurrent Assets:			
Advances to other funds	-	-	477,497
Capital assets, not being depreciated	258,451	60,409,583	532,384
Capital assets, being depreciated	31,515,042	775,064,220	35,866,668
Less accumulated depreciation	(22,856,591)	(380,309,553)	(26,808,883)
Total Noncurrent Assets	8,916,902	455,164,250	10,067,666
Total Assets	14,819,587	646,492,334	59,134,461
Deferred Outflows of Resources:			
Deferred charge on refunding	-	176,935	-
Deferred pension-related items	-	5,665,270	2,125,816
Total Deferred Outflows of Resources	-	5,842,205	2,125,816
Liabilities:			
Current Liabilities:			
Accounts payable	7,690	13,179,774	1,205,061
Accrued liabilities	-	572,439	196,021
Accrued interest	7,625	378,117	-
Unearned revenues	186,815	380,824	-
Deposits payable	329,757	1,392,748	-
Compensated absences	6,376	956,301	331,823
Accrued claims and judgments	-	-	4,862,649
Bonds and loans payable	320,000	5,487,873	-
Total Current Liabilities	858,263	22,348,076	6,595,554
Noncurrent Assets:			
Advances from other funds	477,497	2,070,681	-
Compensated absences	16,418	1,001,201	455,157
Accrued claims and judgments	-	-	15,595,166
Bonds and loans payable	595,000	46,829,436	-
Net pension liability	-	17,369,111	6,538,646
Total Noncurrent Liabilities	1,088,915	67,270,429	22,588,969
Total Liabilities	1,947,178	89,618,505	29,184,523
Deferred Inflows of Resources:			
Deferred pension-related items	-	2,134,712	813,923
Total Deferred Inflows of Resources	-	2,134,712	813,923
Net Position:			
Net investment in capital assets	8,001,902	403,023,876	9,590,169
Restricted for capital projects	-	74,021,628	-
Restricted for debt service	-	81,447	-
Restricted for rate stabilization	-	5,276,131	-
Unrestricted	4,870,507	78,178,240	21,671,662
Total Net Position	\$ 12,872,409	\$ 560,581,322	\$ 31,261,831

\$ 560,581,322

5,604,829

264,599

\$ 566,450,750

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Operating Revenues:				
Sales and service charges	\$ 65,750,944	\$ 45,395,610	\$ 25,505,957	\$ 113,913
Fines, forfeitures, and penalties	546,155	-	-	-
Developer fees	2,682,420	2,139,509	-	-
Slip rentals and other related fees	-	-	-	-
Parking	-	-	-	-
Miscellaneous	62,424	64,647	80,501	-
Total Operating Revenues	69,041,943	47,599,766	25,586,458	113,913
Operating Expenses:				
Administration and general	6,874,973	7,459,899	469,103	-
Maintenance and operations	10,213,180	14,248,765	19,210,243	17,612
Cost of purchased water	31,281,128	-	-	-
Depreciation expense	6,371,788	8,087,672	5,565	78,550
Total Operating Expenses	54,741,069	29,796,336	19,684,911	96,162
Operating Income	14,300,874	17,803,430	5,901,547	17,751
Nonoperating Revenues (Expenses):				
Investment income	85,391	125,218	-	(70)
Interest expense	(1,345,691)	(901,261)	-	(8,509)
Gain on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	(1,260,300)	(776,043)	-	(8,579)
Income before Transfers	13,040,574	17,027,387	5,901,547	9,172
Transfers in	65,332	-	-	134,126
Transfers out	(1,411,501)	(525,539)	(5,803,145)	-
Changes in Net Position	11,694,405	16,501,848	98,402	143,298
Net Position at the Beginning of the Year	248,001,478	260,989,106	6,583,413	3,696,963
Net Position at the End of the Year	\$ 259,695,883	\$ 277,490,954	\$ 6,681,815	\$ 3,840,261

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, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise		Governmental Activities- Internal Service Funds
	Oceanside Small Craft Harbor District	Totals	
Operating Revenues:			
Sales and service charges	\$ 38,154	\$ 136,804,578	\$ 58,614,935
Fines, forfeitures, and penalties	113,424	659,579	-
Developer fees	-	4,821,929	-
Slip rentals and other related fees	6,483,388	6,483,388	-
Parking	791,463	791,463	-
Miscellaneous	16,818	224,390	893,619
Total Operating Revenues	7,443,247	149,785,327	59,508,554
Operating Expenses:			
Administration and general	-	14,803,975	40,358,496
Maintenance and operations	685,178	44,374,978	15,263,622
Cost of purchased water	-	31,281,128	-
Depreciation expense	501,168	15,044,743	1,910,011
Total Operating Expenses	1,186,346	105,504,824	57,532,129
Operating Income	6,256,901	44,280,503	1,976,425
Nonoperating Revenues (Expenses):			
Investment income	(461)	210,078	5,500
Interest expense	(24,317)	(2,279,778)	-
Gain on disposal of capital assets	-	-	165,162
Total Nonoperating Revenues (Expenses)	(24,778)	(2,069,700)	170,662
Income before Transfers	6,232,123	42,210,803	2,147,087
Transfers in	152,135	351,593	575,321
Transfers out	(6,015,304)	(13,755,489)	(768,237)
Changes in Net Position	368,954	28,806,907	1,954,171
Net Position at the Beginning of the Year	12,503,455	531,774,415	29,307,660
Net Position at the End of the Year	\$ 12,872,409	\$ 560,581,322	\$ 31,261,831

\$ 28,806,907

264,599

\$ 29,071,506

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 68,761,639	\$ 47,976,509	\$ 25,651,580	\$ 113,913
Receipts from interfund services and charges	-	-	-	-
Payments to suppliers and service providers	(39,371,648)	(14,536,863)	(19,123,900)	(30,988)
Payments to employees for salaries and benefits	(7,059,150)	(7,699,278)	(474,411)	-
Net Cash Provided by Operating Activities	22,330,841	25,740,368	6,053,269	82,925
Cash Flows from Non-Capital Financing Activities:				
Transfers from other funds	65,332	-	-	134,126
Transfers to other funds	(1,411,501)	(525,539)	(5,803,145)	-
Repayment received on short-term interfund borrowing	-	-	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	(1,346,169)	(525,539)	(5,803,145)	134,126
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(13,933,978)	(10,460,841)	(468,354)	(73,170)
Proceeds from disposal of capital assets	-	-	-	-
Repayment made on advances from other funds	-	-	-	-
Repayment received on advance to other funds	-	-	-	76,688
Principal paid on capital debt	(1,425,000)	(3,653,146)	-	(77,444)
Interest paid on capital debt	(1,436,391)	(912,687)	-	(10,794)
Net Cash Used For Capital and Related Financing Activities	(16,795,369)	(15,026,674)	(468,354)	(84,720)
Cash Flows from Investing Activities:				
Investment income	85,391	131,004	-	(70)
Net Cash Provided by (Used for) Investing Activities	85,391	131,004	-	(70)
Net Increase (Decrease) in Cash and Cash Equivalents	4,274,694	10,319,159	(218,230)	132,261
Cash and Cash Equivalents, July 1 (including \$769,000, \$174, and \$460,000 for the Water, Sewer, and Internal Service Funds, respectively, reported in restricted accounts)	84,643,588	65,556,253	7,222,932	615,124
Cash and Cash Equivalents, June 30 (including \$81,187, \$260, and \$300,000 for the Water, Sewer, and Internal Service Funds, respectively, reported in restricted accounts)	\$ 88,918,282	\$ 75,875,412	\$ 7,004,702	\$ 747,385
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 14,300,874	\$ 17,803,430	\$ 5,901,547	\$ 17,751
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	6,371,788	8,087,672	5,565	78,550
(Increase) decrease in accounts receivable	(174,657)	376,743	65,122	-
(Increase) decrease in prepaid costs	(1,187)	(9,992)	9,814	-
(Increase) decrease in inventories	17,183	27,664	-	-
(Increase) in deferred outflows related to pensions	(1,999,954)	(2,190,102)	(138,880)	-
Increase (decrease) in accounts payable	2,106,664	(305,770)	76,529	(13,376)
Increase in accrued liabilities	10,267	34,269	2,215	-
(Decrease) in unearned revenues	(6,752)	-	-	-
Increase (decrease) in deposits payable	(98,895)	-	-	-
Increase (decrease) in compensated absences	14,729	(31,949)	13,239	-
Increase in accrued claims and judgments	-	-	-	-
Increase in net pension liability	1,379,861	1,514,789	97,664	-
Increase in deferred inflows related to pensions	410,920	433,614	20,454	-
Total Adjustments	8,029,967	7,936,938	151,722	65,174
Net Cash Provided by Operating Activities	\$ 22,330,841	\$ 25,740,368	\$ 6,053,269	\$ 82,925
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premium/discounts	\$ 105,088	\$ 130,623	\$ -	\$ -
Unrealized loss on investments	(731,175)	(585,756)	-	(5,617)

The notes to financial statements are an integral part of this statement.

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Oceanside Small Craft Harbor District	Totals	
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 7,388,267	\$ 149,891,908	\$ -
Receipts from interfund services and charges	-	-	59,378,375
Payments to suppliers and service providers	(685,490)	(73,748,889)	(14,101,468)
Payments to employees for salaries and benefits	(8,852)	(15,241,691)	(40,462,069)
Net Cash Provided by Operating Activities	6,693,925	60,901,328	4,814,838
Cash Flows from Non-Capital Financing Activities:			
Transfers from other funds	152,135	351,593	575,321
Transfers to other funds	(6,015,304)	(13,755,489)	(768,237)
Repayment received on short-term interfund borrowing	-	-	2,492
Net Cash Provided by (Used for) Non-Capital Financing Activities	(5,863,169)	(13,403,896)	(190,424)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(24,936,343)	(3,886,903)
Proceeds from disposal of capital assets	-	-	165,162
Repayment made on advances from other funds	(22,503)	(22,503)	-
Repayment received on advance to other funds	-	76,688	22,503
Principal paid on capital debt	(310,000)	(5,465,590)	-
Interest paid on capital debt	(26,900)	(2,386,772)	-
Net Cash Used For Capital and Related Financing Activities	(359,403)	(32,734,520)	(3,699,238)
Cash Flows from Investing Activities:			
Investment income	(461)	215,864	5,500
Net Cash Provided by (Used for) Investing Activities	(461)	215,864	5,500
Net Increase (Decrease) in Cash and Cash Equivalents	470,892	14,978,776	930,676
Cash and Cash Equivalents, July 1 (including \$769,000, \$174, and \$460,000 for the Water, Sewer, and Internal Service Funds, respectively, reported in restricted accounts)	5,162,407	163,200,304	47,697,194
Cash and Cash Equivalents, June 30 (including \$81,187, \$260, and \$300,000 for the Water, Sewer, and Internal Service Funds, respectively, reported in restricted accounts)	\$ 5,633,299	\$ 178,179,080	\$ 48,627,870
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 6,256,901	\$ 44,280,503	\$ 1,976,425
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	501,168	15,044,743	1,910,011
(Increase) decrease in accounts receivable	(30,138)	237,070	(130,179)
(Increase) decrease in prepaid costs	-	(1,365)	74,752
(Increase) decrease in inventories	-	44,847	(562)
(Increase) in deferred outflows related to pensions	-	(4,328,936)	(1,606,879)
Increase (decrease) in accounts payable	(312)	1,863,735	404,024
Increase in accrued liabilities	-	46,751	27,212
(Decrease) in unearned revenues	(105,401)	(112,153)	-
Increase (decrease) in deposits payable	80,559	(18,336)	-
Increase (decrease) in compensated absences	(8,852)	(12,833)	16,406
Increase in accrued claims and judgments	-	-	683,940
Increase in net pension liability	-	2,992,314	1,102,486
Increase in deferred inflows related to pensions	-	864,988	357,202
Total Adjustments	437,024	16,620,825	2,838,413
Net Cash Provided by Operating Activities	\$ 6,693,925	\$ 60,901,328	\$ 4,814,838
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of bond premium/discounts	\$ -	\$ 235,711	\$ -
Unrealized loss on investments	(43,050)	(1,365,598)	-

The notes to financial statements are an integral part of this statement.

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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, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund Successor Agency</u>
Assets:		
Cash and investments	\$ 8,506,804	\$ 4,248,397
Restricted cash and investments	6,941,626	50
Accounts receivable	246	-
Taxes receivable	15,998	-
Prepaid costs	-	182,416
Capital assets, not being depreciated	-	4,382,966
Capital assets, net of depreciation	-	1,912,848
Total Assets	<u>\$ 15,464,674</u>	<u>10,726,677</u>
Liabilities:		
Accounts payable	\$ 295,811	1,033,582
Accrued interest payable	-	379,202
Deposits payable	5,778,535	-
Due to external parties/other agencies	9,390,328	-
Long-term liabilities, due within one year	-	2,755,000
Long-term liabilities, due in more than one year	-	31,551,898
Total Liabilities	<u>\$ 15,464,674</u>	<u>35,719,682</u>
Net Position:		
Assets held in trust for the dissolution of the former Redevelopment Agency		(24,993,005)
Total Net Position		<u>\$ (24,993,005)</u>

The notes to financial statements are an integral part of this statement.

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust Fund
	Successor Agency
Additions:	
Taxes	\$ 3,922,172
Investment earnings:	
Interest	320,230
Net decrease in the fair value of investments	(28,305)
Total Additions	4,214,097
Deductions:	
Administrative expenses	131,259
Contractual services	345,750
Project costs	157,990
Interest expense	1,181,123
Total Deductions	1,816,122
Change in Net Position	2,397,975
Net Position at the Beginning of the Year, as Originally Reported	(27,399,030)
Restatements	8,050
Net Position at the Beginning of the Year, as Restated	(27,390,980)
Net Position at the End of the Year	\$ (24,993,005)

The notes to financial statements are an integral part of this statement.

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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 members of the governing board of the Commission are the members of the City Council and the Commission provides services exclusively for the benefit of the City.

Oceanside Small Craft Harbor District - The Oceanside Small Craft Harbor District (the Harbor District) was established on July 6, 1959, pursuant to the State of California Harbor and Navigation Code, Part 7, Section 7000 entitled "Small Craft Harbor District". Its purpose is to finance, construct, organize and operate a small craft berthing facility and leaseholds within the harbor area. The operations of the Harbor District are reported as business-type activity and are a proprietary fund of the City. 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, 2017

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, 2017

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, 2017

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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, building services 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, 2017

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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the time of acquisition by the City. 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, 2017

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 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, 2017

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 prepaids, inventory, or 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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, 2017, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 77 – Tax Abatement Disclosures. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact of those abatements on a government's financial position and economic conditions. As this Statement affects disclosures only, no adjustments to beginning fund balance or net position were required.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Note 2: Stewardship, Compliance, and Accountability

a. Compliance with Budgetary Limitations

For the year ended June 30, 2017, expenditures exceeded appropriations in the Library special revenue fund (the legal level of budgetary control is the fund level) within the community/cultural services function by \$1,098. While there are no legal consequences for overspending, it is nevertheless considered a budgetary violation. As a corrective measure, the City will appropriate funding from the General Fund beginning in fiscal year ended June 30, 2018 to eliminate the excess of expenditures over appropriations in the future.

b. Deficit Fund Balances

The following funds reported deficit in fund balance at June 30, 2017:

Nonmajor Funds:

Library	\$120,105
Community Development Block Grant	\$19,318

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017
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, 2017:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 164,290,948	\$ 178,097,633	\$ 12,755,201	\$ 355,143,782
Restricted cash and investments	480,777	81,447	6,941,676	7,503,900
Total cash and investments	<u>\$ 164,771,725</u>	<u>\$ 178,179,080</u>	<u>\$ 19,696,877</u>	<u>\$ 362,647,682</u>

Cash and investments at June 30, 2017, consisted of the following:

Demand deposits	\$ 2,659,339
Petty Cash	8,342
Investments	<u>359,980,001</u>
Total cash and investments	<u>\$ 362,647,682</u>

Demand Deposits

At June 30, 2017, the carrying amount of the City's deposits was \$2,659,339 and the bank balance was \$2,991,556. The \$332,217 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,

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**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			

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017
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 Treasury Obligations	\$ -	\$ -	\$ 1,985,160	\$ -	\$ 1,985,160
United States Government Sponsored Enterprise Securities	54,684,446	111,969,815	37,029,750	34,313,537	237,997,548
Corporate Medium Term Notes	1,499,925	-	-	-	1,499,925
Municipal Bonds	1,500,980	7,631,198	-	-	9,132,178
Negotiable Certificates of Deposit	2,928,721	13,848,691	3,080,344	6,005,272	25,863,028
Local Agency Investment Fund (LAIF)	76,468,908	-	-	-	76,468,908
Held by Fiscal Agent:					
Money Market Mutual Funds	7,033,254	-	-	-	7,033,254
	<u>\$ 144,116,234</u>	<u>\$ 133,449,704</u>	<u>\$ 42,095,254</u>	<u>\$ 40,318,809</u>	<u>\$ 359,980,001</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, 2017, is \$186,858,340 or 51.9% 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, 2017	Minimum Legal Rating	AAA/Aaa	AA+/Aa1	AA to AA-/ Aa2 to Aa3	A+ to A/ A1 to A2	Unrated
United States Treasury Obligations	\$ 1,985,160	N/A	\$ 1,985,160	\$ -	\$ -	\$ -	\$ -
United States Government Sponsored Enterprise Securities	237,997,548	N/A	-	237,997,548	-	-	-
Corporate Medium Term Notes	1,499,925	A	-	-	-	1,499,925	-
Municipal Bonds	9,132,178	A	296,214	-	6,825,183	2,010,781	-
Negotiable Certificates of Deposit	25,863,028	N/A	-	-	-	-	25,863,028
Local Agency Investment Fund (LAIF)	76,468,908	N/A	-	-	-	-	76,468,908
Held by Bond Trustees:							
Money Market Mutual Funds	7,033,254	AAA/Aaa	7,033,254	-	-	-	-
	<u>\$ 359,980,001</u>		<u>\$ 9,314,628</u>	<u>\$ 237,997,548</u>	<u>\$ 6,825,183</u>	<u>\$ 3,510,706</u>	<u>\$ 102,331,936</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017
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	\$ 56,720,051	15.8%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	52,327,765	14.5%
Federal Farm Credit Banks	United States Government Sponsored Enterprise Securities	59,513,966	16.5%
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	69,435,766	19.3%

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, 2017, none of the City's deposits or investments were exposed to custodial credit risk.

Investment in State Investment Pool (LAIF)

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code 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 on 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. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

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, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 3: Cash and Investments (Continued)

The City has the following recurring fair market value measurements as of June 30, 2017:

Investments	Fair Value	Level		
		1	2	N/A
U.S. Government-Sponsored Enterprise Obligations	\$ 237,997,548	\$ -	\$ 237,997,548	\$ -
United States Treasury Bills, Bonds, and Notes	1,985,160	1,985,160	-	-
Municipal Bonds	9,132,178	-	9,132,178	-
Medium Term Notes	1,499,925	-	1,499,925	-
Negotiable Certificates of Deposit	25,863,028	-	25,863,028	-
Money Market Mutual Funds	-	-	-	-
Local Agency Investment Fund	76,468,908	-	-	76,468,908
Held by Fiscal Agent:				
Money Market Mutual Funds	7,033,254	-	7,033,254	-
	\$ 359,980,001	\$ 1,985,160	\$ 281,525,933	\$ 76,468,908

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, 2017, the City had notes receivable reported in the following funds:

Grants Fund	\$ 51,882,911
Housing Assistance Program	20,572,714
Community Development Block Grant	599,313
	<u>\$ 73,054,938</u>

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, 2017, the outstanding balance including accrued interest of \$7,314,787 is \$51,882,911.

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, 2017, the outstanding balance including accrued interest of \$1,694,754 is \$20,572,714. 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, and is included in the total amount of loans receivable for the Fund of \$20,572,714.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**Note 5: Notes Receivable (Continued)**

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, 2017 is \$599,313.

Note 6: Interfund Transactions**a. Due To/From Other Funds**

At June 30, 2017, there were the following short-term interfund receivables and payables:

Due from Other Fund	Due to Other Funds				Total
	General Fund	Grants	Housing Assistance Program	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 660,023	\$ 893	\$ 259,563	\$ 920,479
Housing Assistance Program	15,240	-	-	-	15,240
Total	\$ 15,240	\$ 660,023	\$ 893	\$ 259,563	\$ 935,719

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

b. Advances To/From Other Funds

At June 30, 2017, 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	\$ -	\$ 1,593,184	\$ 1,593,184
Internal Service Funds	477,497	-	477,497
Total	\$ 477,497	\$ 1,593,184	\$ 2,070,681

The General Fund advanced funds to the Special Aviation Enterprise Fund for operational purposes. As of June 30, 2017, the outstanding balance of the loans were \$1,593,184.

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, 2017, the outstanding balance of the loan was \$477,497.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 6: Interfund Transactions (Continued)

c. Transfers In/Out

Transfers in and out for the year ended June 30, 2017, are as follows:

Transfers Out	Transfers In								Total
	General Fund	Grants	General Improvement	Nonmajor Governmental Funds	Water	Special Aviation	Oceanside Small Craft Harbor District	Internal Service Funds	
General Fund	\$ -	\$ 418,293	\$ 3,473,973	\$ 133,075	\$ -	\$ -	\$ 152,135	\$ -	\$ 4,177,476
Grants	40,701	-	-	-	30,000	134,126	-	-	204,827
Housing Assistance Program	-	900,000	-	73,961	-	-	-	-	973,961
General Improvement	35,700	33,962	-	300,000	-	-	-	279,000	648,662
Nonmajor Governmental Funds	1,210,301	-	-	390,000	20,500	-	-	-	1,620,801
Water	730,146	-	468,353	-	-	-	-	213,000	1,411,501
Sewer	-	-	468,353	-	-	-	-	57,186	525,539
Waste Disposal	5,184,792	-	468,353	150,000	-	-	-	-	5,803,145
Oceanside Small Craft Harbor District	6,015,304	-	-	-	-	-	-	-	6,015,304
Internal Service Funds	53,430	-	669,890	3,950	14,832	-	-	26,135	768,237
Total	<u>\$ 13,270,374</u>	<u>\$ 1,352,255</u>	<u>\$ 5,548,924</u>	<u>\$ 1,050,986</u>	<u>\$ 65,332</u>	<u>\$ 134,126</u>	<u>\$ 152,135</u>	<u>\$ 575,321</u>	<u>\$ 22,149,453</u>

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, 2017, is as follows:

	Balance at July 1, 2016	Transfers	Additions	Deletions	Balance at June 30, 2017
Capital assets not being depreciated:					
Land	\$ 56,085,522	\$ -	\$ -	\$ -	\$ 56,085,522
Construction in progress	5,092,219	(3,165,787)	19,393,847	978,084	20,342,195
Total Capital Assets, Not Being Depreciated	<u>61,177,741</u>	<u>(3,165,787)</u>	<u>19,393,847</u>	<u>978,084</u>	<u>76,422,717</u>
Capital assets being depreciated:					
Buildings and improvements	106,062,564	944,738	-	-	107,007,302
Improvements other than buildings	51,838,371	2,116,431	-	-	53,954,802
Machinery and equipment	70,527,610	104,618	4,238,368	1,938,926	72,931,670
Infrastructure	312,585,729	-	-	-	312,585,729
Total Capital Assets, Being Depreciated	<u>541,014,274</u>	<u>3,165,787</u>	<u>4,238,368</u>	<u>1,938,926</u>	<u>546,479,503</u>
Less accumulated depreciation for:					
Buildings and improvements	41,899,589	-	2,855,701	-	44,755,290
Improvements other than buildings	15,202,398	-	3,121,205	-	18,323,603
Machinery and equipment	57,490,077	-	2,987,707	1,851,129	58,626,655
Infrastructure	191,199,340	-	6,279,706	-	197,479,046
Total Accumulated Depreciation	<u>305,791,404</u>	<u>-</u>	<u>15,244,319</u>	<u>1,851,129</u>	<u>319,184,594</u>
Total Capital Assets, Being Depreciated, Net	<u>235,222,870</u>	<u>3,165,787</u>	<u>(11,005,951)</u>	<u>87,797</u>	<u>227,294,909</u>
Governmental Activities Capital Assets, Net	<u>\$ 296,400,611</u>	<u>\$ -</u>	<u>\$ 8,387,896</u>	<u>\$ 1,065,881</u>	<u>\$ 303,722,626</u>

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**Note 7: Capital Assets (Continued)**

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

General Government	\$ 207,893
Public Safety	1,394,984
Public Works	8,855,120
Community Development	2,251,144
Community/Cultural Services	625,167
Internal Service Funds	1,910,011
Total Depreciation expense- governmental activities	<u>\$ 15,244,319</u>

b. Business-Type Activities Capital Assets

A summary of changes in the business-type activities capital assets at June 30, 2017, is as follows:

	Balance at July 1, 2016	Transfers	Additions	Deletions	Balance at June 30, 2017
Capital assets not being depreciated:					
Land	\$ 29,613,703	\$ -	\$ -	\$ -	\$ 29,613,703
Construction in progress	26,643,741	(20,711,042)	24,955,252	92,071	30,795,880
Total Capital Assets, Not Being Depreciated	56,257,444	(20,711,042)	24,955,252	92,071	60,409,583
Capital assets being depreciated:					
Buildings and improvements	195,536,179	15,728,553	73,162	-	211,337,894
Improvements other than buildings	546,263,703	4,982,489	-	-	551,246,192
Machinery and equipment	12,566,260	-	-	86,126	12,480,134
Total Capital Assets, Being Depreciated	754,366,142	20,711,042	73,162	86,126	775,064,220
Less accumulated depreciation for:					
Buildings and improvements	59,428,270	-	4,200,627	-	63,628,897
Improvements other than buildings	295,561,696	-	10,589,664	-	306,151,360
Machinery and equipment	10,360,970	-	254,452	86,126	10,529,296
Total Accumulated Depreciation	365,350,936	-	15,044,743	86,126	380,309,553
Total Capital Assets, Being Depreciated, Net	389,015,206	20,711,042	(14,971,581)	-	394,754,667
Business-Type Activities Capital Assets, Net	<u>\$ 445,272,650</u>	<u>\$ -</u>	<u>\$ 9,983,671</u>	<u>\$ 92,071</u>	<u>\$ 455,164,250</u>

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**Note 7: Capital Assets (Continued)**

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

Water	\$ 6,371,788
Sewer	8,087,672
Waste Disposal	5,565
Special Aviation	78,550
Oceanside Small Craft Harbor District	501,168
Total depreciation expense-business type activities	<u>\$ 15,044,743</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, 2017:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
Certificates of Participation:						
2011 COP	\$ 5,035,000	\$ -	\$ (620,000)	\$ 4,415,000	\$ 640,000	\$ 3,775,000
2013 COPS 2003 Refunding	7,264,360	-	(1,221,408)	6,042,952	1,243,196	4,799,756
Total COPS	<u>12,299,360</u>	<u>-</u>	<u>(1,841,408)</u>	<u>10,457,952</u>	<u>1,883,196</u>	<u>8,574,756</u>
Capital Leases:						
2013 Streetlight Retrofit	3,820,771	-	(358,667)	3,462,104	370,054	3,092,050
2011 Fire Apparatus	258,881	-	(126,934)	131,947	131,947	-
Total Capital Leases	<u>4,079,652</u>	<u>-</u>	<u>(485,601)</u>	<u>3,594,051</u>	<u>502,001</u>	<u>3,092,050</u>
Notes Payable:						
2008 HUD 108 Loans	2,675,000	-	(146,000)	2,529,000	154,000	2,375,000
Total Notes Payable	<u>2,675,000</u>	<u>-</u>	<u>(146,000)</u>	<u>2,529,000</u>	<u>154,000</u>	<u>2,375,000</u>
2015 Taxable Pension Obligation Bonds	32,020,000	-	(2,585,000)	29,435,000	2,775,000	26,660,000
2015A OPFA Lease Revenue Bonds	8,335,000	-	(2,000,000)	6,335,000	2,050,000	4,285,000
Claims Payable	19,773,875	5,621,000	(4,937,060)	20,457,815	4,862,649	15,595,166
Compensated Absences	11,442,282	5,328,414	(4,831,269)	11,939,427	5,034,147	6,905,280
Net Pension Liability	166,553,728	34,053,868	-	200,607,596	-	200,607,596
OPEB Obligation	3,362,980	918,566	-	4,281,546	-	4,281,546
Subtotal	<u>\$ 260,541,877</u>	<u>\$ 45,921,848</u>	<u>\$ (16,826,338)</u>	<u>289,637,387</u>	<u>\$ 17,260,993</u>	<u>\$ 272,376,394</u>
Add: Unamortized Bond Premium (Discount)				319,351		
				Total	<u>\$ 289,956,738</u>	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 8: Long-Term Liabilities (Continued)**Certificates of Participation**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 \$640,000 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, 2017, the outstanding balance of these certificates was \$4,415,000.

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

Year Ending June 30	Principal	Interest	Total
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	795,000	58,075	853,075
2023	840,000	20,034	860,034
Totals	<u>\$ 4,415,000</u>	<u>\$ 620,774</u>	<u>\$ 5,035,774</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 \$916,461 to \$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, 2017, the outstanding balance of these certificates was \$6,042,952.

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

Year Ending June 30	Principal	Interest	Total
2018	\$ 1,243,196	\$ 101,803	\$ 1,344,999
2019	1,265,375	79,626	1,345,001
2020	857,498	58,963	916,461
2021	876,591	43,650	920,241
2022	893,154	28,008	921,162
2023	907,138	12,083	919,221
Totals	<u>\$ 6,042,952</u>	<u>\$ 324,133</u>	<u>\$ 6,367,085</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 8: Long-Term Liabilities (Continued)**Capital Lease Obligations**2011 Fire Apparatus Lease/Purchase Agreement

On February 4, 2011, the City entered into a lease/purchase agreement with Oshkosh Capital in the amount of \$1,624,761 for the purchase of one 2011 Pierce PUC Tiller and one 2011 Pierce PUC Pumper. The lease is due in annual installments of \$137,159. The lease bears an interest rate of 3.95% and is payable annually on February 4. As of June 30, 2017, the outstanding balance of this lease was \$131,947.

The future minimum lease payments are as follows:

Year Ending June 30	Annual Payment
2018	\$ 137,159
Less Interest	(5,212)
Total	<u>\$ 131,947</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, 2017, the outstanding balance of this lease was \$3,462,104.

Year Ending June 30	Annual Payment
2018	\$ 476,219
2019	476,219
2020	476,219
2021	476,219
2022	476,219
2023-2026	<u>1,582,011</u>
	3,963,106
Less Interest	(501,002)
Total	<u>\$ 3,462,104</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 8: Long-Term Liabilities (Continued)**Notes Payable**2008 HUD 108 Loans - Original Issue \$3,500,000

In June 2008, the City entered into a contract with the United States Department of Housing and Urban Development for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308 for Series 2008-A Certificates. The loans are due in annual installments ranging from \$154,000 to \$279,000. Interest is payable quarterly at a rate of 4.8 percent. At June 30, 2017, the outstanding balance of the loans was \$2,529,000.

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

Year Ending June 30	Principal	Interest	Total
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	191,000	93,289	284,289
2023-2027	1,127,000	301,960	1,428,960
2028-2029	543,000	29,785	572,785
Totals	<u>\$ 2,529,000</u>	<u>\$ 884,458</u>	<u>\$ 3,413,458</u>

Pension Obligation Bonds2015 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, 2017, the outstanding balance of the bonds was \$29,435,000.

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

Year Ending June 30	Principal	Interest	Total
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	3,720,000	602,809	4,322,809
2023-2026	13,330,000	883,412	14,213,412
Totals	<u>\$ 29,435,000</u>	<u>\$ 4,890,210</u>	<u>\$ 34,325,210</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 8: Long-Term Liabilities (Continued)**Lease Revenue Bonds**2015 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, 2017, the outstanding balance of the bonds was \$6,335,000.

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

Year Ending June 30	Principal	Interest	Total
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	<u>\$ 6,335,000</u>	<u>\$ 451,625</u>	<u>\$ 6,786,625</u>

Claims Payable

Claims payable have been accrued. Amounts determined to be debts of either the business-type and/or the proprietary funds have been recorded as liabilities in those funds. There is no fixed payment schedule to pay these liabilities. Additional information can be obtained from note 10. Total amount of claims payable for the governmental activities as of June 30, 2017, was \$20,457,815.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities amounts to \$11,939,427 at June 30, 2017. The general fund has a committed fund balance in the amount of \$2,336,981 for employment leave reserve. The remaining liability will be liquidated from the funds that the employee is charged to.

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 \$200,607,596. 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 \$4,281,546. Additional information on the plan can be obtained from Note 12. The liability will be liquidated from the funds that the employee is charged to.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 8: Long-Term Liabilities (Continued)

b. Business-Type Activities Long-Term Debt

The following is a summary of changes in business-type and proprietary funds activities long-term debt for the year ended June 30, 2017:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
Revenue Refunding Bonds:						
2013 Gross Revenue Refunding Bonds	\$ 1,225,000	\$ -	\$ (310,000)	\$ 915,000	\$ 320,000	\$ 595,000
2013A Water Revenue Refunding Bonds	16,215,000	-	(1,425,000)	14,790,000	1,475,000	13,315,000
2013A Sewer Revenue Refunding Bonds	10,360,000	-	(1,075,000)	9,285,000	1,120,000	8,165,000
Total Refunding Bonds	27,800,000	-	(2,810,000)	24,990,000	2,915,000	22,075,000
Notes Payable:						
State Revolving Loan	26,559,572	-	(2,447,523)	24,112,049	2,491,651	21,620,398
Department of Transportation	213,444	-	(77,444)	136,000	81,222	54,778
Total Notes Payable	26,773,016	-	(2,524,967)	24,248,049	2,572,873	21,675,176
Compensated Absences	1,970,336	938,659	(951,492)	1,957,503	956,301	1,001,202
Net Pension Liability	14,376,797	2,992,314	-	17,369,111	-	17,369,111
Subtotal	\$ 70,920,149	\$ 3,930,973	\$ (6,286,459)	68,564,663	\$ 6,444,174	\$ 62,120,489
Add: Unamortized Bond Premiums				3,079,259		
Total				\$ 71,643,922		

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 \$320,000 through August 2023. The interest rate is 2% and is payable semi-annually on February 1 and August 1. Bonds are not subject to optional redemption prior to maturity. As of June 30, 2017, the outstanding balance of these bonds was \$915,000.

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

Year Ending June 30	Principal	Interest	Total
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	100,000	5,100	105,100
2023-2024	205,000	4,150	209,150
Totals	\$ 915,000	\$ 51,450	\$ 966,450

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**Note 8: Long-Term Liabilities (Continued)**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 \$600,000 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, 2017, the outstanding balance was \$14,790,000 and unamortized bond premium was \$1,664,177.

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

Year Ending June 30	Principal	Interest	Total
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	1,280,000	498,663	1,778,663
2023-2027	3,320,000	1,861,038	5,181,038
2028-2032	4,235,000	946,238	5,181,238
2033	985,000	51,713	1,036,713
Totals	<u>\$ 14,790,000</u>	<u>\$ 5,917,904</u>	<u>\$ 20,707,904</u>

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

The bonds were issued by the City to (a) prepay all of City of Oceanside Revenue Certificates of Participation (1993 Wastewater System Refunding Project) Series 2003 and City of Oceanside Revenue Refunding Certificates of Participation, Series 2008; (b) 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 bond principal is due in semi-annual installments ranging from \$565,000 to \$1,255,000 through May 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, 2017, the outstanding balance was \$9,285,000 and unamortized bond premium was \$1,415,082.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**Note 8: Long-Term Liabilities (Continued)**

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

Year Ending June 30	Principal	Interest	Total
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	565,000	200,819	765,819
2023-2027	3,235,000	595,494	3,830,494
2028	735,000	22,969	757,969
Totals	\$ 9,285,000	\$ 2,106,758	\$ 11,391,758

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, 2017, the outstanding balance of these notes was \$24,112,049.

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

Year Ending June 30	Principal	Interest	Total
2018	\$ 2,491,651	\$ 434,740	\$ 2,926,391
2019	2,536,575	389,816	2,926,391
2020	2,582,310	344,081	2,926,391
2021	2,628,869	297,522	2,926,391
2022	2,676,267	250,124	2,926,391
2023-2026	11,196,377	509,185	11,705,562
Totals	\$ 24,112,049	\$ 2,225,468	\$ 26,337,517

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, 2017, the outstanding balance of this note was \$136,000.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 8: Long-Term Liabilities (Continued)

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

Year Ending June 30	Principal	Interest	Total
2018	\$ 81,222	\$ 6,877	\$ 88,099
2019	54,778	2,770	57,548
Totals	\$ 136,000	\$ 9,647	\$ 145,647

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 \$17,369,111. 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.

c. Debt Without City Commitment

The following 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, 2017
CFD 2000-1 Ocean Ranch 2013 Refunding	June 13, 2013	\$ 11,175,000	\$ 10,400,000
CFD 2000-1 Ocean Ranch 2014 Refunding	June 4, 2014	11,755,000	11,430,000
CFD 2001-1 Morro Hills 2013 Refunding	June 13, 2013	6,710,000	5,195,000
CFD 2001-1 Morro Hills Refunding 2014A	February 14, 2014	10,885,000	9,020,000
CFD 2001-1 Morro Hills Imp Area 1 Refunding 2014A	February 14, 2014	7,025,000	5,980,000
CFD 2006-1 Pacific Coast Bus Park Refunding 2017	January 26, 2017	9,090,000	9,060,000
Villa Storia Multifamily Residential Housing Revenue Bonds	December 15, 2016	6,970,000	6,970,000

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 9: Fund Balances

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

	General Fund	Grants	Housing Assistance Program	General Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 16,376	\$ -	\$ -	\$ -	\$ -	\$ 16,376
Prepaid costs	79,547	6,300	1,869	585,000	-	672,716
Land held for resale	700,000	-	-	-	-	700,000
Notes and loans	1,593,184	-	-	-	-	1,593,184
Total nonspendable	2,389,107	6,300	1,869	585,000	-	2,982,276
Restricted:						
Community development projects	-	3,938,626	-	-	-	3,938,626
Public safety	-	140,760	-	-	978,567	1,119,327
Debt service	-	-	-	-	2,588,474	2,588,474
Street lighting and landscape maintenance	-	-	-	-	1,427,935	1,427,935
Highways	-	-	-	-	4,276,086	4,276,086
Housing assistance program	-	-	6,611,909	-	-	6,611,909
Capital projects	-	-	-	33,510,793	-	33,510,793
Total restricted	-	4,079,386	6,611,909	33,510,793	9,271,062	53,473,150
Committed:						
Community development projects	17,428,602	-	-	-	-	17,428,602
Employment leave	2,336,981	-	-	-	-	2,336,981
Total committed	19,765,583	-	-	-	-	19,765,583
Assigned:						
Community development projects	1,543,112	-	-	-	-	1,543,112
Parks and recreation	76,441	-	-	-	-	76,441
Public works	850,026	-	-	-	-	850,026
Capital projects	550,000	-	-	-	-	550,000
Infrastructure	17,319,419	-	-	-	-	17,319,419
Other purposes	14,525,685	-	-	-	-	14,525,685
Employee compensation	500,000	-	-	-	-	500,000
PERS unfunded liability	6,175,000	-	-	-	-	6,175,000
Museum of Art	150,000	-	-	-	-	150,000
Development services	800,000	-	-	-	-	800,000
Total assigned	42,489,683	-	-	-	-	42,489,683
Unassigned	2,099,212	-	-	-	(139,423)	1,959,789
Total fund balances	\$ 66,743,585	\$ 4,085,686	\$ 6,613,778	\$ 34,095,793	\$ 9,131,639	\$ 120,670,481

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, 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. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 10: Risk Management (Continued)

The workers' compensation and general/auto liability claims payable of \$16,914,000 and \$3,543,815, respectively, reported at June 30, 2017, 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
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
2017	19,773,875	5,621,000	4,937,060	20,457,815

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, 2017
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, 2016 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, 2017
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, 2015, the following employees were covered by the benefit terms of the plan:

Description	Number of members	
	Miscellaneous Plan	Safety Plan
Active members	544	310
Transferred members	367	90
Terminated members	302	52
Retired members and beneficiaries	815	425
Total	2,028	877

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, 2017, the employer contributions recognized as a reduction to the net pension liability for all the Miscellaneous Plan and Safety Plan were \$8,320,100 and \$10,124,282, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2017 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, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and the June 30, 2016 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, 2015 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

There were no changes of assumptions that would materially affect the results presented in this disclosure.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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

The discount rate used to measure the total pension liability at June 30, 2016, 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	20.0	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	1.0	(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, 2017

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

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and results in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017 measurement date reports and will result in an increase to employer's total pension liabilities.

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.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11: Retirement Plans (Continued)

c. Changes in the Net Pension Liability

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

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Miscellaneous Plan			
Balance at: 6/30/2015 (Valuation Date) (1)	\$ 371,406,169	\$ 283,904,243	\$ 87,501,926
Changes recognized for the Measurement Period:			
Service cost	6,246,675	-	6,246,675
Interest on total pension liability	27,718,396	-	27,718,396
Differences between expected and actual experience	(3,305,967)	-	(3,305,967)
Plan to plan resource movement	-	(1,431)	1,431
Contributions - employer	-	8,640,705	(8,640,705)
Contributions - employees	-	2,897,160	(2,897,160)
Net investment income	-	1,462,692	(1,462,692)
Benefit payments, including refunds of employee contributions	(17,783,125)	(17,783,125)	-
Administrative expense	-	(173,025)	173,025
Net changes during 2015-16	12,875,979	(4,957,024)	17,833,003
Balance at: 6/30/2016 (Measurement Date) (1)	384,282,148	278,947,219	105,334,929
Safety Plan			
Balance at: 6/30/2015 (Valuation Date) (1)	436,127,460	342,698,862	93,428,598
Changes recognized for the Measurement Period:			
Service cost	9,035,445	-	9,035,445
Interest on total pension liability	32,392,557	-	32,392,557
Differences between expected and actual experience	(6,539,562)	-	(6,539,562)
Plan to plan resource movement	-	1,431	(1,431)
Contributions - employer	-	11,179,323	(11,179,323)
Contributions - employees	-	2,987,703	(2,987,703)
Net investment income	-	1,715,660	(1,715,660)
Benefit payments, including refunds of employee contributions	(21,347,011)	(21,347,011)	-
Administrative expense	-	(208,857)	208,857
Net changes during 2015-16	13,541,429	(5,671,751)	19,213,180
Balance at: 6/30/2016 (Measurement Date) (1)	449,668,889	337,027,111	112,641,778
Total - All Plans at 6/30/2016 (Measurement Date)	\$ 833,951,037	\$ 615,974,330	\$ 217,976,707

- (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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017
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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 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	\$ 155,842,400	\$ 105,334,929	\$ 63,579,980
Safety Plan's Net Pension Liability	174,013,326	112,641,778	62,341,537
Total Net Pension Liability	<u>\$ 329,855,726</u>	<u>\$ 217,976,707</u>	<u>\$ 125,921,517</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, 2017, the City recognized pension expense as follows:

Miscellaneous	Safety	Total Plans
<u>\$ 6,857,808</u>	<u>\$ 8,942,215</u>	<u>\$ 15,800,023</u>

Note that no adjustments have been made for contributions subsequent to the measurement date.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 11: Retirement Plans (Continued)

At June 30, 2017, 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
Miscellaneous Plan		
Contributions made after the measurement date	\$ 9,310,178	\$ -
Difference between expected and actual experience	-	(2,207,464)
Change in assumptions	-	(1,089,031)
Net difference between projected and actual earnings on pension plan investments	15,183,998	-
Miscellaneous Plan Total	24,494,176	(3,296,495)
Safety Plan		
Contributions made after the measurement date	11,829,831	-
Difference between expected and actual experience	-	(9,667,421)
Change in assumptions	-	(4,294,069)
Net difference between projected and actual earnings on pension plan investments	18,596,556	-
Safety Plan Total	30,426,387	(13,961,490)
Total	\$ 54,920,563	\$ (17,257,985)

\$21,140,009 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, 2018. 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	Deferred Outflows/(Inflows) of Resources		
June 30,	Miscellaneous	Safety	Total Plans
2017	\$ (641,777)	\$ (2,728,944)	\$ (3,370,721)
2018	1,552,726	(2,728,944)	(1,176,218)
2019	6,995,060	5,411,284	12,406,344
2020	3,981,494	4,681,670	8,663,164

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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 four 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, 2017, the City contribution including subsidy amounted to \$231,628 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	113,212
Adjustment to annual required contribution	(163,677)
Annual OPEB cost (expense)	611,195
Contribution including subsidy	(210,236)
Increase in net OPEB obligation	400,959
Net OPEB obligation - beginning of year	2,830,305
Net OPEB obligation - end of year	<u>\$ 3,231,264</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017
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, 2017, 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
6/30/2015	\$ 649,384	\$ 349,161	53.8%	\$ 2,379,285
6/30/2016	617,683	166,664	27.0%	2,830,305
6/30/2017	625,053	231,628	37.1%	3,231,264

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,094,841
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,094,841</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 63,197,046
UAAL as a percentage of covered payroll	8.06%

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, presented as required supplementary information following the notes to the financial statements, 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.

The City has an actuarial valuation performed 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 an open basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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 per month for calendar year 2012 and \$117 per 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, 2017, the City paid \$21,392 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 an open period not to exceed thirty years.

Annual required contribution	\$ 23,356
Interest on net OPEB obligation	21,307
Adjustment to annual required contribution	<u>(30,805)</u>
Annual OPEB cost (expense)	13,858
Contributions made, including subsidy	<u>(21,392)</u>
Increase in net OPEB obligation	(7,534)
Net OPEB obligation - beginning of year	<u>532,675</u>
Net OPEB obligation - end of year	<u>\$ 525,141</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017
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, 2017, 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
6/30/2015	\$ 12,563	\$ 30,912	246.1%	\$ 551,263
6/30/2016	12,324	30,912	250.8%	532,675
6/30/2017	13,858	21,392	154.4%	525,141

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 403,878
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 403,878</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 9,054,061
UAAL as a percentage of covered payroll	4.46%

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, presented as required supplementary information following the notes to the financial statements, 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.

The City has an actuarial valuation performed 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 an open basis.

CITY OF OCEANSIDE, CALIFORNIA**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2017

Note 13: Commitments and Contingencies**Commitments**

The following material construction commitments existed at June 30, 2017:

Project	Contract Amount	Expenditures to date as of June 30, 2017	Remaining Commitments
Lot 23 Public Parking Garage	\$ 12,103,428	\$ 7,520,166	\$ 4,583,262
Coast Highway Bridge Replacement	5,393,910	769,285	4,624,625
Weese Lagoons Improvement Project	4,712,931	264,836	4,448,095
Water & SCADA Major Upgrades Project	8,076,113	2,657,541	5,418,572
Loma Alta Creek Sewerline Relocation	2,826,874	2,585,160	241,714
Phase I Downtown Pipeline Replacement Water & Sewer	6,764,738	3,033,385	3,731,353
Plan & Design of Upper SLR WRF	4,942,531	390,504	4,552,027
Morro Hills No. 1 & No. 2 Reservoir Repairs Project	6,073,807	1,274,384	4,799,423
FY 16/17 Build & Design Services - Recycled Water Treatment Plant	12,937,231	1,097,260	11,839,971
FY 16/17 Seismic Retrofit	4,222,350	292,743	3,929,607

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 14: Restatement of Net Position and Fund Balance

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

Governmental Activities:General Fund

To correct for revenue received in the previous two fiscal years that was recorded as unavailable revenue	\$ 201,235
To correct recording of the final payment of the sales tax in-lieu received in the prior year	(652,442)
To correct recording of an invoice written off in the prior year	<u>361,984</u>
Subtotal - General Fund	<u>(89,223)</u>

Grants Fund

To adjust the prior year NSP long-term loans receivable balances	(414,136)
To adjust loans receivable to the correct balance	(5,141)
To reclassify nonspendable fund balance to unavailable revenues	<u>(633,118)</u>
Subtotal - Grants Fund	<u>(1,052,395)</u>

General Improvement Fund

To correct a prepaid asset which was recorded to expenditures	600,000
To correct unearned revenues which were recorded to revenues	<u>(173,580)</u>
Subtotal - General Improvement Fund	<u>426,420</u>

Total Governmental Activities	<u>\$ (715,198)</u>
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Note 15: Tax Abatement Agreement

On September 10, 2014, the City entered into a transient occupancy tax abatement agreement with a local developer. This agreement allows for a 100 percent transient occupancy tax abatement during the first three years after Phase I hotel is open, a 100 percent transient occupancy tax abatement during the first three years after Phase II hotel is open, and then the City and developer will share transient occupancy taxes at varying levels for a period of fifteen years on the Phase I hotel and fourteen years on the Phase II hotel.

The total amount of transient occupancy tax to be abated under this agreement amounts to \$11,335,250. As part of this agreement, the City also agreed to subsidize the developer by abating off-site mitigation fees in the amount of \$609,750, and development impact fees in the amount of \$1,743,267. This agreement expires on September 10, 2029. For the fiscal year ended June 30, 2017, the amount of transient occupancy tax abated under this agreement amounts to \$0.

Note 16: 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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).

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	\$ 4,248,397
Cash and investments with fiscal agent	50
	\$ 4,248,447

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)****b. Capital Assets**

Capital assets of the Successor Agency as of June 30, 2017, were as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Capital assets not being depreciated:				
Land	\$ 3,699,165	\$ -	\$ -	\$ 3,699,165
Construction in progress	683,801	-	-	683,801
Total Capital Assets, Not Being Depreciated	4,382,966	-	-	4,382,966
Capital assets being depreciated:				
Infrastructure	2,155,238	-	-	2,155,238
Total Capital Assets, Being Depreciated	2,155,238	-	-	2,155,238
Less accumulated depreciation for:				
Infrastructure	134,629	107,761	-	242,390
Total Accumulated Depreciation	134,629	107,761	-	242,390
Total Capital Assets, Being Depreciated, Net	2,020,609	(107,761)	-	1,912,848
Governmental Activities Capital Assets, Net	\$ 6,403,575	\$ (107,761)	\$ -	\$ 6,295,814

c. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2017, follows.

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year	Due in More Than One Year
2015A Tax allocation refunding bonds	\$ 20,370,000	\$ -	\$ 1,800,000	\$ 18,570,000	\$ 1,830,000	\$ 16,740,000
2015B Tax allocation refunding bonds	10,080,000	-	915,000	9,165,000	925,000	8,240,000
Advances from the City of Oceanside	4,317,085	-	-	4,317,085	-	4,317,085
Total	\$ 55,569,605	\$ -	\$ 2,715,000	32,052,085	\$ 2,755,000	\$ 29,297,085
Add: Unamortized Bond Premium				2,254,813		
Total				\$ 34,306,898		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017
Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)
Tax Allocation Bonds
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, 2017, the outstanding balance of the bonds is \$18,570,000.

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

Year Ending June 30	Principal	Interest	Total
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	2,210,000	482,000	2,692,000
2023-2026	8,535,000	774,375	9,309,375
Totals	<u>\$ 18,570,000</u>	<u>\$ 4,164,925</u>	<u>\$ 22,734,925</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, 2017, the outstanding balance of the bonds is \$9,165,000.

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

Year Ending June 30	Principal	Interest	Total
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	1,005,000	170,638	1,175,638
2023-2026	4,355,000	329,981	4,684,981
Totals	<u>\$ 9,165,000</u>	<u>\$ 1,422,067</u>	<u>\$ 10,587,067</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it received. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the redevelopment activities of the Community Development Commission, property taxes allocated to redevelopment activities no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt as of June 30, 2017, is \$33,321,992 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 \$3,922,172 and the debt service obligation on the bonds was \$3,875,181.

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.

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, 2017, 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 \$8,050 to record escrow funds received in 2014 that should have been reported as revenue in that year.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Note 1: Budgetary Information

a. Budgetary Basis of Accounting

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 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. A fund's Basis of Budgeting and Basis of Accounting determines when a transaction or event is recognized; refer to *Note 1 Summary of Significant Accounting Policies* in the Notes to the Basic Financial Statements for more information. Only revenues and expenditures anticipated during the fiscal year are included in the budget. Unexpended operating budget funds revert to fund balance at the close of a fiscal year. Unexpended capital and grant funds are carried forward from year to year until projects are officially closed.

Budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is at the fund level. Council and Administrative policies provide guidelines on budget transfers and the authorization necessary to implement transfers. Generally, there are two types of budget transfers:

- *Budget adjustment:* This is a transfer which does not change the total appropriated amount within a fund and does not require Council action. Approval is granted at the City Manager level.
- *Budget amendment:* This is an adjustment to the total appropriated amount within a fund or business unit which was not included in the original budget. These supplemental appropriations are presented to City Council in an agenda report and require the passage of a simple majority of the City Council for approval.

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as Restated	\$ 57,402,537	\$ 57,402,537	\$ 57,402,537	\$ -
Resources (Inflows):				
Taxes	90,562,580	90,562,580	94,992,630	4,430,050
Licenses and permits	2,873,250	2,873,250	3,804,528	931,278
Intergovernmental	484,000	484,000	497,833	13,833
Charges for services	14,976,073	14,731,753	18,653,610	3,921,857
Use of money and property	6,681,573	6,724,307	6,911,923	187,616
Fines and forfeitures	3,607,300	3,607,300	3,582,534	(24,766)
Administrative and in lieu charges	6,913,320	6,913,320	6,914,897	1,577
Miscellaneous	84,000	84,000	160,767	76,767
Transfers in	13,395,859	13,897,604	13,270,374	(627,230)
Amounts Available for Appropriations	196,980,492	197,280,651	206,191,633	8,910,982
Charges to Appropriations (Outflows):				
General government				
City Council	981,412	996,617	918,716	77,901
City Clerk	1,272,624	1,239,030	1,155,789	83,241
City Treasurer	1,124,832	1,123,423	1,251,285	(127,862)
City Manager	690,690	686,117	428,484	257,633
City Attorney	1,690,313	1,690,881	1,662,825	28,056
Financial Services	5,631,586	5,703,997	5,228,416	475,581
Human Resources	689,514	703,021	691,551	11,470
Nondepartmental	5,205,659	5,236,034	3,801,502	1,434,532
Public safety				
Police	54,656,276	56,447,274	55,775,710	671,564
Fire	28,915,631	29,133,935	30,036,659	(902,724)
Community development				
Engineering	4,779,701	4,538,004	3,934,680	603,324
Planning	2,112,784	2,084,227	1,692,460	391,767
Building	2,388,445	2,482,980	2,245,011	237,969
Community/cultural services				
Library	5,072,461	5,009,751	4,872,039	137,712
Neighborhood Services Department	6,608,753	6,779,560	6,292,467	487,093
Economic and Community Development	634,057	679,497	639,209	40,288
Property Management	914,476	1,100,581	907,225	193,356
Public works				
Public Works	13,900,904	14,092,099	13,176,201	915,898
Capital outlay	176,000	613,751	423,183	190,568
Debt service:				
Principal retirement	-	132,699	126,934	5,765
Interest and fiscal charges	-	10,226	10,226	-
Transfers out	1,536,416	3,320,255	4,177,476	(857,221)
Total Charges to Appropriations	138,982,534	143,803,959	139,448,048	4,355,911
Budgetary Fund Balance, June 30	\$ 57,997,958	\$ 53,476,692	\$ 66,743,585	\$ 13,266,893

The notes to required supplementary information are an integral part of this schedule.

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
GRANTS
FOR THE YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1, as Restated	\$ 2,925,715	\$ 2,925,715	\$ 2,925,715	\$ -
Resources (Inflows):				
Intergovernmental	6,603,115	7,399,030	3,468,451	(3,930,579)
Charges for services	3,700	15,700	24,315	8,615
Use of money and property	369,297	369,597	517,044	147,447
Developer participation	261,405	1,415,572	1,871,229	455,657
Miscellaneous	11,700	19,200	337,046	317,846
Transfers in	6,271,206	4,173,621	1,352,255	(2,821,366)
Amounts Available for Appropriations	16,446,138	16,318,435	10,496,055	(5,822,380)
Charges to Appropriations (Outflows):				
General government	-	143,100	8,100	135,000
Public safety	890,766	2,003,460	1,114,824	888,636
Community development	10,701,206	9,141,108	4,010,418	5,130,690
Parks and recreation	42,847	273,778	173,581	100,197
Community/cultural services	-	134,316	80,887	53,429
Capital outlay	1,800,000	3,281,490	817,732	2,463,758
Transfers out	5,132,959	2,860,409	204,827	2,655,582
Total Charges to Appropriations	18,567,778	17,837,661	6,410,369	11,427,292
Budgetary Fund Balance, June 30	\$ (2,121,640)	\$ (1,519,226)	\$ 4,085,686	\$ 5,604,912

The notes to required supplementary information are an integral part of this schedule.

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
HOUSING ASSISTANCE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1, as Restated	\$ 7,348,913	\$ 7,348,913	\$ 7,348,913	\$ -
Resources (Inflows):				
Licenses and permits	287,954	287,954	326,990	39,036
Intergovernmental	15,884,819	16,432,414	16,891,634	459,220
Charges for services	65,763	65,763	65,812	49
Use of money and property	795,416	1,198,256	853,214	(345,042)
Miscellaneous	492,331	492,331	380,876	(111,455)
Transfers in	60,000	60,000	-	(60,000)
Amounts Available for Appropriations	24,935,196	25,885,631	25,867,439	(18,192)
Charges to Appropriations (Outflows):				
Community development	17,541,065	18,793,612	18,279,700	513,912
Transfers out	960,000	960,000	973,961	(13,961)
Total Charges to Appropriations	18,501,065	19,753,612	19,253,661	499,951
Budgetary Fund Balance, June 30	\$ 6,434,131	\$ 6,132,019	\$ 6,613,778	\$ 481,759

The notes to required supplementary information are an integral part of this schedule.

CITY OF OCEANSIDE, CALIFORNIA

**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	2016	2015	2014
Total Pension Liability:			
Service cost	\$ 6,246,675	\$ 6,352,501	\$ 6,739,488
Interest on total pension liability	27,718,396	26,777,993	25,673,047
Changes in assumptions	-	(6,534,185)	-
Difference between expected and actual experience	(3,305,967)	(1,673,895)	-
Benefit payments, including refunds of employee contributions	(17,783,125)	(17,174,366)	(15,383,934)
Net change in total pension liability	12,875,979	7,748,048	17,028,601
Total pension liability - beginning	371,406,169	363,658,121	346,629,520
Total pension liability - ending (a)	384,282,148	371,406,169	363,658,121
Plan Fiduciary Net Position:			
Contributions - employer	\$ 8,640,705	\$ 7,450,463	\$ 7,232,808
Contributions - employee	2,897,160	2,960,994	3,121,902
Net investment income	1,462,692	6,337,368	42,691,113
Benefit payments, including refunds of employee contributions	(17,783,125)	(17,174,366)	(15,383,934)
Net plan to plan resource movement	(1,431)	(255)	-
Administrative expense	(173,025)	(327,880)	-
Net change in fiduciary net position	(4,957,024)	(753,676)	37,661,889
Plan fiduciary net position - beginning	283,904,243	284,657,919	246,996,030
Plan fiduciary net position - ending (b)	278,947,219	283,904,243	284,657,919
Net Pension Liability - Ending (a) - (b)	\$ 105,334,929	\$ 87,501,926	\$ 79,000,202
Plan fiduciary net position as a percentage of the total pension liability	72.59%	76.44%	78.28%
Covered payroll	\$ 35,805,773	\$ 35,092,814	\$ 35,409,488
Plan net pension liability as a percentage of covered payroll	294.18%	249.34%	223.10%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015, amounts reported were based on the 7.5 percent discount rate.

(1) Fiscal Year 2015 was the first year of implementation; therefore, only three years are shown.

CITY OF OCEANSIDE, CALIFORNIA

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	2016	2015	2014
Total Pension Liability:			
Service cost	\$ 9,035,445	\$ 9,471,721	\$ 10,028,996
Interest on total pension liability	32,392,557	31,362,885	30,432,000
Changes in assumptions	-	(7,872,461)	-
Difference between expected and actual experience	(6,539,562)	(8,658,602)	-
Benefit payments, including refunds of employee contributions	(21,347,011)	(19,887,274)	(18,990,595)
Net change in total pension liability	13,541,429	4,416,269	21,470,401
Total pension liability - beginning	436,127,460	431,711,191	410,240,790
Total pension liability - ending (a)	449,668,889	436,127,460	431,711,191
Plan Fiduciary Net Position:			
Contributions - employer	\$ 11,179,323	\$ 9,726,446	\$ 9,044,122
Contributions - employee	2,987,703	2,946,540	2,972,544
Net investment income	1,715,660	7,570,596	51,514,504
Benefit payments, including refunds of employee contributions	(21,347,011)	(19,887,274)	(18,990,595)
Net plan to plan resource movement	1,431	255	-
Administrative expense	(208,857)	(385,706)	-
Net change in fiduciary net position	(5,671,751)	(29,143)	44,540,575
Plan fiduciary net position - beginning	342,698,862	342,728,005	298,187,430
Plan fiduciary net position - ending (b)	337,027,111	342,698,862	342,728,005
Plan net pension liability - ending (a) - (b)	\$ 112,641,778	\$ 93,428,598	\$ 88,983,186
Plan fiduciary net position as a percentage of the total pension liability	74.95%	78.58%	79.39%
Covered payroll	\$ 31,451,701	\$ 32,835,473	\$ 33,220,696
Plan net pension liability as a percentage of covered payroll	358.14%	284.54%	267.85%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015, amounts reported were based on the 7.5 percent discount rate.

(1) Fiscal Year 2015 was the first year of implementation; therefore, only three years are shown.

CITY OF OCEANSIDE, CALIFORNIA

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

FISCAL YEAR	2017	2016	2015	2014
Miscellaneous Plan:				
Actuarially Determined Contribution	\$ 9,310,178	\$ 8,320,100	\$ 7,450,216	\$ 7,232,808
Contribution in Relation to the Actuarially Determined Contribution	(9,310,178)	(8,320,100)	(7,450,216)	(7,232,808)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 36,922,937	\$ 35,805,773	\$ 35,092,814	\$ 35,409,488
Contributions as a Percentage of Covered Payroll	25.22%	23.24%	21.23%	20.43%
Safety Plan:				
Actuarially Determined Contribution	\$ 11,829,831	\$ 10,124,282	\$ 9,726,446	\$ 9,044,122
Contribution in Relation to the Actuarially Determined Contribution	(11,829,831)	(10,124,282)	(9,726,446)	(9,044,122)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 32,844,130	\$ 31,451,701	\$ 32,835,473	\$ 33,220,696
Contributions as a Percentage of Covered Payroll	36.02%	32.19%	29.62%	27.22%

Notes to Schedule of Plan Contributions:

Valuation Date:

June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method
 Amortization method
 Asset valuation method
 Inflation
 Salary increases
 Discount rate
 Retirement age

Entry age normal
 Level percent of payroll
 Market value
 2.75 percent compounded annually
 3.20% - 12.20%, depending on entry age and duration of service
 7.5 percent compounded annually (net of expenses)
 The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
 RP-2000 Health Annuitant Mortality Table

Mortality

(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 four years are shown.

CITY OF OCEANSIDE, CALIFORNIA

OTHER POST-EMPLOYMENT BENEFITS (OPEB)
 SCHEDULE OF FUNDING PROGRESS
 JUNE 30, 2017

Retiree Health Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (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)
7/1/2011	\$ 4,563,531	\$ -	\$ 4,563,531	0.00%	\$ 55,600,000	8.21%
7/1/2013	6,271,148	-	6,271,148	0.00%	62,225,267	10.08%
7/1/2015	5,094,841	-	5,094,841	0.00%	63,197,046	8.06%

PERS Health Program

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (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)
7/1/2011	\$ 1,494,098	\$ -	\$ 1,494,098	0.00%	\$ 7,656,472	19.51%
7/1/2013	403,223	-	403,223	0.00%	9,415,640	4.28%
7/1/2015	403,878	-	403,878	0.00%	9,054,061	4.46%

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

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, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Funds				
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant	Maintenance Districts
Assets:					
Cash and investments	\$ 964,270	\$ -	\$ 4,618,063	\$ -	\$ 1,663,404
Taxes receivable	-	-	-	-	9,935
Notes and loans receivable	-	-	-	599,313	-
Due from other governments	39	-	135,282	120,160	680
Restricted cash and investments with fiscal agents	-	-	-	-	183
Total Assets	\$ 964,309	\$ -	\$ 4,753,345	\$ 719,473	\$ 1,674,202
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):					
Liabilities:					
Accounts payable	\$ -	\$ 5,576	\$ 402,873	\$ 16,159	\$ 238,847
Accrued liabilities	-	-	31,607	16,305	-
Due to other funds	-	114,529	30,600	107,014	7,420
Total Liabilities	-	120,105	465,080	139,478	246,267
Deferred Inflows of Resources:					
Unavailable revenues	-	-	12,179	599,313	-
Total Deferred Inflows of Resources	-	-	12,179	599,313	-
Fund Balances (Deficits):					
Restricted					
Public safety	964,309	-	-	-	-
Highways	-	-	4,276,086	-	-
Street lighting and landscape maintenance	-	-	-	-	1,427,935
Debt service	-	-	-	-	-
Unassigned	-	(120,105)	-	(19,318)	-
Total Fund Balances (Deficits)	964,309	(120,105)	4,276,086	(19,318)	1,427,935
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 964,309	\$ -	\$ 4,753,345	\$ 719,473	\$ 1,674,202

CITY OF OCEANSIDE, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Debt Service Funds		Total Nonmajor Governmental Funds
	State & Local Asset Seizure	General Debt Service	Oceanside Lighting District	
Assets:				
Cash and investments	\$ 14,258	\$ 2,546,096	\$ 32,429	\$ 9,838,520
Taxes receivable	-	-	-	9,935
Notes and loans receivable	-	-	-	599,313
Due from other governments	-	-	-	256,161
Restricted cash and investments with fiscal agents	-	9,949	-	10,132
Total Assets	\$ 14,258	\$ 2,556,045	\$ 32,429	\$ 10,714,061
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 663,455
Accrued liabilities	-	-	-	47,912
Due to other funds	-	-	-	259,563
Total Liabilities	-	-	-	970,930
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	611,492
Total Deferred Inflows of Resources	-	-	-	611,492
Fund Balances (Deficits):				
Restricted				
Public safety	14,258	-	-	978,567
Highways	-	-	-	4,276,086
Street lighting and landscape maintenance	-	-	-	1,427,935
Debt service	-	2,556,045	32,429	2,588,474
Unassigned	-	-	-	(139,423)
Total Fund Balances (Deficits)	14,258	2,556,045	32,429	9,131,639
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 14,258	\$ 2,556,045	\$ 32,429	\$ 10,714,061

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant	Maintenance Districts
Revenues:					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 2,414,623
Intergovernmental	45,740	-	10,927,018	1,948,936	-
Charges for services	-	80,204	-	-	-
Use of money and property	(389)	4	(1,483)	41,001	5,407
Miscellaneous	-	60,156	-	-	1,747
Total Revenues	45,351	140,364	10,925,535	1,989,937	2,421,777
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	49,783	-	-	-	-
Community development	-	-	1,506,298	-	-
Community/cultural services	-	304,898	-	1,784,704	-
Public works	-	-	6,577,314	-	2,196,660
Capital outlay	22,999	-	3,013,595	-	169,191
Debt service:					
Principal retirement	-	-	-	146,000	-
Interest and fiscal charges	-	-	-	133,194	-
Total Expenditures	72,782	304,898	11,097,207	2,063,898	2,365,851
Excess (Deficiency) of Revenues over Expenditures	(27,431)	(164,534)	(171,672)	(73,961)	55,926
Other Financing Sources (Uses):					
Transfers in	-	125,800	458,032	73,961	393,193
Transfers out	-	-	(953,000)	-	(667,801)
Total Other Financing Sources (Uses)	-	125,800	(494,968)	73,961	(274,608)
Net Change in Fund Balances	(27,431)	(38,734)	(666,640)	-	(218,682)
Fund Balances (Deficits) at the Beginning of the Year	991,740	(81,371)	4,942,726	(19,318)	1,646,617
Fund Balances (Deficits) at the End of the Year	\$ 964,309	\$ (120,105)	\$ 4,276,086	\$ (19,318)	\$ 1,427,935

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Debt Service Funds		Total Nonmajor Governmental Funds
	State & Local Asset Seizure	General Debt Service	Oceanside Lighting District	
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ 2,414,623
Intergovernmental	3,192	-	-	12,924,886
Charges for services	-	-	-	80,204
Use of money and property	(4)	2,267,516	-	2,312,052
Miscellaneous	-	4,941,152	476,219	5,479,274
Total Revenues	3,188	7,208,668	476,219	23,211,039
Expenditures:				
Current:				
General government	-	5,597	-	5,597
Public safety	-	-	-	49,783
Community development	-	-	-	1,506,298
Community/cultural services	-	-	-	2,089,602
Public works	-	-	-	8,773,974
Capital outlay	-	-	-	3,205,785
Debt service:				
Principal retirement	-	6,426,408	358,667	6,931,075
Interest and fiscal charges	-	783,978	117,552	1,034,724
Total Expenditures	-	7,215,983	476,219	23,596,838
Excess (Deficiency) of Revenues over Expenditures	3,188	(7,315)	-	(385,799)
Other Financing Sources (Uses):				
Transfers in	-	-	-	1,050,986
Transfers out	-	-	-	(1,620,801)
Total Other Financing Sources (Uses)	-	-	-	(569,815)
Net Change in Fund Balances	3,188	(7,315)	-	(955,614)
Fund Balances (Deficits) at the Beginning of the Year	11,070	2,563,360	32,429	10,087,253
Fund Balances (Deficits) at the End of the Year	\$ 14,258	\$ 2,556,045	\$ 32,429	\$ 9,131,639

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
FOR THE YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 991,740	\$ 991,740	\$ 991,740	\$ -
Resources (Inflows):				
Intergovernmental	5,000	5,000	45,740	40,740
Use of money and property	6,000	6,000	(389)	(6,389)
Amounts Available for Appropriations	1,002,740	1,002,740	1,037,091	34,351
Charges to Appropriations (Outflows):				
Public safety	450,000	433,923	49,783	384,140
Capital outlay	-	25,000	22,999	2,001
Total Charges to Appropriations	450,000	458,923	72,782	386,141
Budgetary Fund Balance, June 30	\$ 552,740	\$ 543,817	\$ 964,309	\$ 420,492

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 FOR THE YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (81,371)	\$ (81,371)	\$ (81,371)	\$ -
Resources (Inflows):				
Charges for services	110,000	110,000	80,204	(29,796)
Use of money and property	119	119	4	(115)
Miscellaneous	68,000	68,000	60,156	(7,844)
Transfers in	125,800	125,800	125,800	-
Amounts Available for Appropriations	222,548	222,548	184,793	(37,755)
Charges to Appropriations (Outflows):				
Community/cultural services	303,800	303,800	304,898	(1,098)
Total Charges to Appropriations	303,800	303,800	304,898	(1,098)
Budgetary Fund Balance, June 30	\$ (81,252)	\$ (81,252)	\$ (120,105)	\$ (38,853)

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 GAS TAX AND TRANSPORTATION
 FOR THE YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,942,726	\$ 4,942,726	\$ 4,942,726	\$ -
Resources (Inflows):				
Intergovernmental	22,746,897	22,743,897	10,927,018	(11,816,879)
Use of money and property	22,528	22,528	(1,483)	(24,011)
Transfers in	150,000	850,000	458,032	(391,968)
Amounts Available for Appropriations	27,862,151	28,559,151	16,326,293	(12,232,858)
Charges to Appropriations (Outflows):				
Community development	1,400,000	1,560,000	1,506,298	53,702
Community/cultural services	6,958,307	11,660,075	6,577,314	5,082,761
Capital outlay	5,270,497	11,505,776	3,013,595	8,492,181
Transfers out	945,500	1,353,000	953,000	400,000
Total Charges to Appropriations	14,574,304	26,078,851	12,050,207	14,028,644
Budgetary Fund Balance, June 30	\$ 13,287,847	\$ 2,480,300	\$ 4,276,086	\$ 1,795,786

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 FOR THE YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (19,318)	\$ (19,318)	\$ (19,318)	\$ -
Resources (Inflows):				
Intergovernmental	2,609,703	2,570,305	1,948,936	(621,369)
Use of money and property	41,001	41,001	41,001	-
Transfers in	-	-	73,961	73,961
Amounts Available for Appropriations	2,631,386	2,591,988	2,044,580	(547,408)
Charges to Appropriations (Outflows):				
Community development	2,371,509	2,331,873	1,784,704	547,169
Debt service:				
Principal retirement	146,000	146,000	146,000	-
Interest and fiscal charges	133,194	133,194	133,194	-
Total Charges to Appropriations	2,650,703	2,611,067	2,063,898	547,169
Budgetary Fund Balance, June 30	\$ (19,317)	\$ (19,079)	\$ (19,318)	\$ (239)

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 MAINTENANCE DISTRICTS
 FOR THE YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,646,617	\$ 1,646,617	\$ 1,646,617	\$ -
Resources (Inflows):				
Assessments	2,393,616	2,393,616	2,414,623	21,007
Use of money and property	8,307	8,307	5,407	(2,900)
Miscellaneous	-	-	1,747	1,747
Transfers in	390,000	390,000	393,193	3,193
Amounts Available for Appropriations	4,438,540	4,438,540	4,461,587	23,047
Charges to Appropriations (Outflows):				
Community/cultural services	2,401,335	2,401,335	2,196,660	204,675
Capital outlay	-	-	169,191	(169,191)
Transfers out	667,801	667,801	667,801	-
Total Charges to Appropriations	3,069,136	3,069,136	3,033,652	35,484
Budgetary Fund Balance, June 30	\$ 1,369,404	\$ 1,369,404	\$ 1,427,935	\$ 58,531

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STATE & LOCAL ASSET SEIZURE
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,070	\$ 11,070	\$ 11,070	\$ -
Resources (Inflows):				
Intergovernmental	200	200	3,192	2,992
Use of money and property	-	-	(4)	(4)
Amounts Available for Appropriations	11,270	11,270	14,258	2,988
Charges to Appropriations (Outflows):				
Public safety	200	200	-	200
Total Charges to Appropriations	200	200	-	200
Budgetary Fund Balance, June 30	\$ 11,070	\$ 11,070	\$ 14,258	\$ 3,188

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL IMPROVEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as Restated	\$ 41,799,628	\$ 41,799,628	\$ 41,799,628	\$ -
Resources (inflows):				
Intergovernmental	2,700,000	2,700,000	-	(2,700,000)
Charges for services	228,900	228,900	304,733	75,833
Use of money and property	500,000	500,000	700,580	200,580
Developer participation	4,474,790	4,708,490	6,443,827	1,735,337
Miscellaneous	-	-	51,506	51,506
Transfers in	2,852,935	6,222,010	5,548,924	(673,086)
Amounts Available for Appropriations	52,556,253	56,159,028	54,849,198	(1,309,830)
Charges to Appropriations (Outflows):				
General government	55,100	55,100	1,800	53,300
Community development	262,118	312,118	190,446	121,672
Public works	2,562,841	2,578,186	1,722,430	855,756
Capital outlay	14,913,657	37,595,182	18,190,067	19,405,115
Transfers out	10,700	1,273,662	648,662	625,000
Total Charges to Appropriations	17,804,416	41,814,248	20,753,405	21,060,843
Budgetary Fund Balance, June 30	\$ 34,751,837	\$ 14,344,780	\$ 34,095,793	\$ 19,751,013

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,563,360	\$ 2,563,360	\$ 2,563,360	\$ -
Resources (Inflows):				
Use of money and property	2,278,250	2,129,136	2,267,516	138,380
Miscellaneous	4,941,146	4,941,146	4,941,152	6
Amounts Available for Appropriations	9,782,756	9,633,642	9,772,028	138,386
Charges to Appropriations (Outflows):				
General government	8,000	8,000	5,597	2,403
Debt service:				
Principal retirement	6,426,408	6,426,408	6,426,408	-
Interest and fiscal charges	784,988	784,988	783,978	1,010
Total Charges to Appropriations	7,219,396	7,219,396	7,215,983	3,413
Budgetary Fund Balance, June 30	\$ 2,563,360	\$ 2,414,246	\$ 2,556,045	\$ 141,799

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
OCEANSIDE LIGHTING DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017

	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 (Outflows):				
Debt service:				
Principal retirement	358,667	358,667	358,667	-
Interest and fiscal charges	117,552	117,552	117,552	-
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, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Loss Prevention	General Services	Total
Assets:			
Current Assets:			
Cash and investments	\$ 26,389,707	\$ 21,938,163	\$ 48,327,870
Restricted cash and investments	300,000	-	300,000
Accounts receivable	176,738	2,612	179,350
Prepaid costs	-	11,683	11,683
Inventories	-	247,892	247,892
Total Current Assets	26,866,445	22,200,350	49,066,795
Noncurrent Assets:			
Advances to other funds	-	477,497	477,497
Capital assets, not being depreciated	-	532,384	532,384
Capital assets, being depreciated	222,024	35,644,644	35,866,668
Less accumulated depreciation	(200,744)	(26,608,139)	(26,808,883)
Total Noncurrent Assets	21,280	10,046,386	10,067,666
Total Assets	26,887,725	32,246,736	59,134,461
Deferred Outflows of Resources:			
Deferred pension-related items	192,001	1,933,815	2,125,816
Total Deferred Outflows of Resources	192,001	1,933,815	2,125,816
Liabilities:			
Current Liabilities:			
Accounts payable	243,097	961,964	1,205,061
Accrued liabilities	13,542	182,479	196,021
Compensated absences	10,444	321,379	331,823
Accrued claims and judgments	4,862,649	-	4,862,649
Total Current Liabilities	5,129,732	1,465,822	6,595,554
Noncurrent Liabilities:			
Compensated absences	14,325	440,832	455,157
Accrued claims and judgments	15,595,166	-	15,595,166
Net pension liability	534,676	6,003,970	6,538,646
Total Noncurrent Liabilities	16,144,167	6,444,802	22,588,969
Total Liabilities	21,273,899	7,910,624	29,184,523
Deferred Inflows of Resources:			
Deferred pension-related items	59,336	754,587	813,923
Total Deferred Inflows of Resources	59,336	754,587	813,923
Net Position:			
Net investment in capital assets	21,280	9,568,889	9,590,169
Unrestricted	5,725,211	15,946,451	21,671,662
Total Net Position	\$ 5,746,491	\$ 25,515,340	\$ 31,261,831

CITY OF OCEANSIDE, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Loss Prevention	General Services	Total
Operating Revenues:			
Sales and service charges	\$ 6,354,965	\$ 52,259,970	\$ 58,614,935
Miscellaneous	749,468	144,151	893,619
Total Operating Revenues	7,104,433	52,404,121	59,508,554
Operating Expenses:			
Personnel services	500,391	39,858,105	40,358,496
Maintenance and operations	6,281,773	8,981,849	15,263,622
Depreciation expense	21,280	1,888,731	1,910,011
Total Operating Expenses	6,803,444	50,728,685	57,532,129
Operating Income	300,989	1,675,436	1,976,425
Nonoperating Revenues:			
Investment income	-	5,500	5,500
Gain on disposal of capital assets	-	165,162	165,162
Total Nonoperating Revenues	-	170,662	170,662
Income Before Transfers	300,989	1,846,098	2,147,087
Transfers in	-	575,321	575,321
Transfers out	(98,347)	(669,890)	(768,237)
Change in Net Position	202,642	1,751,529	1,954,171
Net Position at the Beginning of the Year	5,543,849	23,763,811	29,307,660
Net Position at the End of the Year	\$ 5,746,491	\$ 25,515,340	\$ 31,261,831

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Loss Prevention	General Services	Total
Cash Flows from Operating Activities:			
Receipts from interfund charges	\$ 6,976,866	\$ 52,401,509	\$ 59,378,375
Payments to suppliers and providers	(5,530,251)	(8,571,217)	(14,101,468)
Payments to employees for salaries and benefits	(502,275)	(39,959,794)	(40,462,069)
Net Cash Provided by Operating Activities	944,340	3,870,498	4,814,838
Cash Flows from Non-Capital Financing Activities:			
Transfers from other funds	-	575,321	575,321
Transfers to other funds	(98,347)	(669,890)	(768,237)
Repayment received on short-term interfund borrowing	-	2,492	2,492
Net Cash Used By Non-Capital Financing Activities	(98,347)	(92,077)	(190,424)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(3,886,903)	(3,886,903)
Proceeds from disposal of capital assets	-	165,162	165,162
Repayment received on advance to other funds	-	22,503	22,503
Net Cash Used for Capital and Related Financing Activities	-	(3,699,238)	(3,699,238)
Cash Flows from Investing Activities:			
Investment income	-	5,500	5,500
Net Cash Provided by Investing Activities	-	5,500	5,500
Net Increase in Cash and Cash Equivalents	845,993	84,683	930,676
Cash and Cash Equivalents, July 1 (including \$460,000 for the Loss Prevention Fund reported in restricted accounts)	25,843,714	21,853,480	47,697,194
Cash and Cash Equivalents, June 30 (including \$300,000 for the Loss Prevention Fund reported in restricted accounts)	\$ 26,689,707	\$ 21,938,163	\$ 48,627,870
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 300,989	\$ 1,675,436	\$ 1,976,425
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	21,280	1,888,731	1,910,011
(Increase) in accounts receivable	(127,567)	(2,612)	(130,179)
Decrease in prepaid costs	1,238	73,514	74,752
(Increase) in inventories	-	(562)	(562)
(Increase) in deferred outflows related to pensions	(145,897)	(1,460,982)	(1,606,879)
Increase in accounts payable	66,344	337,680	404,024
Increase in accrued liabilities	4,833	22,379	27,212
Increase in compensated absences	7,879	8,527	16,406
Increase in claims and judgments	683,940	-	683,940
Increase in net pension liability	100,467	1,002,019	1,102,486
Increase in deferred inflows related to pensions	30,834	326,368	357,202
Total Adjustments	643,351	2,195,062	2,838,413
Net Cash Provided by Operating Activities	\$ 944,340	\$ 3,870,498	\$ 4,814,838

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, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Assessment District	Deposit	Total
Assets:			
Cash and investments	\$ 2,621,287	\$ 5,885,517	\$ 8,506,804
Restricted cash and investments	6,941,626	-	6,941,626
Accounts receivable	246	-	246
Taxes receivable	15,998	-	15,998
Total Assets	\$ 9,579,157	\$ 5,885,517	\$ 15,464,674
Liabilities:			
Accounts payable	\$ 9,565	\$ 286,246	\$ 295,811
Deposits payable	179,264	5,599,271	5,778,535
Due to bondholders	9,390,328	-	9,390,328
Total Liabilities	\$ 9,579,157	\$ 5,885,517	\$ 15,464,674

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
<u>Special Assessment District</u>				
Assets:				
Cash and investments	\$ 2,636,394	\$ 4,023,188	\$ 4,038,295	\$ 2,621,287
Restricted cash and investments	6,916,517	15,824,377	15,799,268	6,941,626
Accounts receivable	-	246	-	246
Taxes receivable	11,097	15,998	11,097	15,998
Total Assets	\$ 9,564,008	\$ 19,863,809	\$ 19,848,660	\$ 9,579,157
Liabilities:				
Accounts payable	\$ 8,500	\$ 32,387	\$ 31,322	\$ 9,565
Deposits payable	179,264	-	-	179,264
Due to bondholders	9,376,244	10,906,813	10,892,729	9,390,328
Total Liabilities	\$ 9,564,008	\$ 10,939,200	\$ 10,924,051	\$ 9,579,157
<u>Deposit</u>				
Assets:				
Cash and investments	\$ 5,049,910	\$ 30,784,604	\$ 29,948,997	\$ 5,885,517
Total Assets	\$ 5,049,910	\$ 30,784,604	\$ 29,948,997	\$ 5,885,517
Liabilities:				
Accounts payable	\$ 137,810	\$ 28,403,081	\$ 28,254,645	\$ 286,246
Deposits payable	4,912,100	27,901,372	27,214,201	5,599,271
Total Liabilities	\$ 5,049,910	\$ 56,304,453	\$ 55,468,846	\$ 5,885,517
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 7,686,304	\$ 34,807,792	\$ 33,987,292	\$ 8,506,804
Restricted cash and investments	6,916,517	15,824,377	15,799,268	6,941,626
Accounts receivable	-	246	-	246
Taxes receivable	11,097	15,998	11,097	15,998
Total Assets	\$ 14,613,918	\$ 50,648,413	\$ 49,797,657	\$ 15,464,674
Liabilities:				
Accounts payable	\$ 146,310	\$ 28,435,468	\$ 28,285,967	\$ 295,811
Deposits payable	5,091,364	27,901,372	27,214,201	5,778,535
Due to bondholders	9,376,244	10,906,813	10,892,729	9,390,328
Total Liabilities	\$ 14,613,918	\$ 67,243,653	\$ 66,392,897	\$ 15,464,674

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2017

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			
	2008	2009	2010	2011
Governmental Activities				
Invested in capital assets, net of related debt	\$ 223,022,078	\$ 234,316,806	\$ 234,789,461	\$ 235,574,067
Restricted for:				
Debt Service	9,401,419	5,007,853	2,174,867	4,141,868
Capital Projects	75,302,178	78,554,859	40,191,226	58,506,353
Specific Projects and Programs	45,513,582	44,045,329	39,150,717	42,884,232
Total Restricted	130,217,179	127,608,041	81,516,810	105,532,453
Unrestricted	45,039,132	39,968,095	73,283,539	53,795,980
Total governmental activities net position	\$ 398,278,389	\$ 401,892,942	\$ 389,589,810	\$ 394,902,500
Business-type Activities				
Invested in capital assets, net of related debt	\$ 196,363,003	\$ 207,637,088	\$ 400,340,807	\$ 395,086,570
Restricted for:				
Capital projects	2,252,846	33,894,838	27,552,284	32,998,023
Debt service			955,236	936,607
Rate stabilization				1,700,000
Unrestricted	59,188,035	12,766,808	21,602,927	28,535,592
Total business-type activities net position	\$ 257,803,884	\$ 254,298,734	\$ 450,451,254	\$ 459,256,792
Primary Government				
Invested in capital assets, net of related debt	\$ 419,385,081	\$ 441,953,894	\$ 635,130,268	\$ 630,660,637
Restricted	132,470,025	161,502,879	110,024,330	139,467,083
Unrestricted	104,227,167	52,734,903	94,886,466	82,331,572
Total Primary Government net position	\$ 656,082,273	\$ 656,191,676	\$ 840,041,064	\$ 852,459,292

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 243,655,279	\$ 241,149,904	\$ 246,144,971	\$ 266,146,413	\$ 271,158,974	\$ 282,775,916
2,161,962	2,256,658	2,237,378	2,256,538	2,595,789	2,588,474
106,653,971	28,708,355	29,702,850	33,941,840	41,373,208	33,510,793
108,815,933	82,545,895	85,489,088	21,814,282	21,637,543	17,373,883
49,273,627	113,510,908	117,429,316	58,012,660	65,606,540	53,473,150
\$ 401,744,839	\$ 413,855,576	\$ 421,833,898	\$ 241,711,883	\$ 262,798,436	\$ 285,956,720
\$ 385,375,753	\$ 380,748,031	\$ 364,159,043	\$ 368,135,588	\$ 387,599,614	\$ 403,023,876
38,054,343	23,556,608	56,127,650	47,783,461	56,933,570	74,021,628
930,832	1,019,886	1,000,178	961,741	769,774	81,447
2,318,667	2,318,667	0	6,078,455	6,078,455	5,276,131
44,681,865	79,945,483	86,994,807	92,909,730	85,997,831	84,047,668
\$ 471,361,460	\$ 487,588,675	\$ 508,281,678	\$ 515,868,975	\$ 537,379,244	\$ 566,450,750
\$ 629,031,032	\$ 621,897,935	\$ 610,304,014	\$ 634,282,001	\$ 658,758,588	\$ 685,799,792
150,119,775	140,406,069	174,557,144	109,926,675	129,388,339	132,852,356
93,955,492	138,201,395	145,254,418	13,372,182	12,030,753	33,755,322
\$ 873,106,299	\$ 900,505,399	\$ 930,115,576	\$ 757,580,858	\$ 800,177,680	\$ 852,407,470

City of Oceanside

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 16,004,013	\$ 19,051,433	\$ 13,967,349	\$ 14,899,107
Public safety	68,521,173	76,759,409	81,635,635	74,767,172
Community development	24,715,209	28,756,441	39,476,894	28,968,430
Community/cultural services	14,191,135	14,193,259	14,565,149	11,669,455
Public works	27,088,207	28,263,292	27,101,514	32,341,519
Depreciation (unallocated)	-	-	-	-
Interest on long-term debt	7,486,339	7,363,801	9,213,229	7,472,655
Total governmental activities	<u>\$ 158,006,076</u>	<u>\$ 174,387,635</u>	<u>\$ 185,959,770</u>	<u>\$ 170,118,338</u>
Business-type activities:				
Water	40,649,208	41,651,535	44,640,059	43,930,562
Sewer	27,039,628	28,233,964	29,744,119	29,272,281
Waste disposal	20,846,158	21,282,754	19,073,268	20,035,442
Special aviation	432,432	565,477	230,378	380,711
Oceanside Small Craft Harbor District	5,807,752	6,551,918	4,454,450	1,382,005
Total business-type activities	<u>94,775,178</u>	<u>98,285,648</u>	<u>98,142,274</u>	<u>95,001,001</u>
Total primary government expenses	<u>\$ 252,781,254</u>	<u>\$ 272,673,283</u>	<u>\$ 284,102,044</u>	<u>\$ 265,119,339</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,910,185	\$ 2,735,446	\$ 1,510,087	\$ 1,618,641
Public safety	5,546,313	6,016,525	8,123,510	6,116,702
Community development	5,992,226	5,509,157	5,180,697	6,127,879
Community/cultural services	1,283,498	2,421,512	1,111,571	1,203,242
Public works	21,137,007	6,881,633	6,721,474	8,424,047
Operating Grants and Contributions	31,173,230	24,119,622	38,057,394	45,593,539
Capital Grants and Contributions	9,418,160	9,997,029	4,824,134	7,479,535
Total governmental activities program revenues	<u>77,460,619</u>	<u>57,680,924</u>	<u>65,528,867</u>	<u>76,563,585</u>
Business-type activities:				
Charges for services:				
Water	42,185,950	42,313,563	41,865,765	45,307,197
Sewer	24,749,371	25,304,602	28,570,644	32,440,442
Waste disposal	20,961,319	21,442,968	20,795,455	23,119,454
Special aviation	464,774	465,150	144,269	97,633
Oceanside Small Craft Harbor District	5,322,666	5,311,555	5,028,536	5,003,985
Operating Grants and Contributions	4,220,677	1,132,596	1,787,839	384,697
Capital Grants and Contributions	-	-	238,500	-
Total business-type activities program revenues	<u>97,904,757</u>	<u>95,970,434</u>	<u>98,431,008</u>	<u>106,353,408</u>
Total primary government program revenues	<u>\$ 175,365,376</u>	<u>\$ 153,651,358</u>	<u>\$ 163,959,875</u>	<u>\$ 182,916,993</u>
Net (Expense)/Revenue				
Governmental activities	\$ (80,545,457)	\$ (116,706,711)	\$ (120,430,903)	\$ (93,554,753)
Business-type activities	3,129,579	(2,315,214)	288,734	11,352,407
Total primary government net expense	<u>\$ (77,415,878)</u>	<u>\$ (119,021,925)</u>	<u>\$ (120,142,169)</u>	<u>\$ (82,202,346)</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 16,101,719	\$ 14,830,050	\$ 16,455,355	\$ 16,671,736	\$ 15,552,936	\$ 15,296,527
70,989,600	76,558,916	76,486,996	80,525,772	83,064,936	84,872,862
28,291,313	25,082,898	24,559,378	30,564,852	32,224,969	33,709,839
11,615,707	11,910,768	14,051,321	12,941,427	13,545,812	14,776,797
27,020,879	28,329,168	30,469,085	37,084,193	30,968,801	35,778,483
-	-	-	-	-	-
5,441,528	2,861,072	2,151,302	2,078,438	1,645,159	802,656
<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>	<u>\$ 185,237,164</u>
51,309,115	51,800,928	56,800,583	56,314,612	55,292,508	55,915,076
33,251,371	31,340,700	31,537,700	31,516,720	31,470,309	30,604,682
20,111,113	19,217,767	18,745,866	19,323,265	19,240,727	19,684,911
94,106	90,609	86,988	83,305	92,086	104,671
1,292,291	1,312,457	1,372,653	1,366,092	1,363,913	1,210,663
106,057,996	103,762,461	108,543,790	108,603,994	107,459,543	107,520,003
<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>	<u>\$ 292,757,167</u>
\$ 2,112,141	\$ 2,479,719	\$ 5,039,215	\$ 9,642,667	\$ 10,588,709	\$ 12,750,353
5,005,344	6,514,143	6,673,108	8,867,434	7,008,828	7,661,652
6,073,887	6,864,969	6,687,509	8,400,755	11,865,536	17,649,387
897,301	974,234	1,126,533	840,123	1,912,587	2,097,115
6,978,316	6,984,599	7,365,266	5,359,055	5,716,976	5,368,106
36,121,277	31,216,913	34,768,831	31,943,724	40,680,408	29,965,637
7,490,018	5,593,000	732,237	2,328,368	10,857,618	8,319,217
<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>	<u>83,811,467</u>
53,176,890	57,469,143	62,320,181	59,703,297	58,870,606	65,750,944
37,638,074	39,670,129	44,210,556	46,181,396	44,918,587	45,395,610
22,756,966	23,568,208	23,706,070	24,473,562	25,093,298	25,505,957
100,865	102,084	104,298	96,131	123,129	113,913
5,792,048	6,099,713	6,095,895	6,267,995	6,339,274	6,627,547
1,881,956	586,367	-	118,470	-	-
-	-	-	939,000	-	-
121,346,799	127,495,644	136,437,000	137,779,851	135,344,894	143,393,971
<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>	<u>\$ 227,205,438</u>
\$ (94,782,462)	\$ (98,945,295)	\$ (101,780,738)	\$ (112,484,292)	\$ (88,371,951)	\$ (101,425,697)
15,288,803	23,733,183	27,893,210	29,175,857	27,885,351	35,873,968
<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>	<u>\$ (65,551,729)</u>

City of Oceanside

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

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 58,663,948	\$ 61,239,407	\$ 55,979,593	\$ 54,923,310
Sales taxes	18,734,655	16,914,344	17,326,635	18,141,424
Other taxes	11,746,323	12,424,966	10,577,615	11,091,446
Total taxes	89,144,926	90,578,717	83,883,843	84,156,180
Intergovernmental unrestricted	13,633,572	14,083,346	504,448	830,682
Investment Earnings	13,343,619	9,861,241	8,380,289	9,585,836
Developer contributions	-	-	-	-
Miscellaneous	563,443	423,227	3,673,334	5,749,504
Loss on sale of assets	157,154	-	-	-
Extraordinary gain(loss)	-	-	-	-
Transfers	1,883,945	8,214,295	4,961,121	7,025,199
Total Governmental activities	118,726,659	123,160,826	101,403,035	107,347,401
Business-type activities:				
Investment Earnings	3,017,902	2,109,687	982,961	568,677
Miscellaneous	-	-	3,860,425	4,461,855
Loss on sale of assets	-	4,964,630	-	-
Transfers	(1,883,945)	(8,214,295)	(4,961,121)	(7,025,199)
Total business-type activities:	1,133,957	(1,139,978)	(117,735)	(1,994,667)
Total primary government	\$ 119,860,616	\$ 122,020,848	\$ 101,285,300	\$ 105,352,734
Change in Net Position				
Governmental activities	\$ 38,181,202	6,454,115	(19,027,868)	13,792,648
Business-type activities:	4,263,536	(3,455,192)	170,999	9,357,740
Total primary government	\$ 42,444,738	\$ 2,998,923	\$ (18,856,869)	\$ 23,150,388

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 51,774,298	\$ 49,143,021	\$ 49,142,577	\$ 51,170,308	\$ 54,205,419	\$ 57,600,747
19,397,588	20,716,764	20,960,270	21,748,689	22,150,105	22,130,638
11,461,700	16,565,848	12,405,237	14,344,548	14,928,000	15,261,245
82,633,586	86,425,633	82,508,084	87,263,545	91,283,524	94,992,630
90,581	-	-	-	-	-
-	-	-	-	-	-
23,213,669	13,889,663	15,946,986	14,949,969	14,856,503	16,737,491
			130,127		
(11,501,480)		104,999	33,177,247		165,162
6,883,340	10,740,736	11,286,667	10,910,791	12,218,129	13,403,896
101,319,696	111,056,032	109,846,736	146,431,679	118,358,156	125,299,179
932,868	(536,263)	1,959,130	1,574,239	1,914,261	934,405
2,766,337	3,654,356	2,024,680	2,966,379	3,928,786	5,667,029
-	-	6,357	-	-	-
(6,883,340)	(10,740,736)	(11,286,667)	(10,910,791)	(12,218,129)	(13,403,896)
(3,184,135)	(7,622,643)	(7,296,500)	(6,370,173)	(6,375,082)	(6,802,462)
\$ 98,135,561	\$ 103,433,389	\$ 102,550,236	\$ 140,061,506	\$ 111,983,074	\$ 118,496,717
6,537,234	12,110,737	8,065,998	33,947,387	29,986,205	23,873,482
12,104,668	16,110,540	20,596,710	22,805,684	21,510,269	29,071,506
\$ 18,641,902	\$ 28,221,277	\$ 28,662,708	\$ 56,753,071	\$ 51,496,474	\$ 52,944,988

City of Oceanside

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Reserved	\$ 3,607,416	-	-	-
Unreserved, designated	35,804,645	-	-	-
Unreserved, undesignated	4,711,757	-	-	-
Nonspendable	-	\$ 3,680,434	\$ 11,693,612	\$ 13,378,851
Restricted	-	-	-	-
Committed	-	15,442,512	15,737,602	15,667,245
Assigned	-	15,680,540	9,051,338	5,806,222
Unassigned	-	6,558,093	1,008,053	-
Total General Fund	<u>\$ 44,123,818</u>	<u>\$ 41,361,579</u>	<u>\$ 37,490,605</u>	<u>\$ 34,852,318</u>
All Other Governmental Funds				
Reserved:				
Special revenue funds	\$ 22,373,194	-	-	-
Debt service funds	9,401,419	-	-	-
Capital projects funds	13,525,685	-	-	-
Unreserved, designated:				
Special revenue funds	21,812,104	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	14,808,283	-	-	-
Debt service funds	(12,669,680)	-	-	-
Capital projects funds	61,776,493	-	-	-
Nonspendable				
Special revenue funds	-	\$ 214	\$ 23,597,506	\$ 23,575,682
Debt service funds	-	-	-	-
Capital projects funds	-	13,285,070	18,949,270	335,047
Other Governmental Funds	-	-	4,051,048	24,176,027
Restricted				
Special revenue funds	-	1,790,736	7,354,557	7,889,448
Debt service funds	-	4,412,804	-	-
Capital projects funds	-	2,645,521	-	1,432,594
Other Governmental Funds	-	17,306,801	6,489,499	17,881,727
Committed				
Special revenue funds	-	-	-	-
Debt service funds	-	-	412,349	-
Capital projects funds	-	206,462	-	21,030
Other Governmental Funds	-	-	-	-
Assigned				
Special revenue funds	-	31,967,903	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	54,739,867	56,242,413	46,908,822
Other Governmental Funds	-	3,231,453	2,821,010	1,967,025
Unassigned				
Special revenue funds	-	-	-	-
Debt service funds	-	(13,242,660)	(9,817,564)	(12,029,374)
Capital projects funds	-	-	-	-
Other Governmental Funds	-	-	(167,026)	(373,292)
Total all other Governmental Funds	<u>\$ 131,027,498</u>	<u>\$ 116,344,171</u>	<u>\$ 109,933,062</u>	<u>\$ 111,784,736</u>
All Governmental Funds	<u>\$ 175,151,316</u>	<u>\$ 157,705,750</u>	<u>\$ 147,423,667</u>	<u>\$ 146,637,054</u>

Note: The City implemented GASB No. 54 in the fiscal year ended June 30, 2009

Fiscal Year					
2012	2013	2014	2015	2016	2017
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 11,255,881	\$ 11,280,586	\$ 11,168,901	\$ 11,113,123	\$ 2,317,462	\$ 2,389,107
16,348,074	16,213,781	17,526,258	17,160,366	19,516,594	19,765,583
7,472,057	12,712,663	15,679,811	18,835,653	33,527,796	42,489,683
1,997,735	8,490,329	8,352,469	11,844,123	2,129,908	2,099,212
<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>	<u>\$ 66,743,585</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 5,406,933	\$ 5,366,479	\$	\$	\$	\$ 8,169
-	-	-	-	-	-
-	-	-	-	-	585,000
-	4,449	-	-	-	-
7,493,591	7,469,221	13,229,318	13,030,490	14,045,390	10,691,295
-	2,224,229	-	-	2,563,360	-
-	-	-	-	41,373,208	33,510,793
42,681,033	43,500,742	46,547,909	44,982,170	7,624,582	9,271,062
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,019,757	909,617	4,213,824	-	-	-
(90,115)	(744,030)	-	-	(2,718,367)	-
-	-	-	-	-	-
-	-	-	-	-	-
(233,255)	(53,807)	(93,079)	(60,012)	(100,689)	(139,423)
<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>\$ 53,926,896</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>	<u>\$ 120,670,481</u>

City of Oceanside

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Taxes	\$ 88,632,073	\$ 91,340,010	\$ 83,508,603	\$ 84,252,109
Licenses and permits	1,899,169	1,877,798	973,602	2,501,483
Intergovernmental	42,765,760	27,941,755	28,700,124	38,281,505
Charges for services	10,554,651	10,366,112	14,492,767	12,999,466
Interest and rentals	12,166,634	8,673,200	6,318,649	3,629,981
Fines and forfeitures	4,974,638	4,770,065	1,890,806	1,949,170
Lease revenue	4,656,346	4,738,281	2,342,583	2,348,728
Developer fees	4,026,658	4,439,021	2,744,171	2,782,358
Special assessments	8,286,857	2,351,621		
Administrative and in lieu charges	13,633,572	14,083,346	16,537,589	10,911,973
Contribution from Successor Agency				
Other	1,486,331	770,811	4,639,198	8,258,197
Total Revenues	193,082,689	171,352,020	162,148,092	167,914,970
Expenditures:				
General government	14,588,366	16,229,297	13,705,854	14,204,862
Public safety	69,336,877	73,479,724	76,616,881	72,109,425
Community development	24,861,865	33,420,647	38,432,800	27,655,390
Community/cultural services	13,852,218	12,898,183	14,881,758	10,843,234
Public works	15,669,045	17,813,964	18,664,638	17,130,401
Capital outlay	46,019,219	22,067,047	8,953,305	14,513,009
Debt service				
Principal	5,724,192	6,100,728	6,596,713	7,616,985
Interest	7,964,401	8,152,267	9,638,213	7,608,092
Bond issuance costs				
Total Expenditures	198,016,183	190,161,857	187,490,162	171,681,398
Excess of Revenues over (under) expenditures	(4,933,494)	(18,809,837)	(25,342,070)	(3,766,428)
Other Financing Sources (Uses)				
Issuance of long-term debt	-	-	-	1,624,761
Issuance of refunding debt	-	-	-	-
Bond premium	-	-	-	-
Payment of unfunded pension liability	-	-	-	-
Redemption of refunded debt	-	-	-	-
Loan proceeds	3,500,000	-	-	-
Proceed from sale of real property	1,560	7,905	-	-
Transfers in	25,040,614	24,680,835	27,723,634	32,976,259
Transfers out	(24,377,845)	(20,484,907)	(22,306,443)	(28,437,187)
Total other financing sources (uses)	4,164,329	4,203,833	5,417,191	6,163,833
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-
Net change in fund balances	\$ (769,165)	\$ (14,606,004)	\$ (19,924,879)	\$ 2,397,405
Debt Service as a percentage of noncapital expenditures.	9.0%	8.5%	9.1%	9.7%

Note: The City implemented GASB No. 54 in the fiscal year ended June 30, 2009

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 82,159,554	\$ 81,307,547	\$ 82,818,776	\$ 86,981,734	\$ 92,398,458	\$ 94,992,630
1,987,843	2,201,628	2,171,960	2,205,931	3,002,897	4,131,518
34,823,491	28,709,782	27,038,190	30,517,109	38,274,496	33,782,804
9,254,906	11,649,934	15,145,486	15,745,425	16,484,313	19,128,674
6,051,536	4,828,626	6,715,747	8,306,216	10,153,764	11,294,813
4,536,471	4,289,750	4,211,163	3,947,380	3,636,224	3,582,534
1,234,704	0	0	0	0	0
2,191,048	2,775,907	2,498,169	2,068,849	3,278,143	8,315,056
	0	0	0	0	0
8,798,042	8,872,886	9,197,686	9,273,016	9,402,106	9,329,520
				6,000,000	0
9,138,214	14,468,524	8,652,117	9,155,313	9,551,724	6,409,469
160,175,809	159,104,584	158,449,294	168,200,973	192,182,125	190,967,018
15,040,557	14,102,273	15,557,074	15,770,645	15,743,065	15,154,065
71,220,254	74,771,213	76,446,617	82,300,876	86,435,756	86,976,976
27,968,667	25,064,042	24,700,043	28,324,390	32,366,663	31,859,013
9,591,839	9,847,644	11,837,141	12,360,663	12,500,483	14,974,123
15,999,867	16,715,563	19,123,912	20,150,010	21,905,999	23,753,492
11,290,953	6,899,316	9,609,187	16,402,049	15,235,160	22,636,767
				0	0
14,967,189	21,152,400	5,533,197	5,978,373	46,762,743	7,058,009
6,186,648	3,127,280	2,289,860	2,213,452	1,730,103	1,044,950
				494,230	0
172,265,974	171,679,731	165,097,031	183,500,458	233,174,202	203,457,395
(12,090,165)	(12,575,147)	(6,647,737)	(15,299,485)	(40,992,077)	(12,490,377)
7,725,000	12,126,893	4,731,027	-	-	-
-	-	-	-	40,355,000	-
-	-	-	-	606,016	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	786,000	-	-
23,022,366	15,831,614	18,173,810	20,692,139	17,429,585	21,222,539
(14,530,805)	(4,360,792)	(6,918,272)	(5,898,152)	(5,125,541)	(7,625,727)
16,216,561	23,597,715	15,986,565	15,579,987	53,265,060	13,596,812
(19,505,666)	0	0	0	0	0
\$ (15,379,270)	\$ 11,022,568	\$ 9,338,828	\$ 280,502	\$ 12,272,983	\$ 1,106,435
13.1%	14.6%	4.9%	4.7%	22.1%	4.4%

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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
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
2017	55,113,613	22,130,638	1,076,478	7,066,170	4,185,453	2,812,886	92,385,238
Change 2008-2017	14.8%	14.3%	41.6%	108.5%	6.4%	-23.7%	16.8%

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
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
2017	9,956,177,981	10,663,321,344	251,412,274	20,870,911,599

Source: County of San Diego

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 Note 15: Dissolution of redevelopment agency

EXEMPTIONS			Net Taxable Value	Direct Tax Rate	Property Tax Revenue
Homeowner's	Tax Increment	All Other			
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
196,660,960	*	405,190,781	20,269,059,858	0.272 %	55,113,613

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>
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%
2017	0.24331%	0.03020%	0.18912%	1.00000%	1.46263%

(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	2017			2008		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Genentech Inc	\$ 381,387,479	1	1.82%			
P K II El Camino North LP	120,824,474	2	0.58%			
Gilead Sciences Inc	96,438,148	3	0.46%			
Guardian Piazza Doro LLC	86,071,375	4	0.41%			
Walmart Real Estate Business Trust	78,424,913	5	0.37%			
FPA of WC Rancho Del Oro LLC	74,773,542	6	0.36%			
Wyndham Vacation Resorts	68,391,852	7	0.33%			
AGC Pacific Coast Plaza LLC	67,233,989	8	0.32%			
Lakeridge-Island Club Apartments Partners	66,390,729	9	0.32%			
Prime Mesa LP	56,196,993	10	0.27%			
Genentech Inc				\$ 470,582,717	1	2.58%
P K II El Camino North LP				132,568,425	2	0.73%
A M B D F S Pacific Coast LLC				77,490,000	3	0.43%
W2005 M R D Realty LLC				72,012,000	4	0.40%
W L Ocean Ranch Associates LP				69,594,718	5	0.38%
Northwestern Mutual Life Ins. Company				64,542,840	6	0.35%
Lakeridge-Island Club Apts Partners LP				58,661,493	7	0.32%
K Hovnanian at Piazza Doro LLC				53,279,751	8	0.29%
Richmond American Homes of CA INC				52,318,845	9	0.29%
Essex C A A-WA LP				50,613,889	10	0.28%
	<u>1,096,133,494</u>		<u>5.24%</u>	<u>1,101,664,678</u>		<u>6.05%</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
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%
2017	38,597,840	37,385,953	96.9%	162,427	37,548,380	97.3%	1,170,607	3.0%

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	Lease Revenue Bonds	Certificates of Participation	Special Assessment Bonds
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	8,335,000	12,770,699	-
2017	29,435,000	*	6,123,051	6,335,000	10,777,303	-

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
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	117,768,337	2.45 %	669
28,069,259	-	24,248,049	104,987,662	2.14 %	595

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					
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
2017	29,435,000	*	10,457,952	-	39,892,952	0.19%	226	20,914,477,517	176,461

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, 2017

	Total Debt Debt 6/30/17	% Applicable (1)	City's Share of Debt 6/30/17
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 74,905,000	0.807%	\$ 604,483
Palomar Community College District	639,550,855	5.206%	33,295,018
Carlsbad Unified School District	168,548,765	1.877%	3,163,660
Oceanside Unified School District	234,822,525	99.800%	234,352,880
Vista Unified School District	96,229,882	33.468%	32,206,217
Fallbrook Union High School district	3,244,190	9.128%	296,130
Bonsall Unified School District	14,034,498	23.406%	3,284,915
City of Oceanside Community Facilities District No. 2000-1	21,830,000	100.000%	21,830,000
City of Oceanside Community Facilities District No. 2001-1	14,270,000	100.000%	14,270,000
City of Oceanside Community Facilities District No. 2001-1, Improvement Area No. 1	6,000,000	100.000%	6,000,000
City of Oceanside Community Facilities District No. 2006-1	9,060,000	100.000%	9,060,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 358,363,303

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Diego County General Fund Obligations	\$ 291,180,000	4.475%	\$ 13,030,305
San Diego County Pension Obligations	605,520,000	4.475%	27,097,020
San Diego County Superintendent of Schools Certificates of Participation	11,460,000	4.475%	512,835
Mira Costa Community College District Certificates of Participation	12,265,000	15.859%	1,945,106
Palomar Community College District Certificates of Participation	3,280,000	5.206%	170,757
Carlsbad Unified School District Certificates of Participation	46,295,000	1.877%	868,957
Vista Unified School District Certificates of Participation	2,710,000	33.468%	906,983
Bonsall Union School District Certificates of Participation	7,810,000	23.406%	1,828,009
City of Oceanside General Fund Obligations	16,792,952	100.000%	16,792,952
City of Oceanside Pension Obligations	29,435,000	100.000%	29,435,000
City of Oceanside Leases Obligations	3,594,051	100.000%	3,594,051
City of Oceanside Notes Obligations	2,529,000	100.000%	2,529,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 98,710,975

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	27,735,000	100.000%	27,735,000
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TOTAL DIRECT DEBT	52,351,003
TOTAL OVERLAPPING DEBT	\$ 432,458,275
GROSS COMBINED TOTAL DEBT	\$ 484,809,278

- (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 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.71%
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Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$52,351,003)	0.22%
Combined Total Debt	2.29%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,256,898,869):

Total Overlapping Tax Increment Debt	2.21%
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Source: California Municipal Statistics, Inc

City of Oceanside

Legal Debt Margin Information Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Assessed valuation	\$ 17,073,760,557	\$ 17,356,587,943	\$ 17,493,006,303	\$ 17,205,265,780
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	4,268,440,139	4,339,146,986	4,373,251,576	4,301,316,445
Debt limit percentage	15%	15%	15%	15%
Debt limit	640,266,021	650,872,048	655,987,736	645,197,467
Total net debt applicable to limit: General & Pension Obligation Bonds	41,825,000	41,150,000	40,325,000	39,345,000
Legal debt margin	598,441,021	609,722,048	615,662,736	605,852,467
Total debt applicable to the limit as a percentage of the debt limit	6.5%	6.3%	6.1%	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					
2012	2013	2014	2015	2016	2017
\$ 17,381,056,626	\$ 17,323,915,631	\$ 17,715,328,740	\$ 18,780,841,789	\$ 19,721,367,813	\$ 20,914,477,517
25%	25%	25%	25%	25%	25%
4,345,264,157	4,330,978,908	4,428,832,185	4,695,210,447	4,930,341,953	5,228,619,379
15%	15%	15%	15%	15%	15%
651,789,623	649,646,836	664,324,828	704,281,567	739,551,293	784,292,907
38,195,000	36,860,000	35,325,000	33,580,000	32,020,000	29,435,000
613,594,623	612,786,836	628,999,828	670,701,567	707,531,293	754,857,907
5.9%	5.7%	5.3%	4.8%	4.3%	3.8%

City of Oceanside

Pledged-Revenue Coverage Last Ten Years

Water Revenue Bonds							
Fiscal Year	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
**2017	69,041,943	54,741,069	14,300,874	1,425,000	778,213	2,203,213	6.49

Sewer Revenue Bonds							
Fiscal Year	Sewer Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
^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
2017	47,599,766	29,796,336	17,803,430	1,075,000	433,819	1,508,819	11.80

*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>
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%
2017	176,461	9,561	54,184	4.8%

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	2017	2008
	Business Category	Business Category
7 Eleven	Service Stations	
Albertsons	Grocery Stores	
Arco	Service Stations	
Best Buy	Electronics/Appliance Stores	
Chevron	Service Stations	
Circle K	Service Stations	
CVS Pharmacy	Drug Stores	
Discount Tire	Automotive Supply Stores	
G & M Oil	Service Stations	
Home Depot	Building Materials	
In N Out Burgers	Quick-Service Restaurants	
Kohls	Department Stores	
Krannich Solar West	Energy/Utilities	
Lowe's	Building Materials	
McDonald's	Quick-Service Restaurants	
Moshen Oil	Service Stations	
Mossy Nissan	New Motor Vehicle Dealers	
MWI	Plumbing/Electrical Supplies	
Ralphs	Grocery Stores	
Ross	Family Apparel	
Stater Bros	Grocery Stores	
Target	Discount Dept Store	
TJ Maxx	Family Apparel	
United Oil	Service Stations	
Walmart Supercenter	Discount Dept Store	
500 Motors		Used Automotive Dealers
7 Eleven		Service Stations
Albertsons		Grocery Stores
Arco		Service Stations
Arco AM PM		Service Stations
Best Buy		Electronics/Appliance Stores
Chevron		Service Stations
Computer Geeks Discount Outlet		Electronics/Appliance Stores
Dick's Sporting Goods		Sporting Goods/Bike Store
Exxon		Service Stations
Hason Aggregates		Contractors
Home Depot		Building Materials
Kia of Oceanside		New Motor Vehicle Dealers
Kohls		Department Stores
Lowe's		Building Materials
Mervyn's		Department Stores
Mission AM PM		Service Stations
Morally Wholesale		Plumbing/Electrical Supplies
Mossy Nissan		New Motor Vehicle Dealers
One Source Distributors		Electrical Equipment
Ralphs		Grocery Stores
Stater Bros		Grocery Stores
Superior Ready Mix Concrete		Contractors
Target		Discount Dept Store
Walmart Supercenter		Discount Dept Store
Percent of Fiscal Year Total Paid by Top 25 Accounts	39%	43%

* 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									
	2008	2009	2010	2011*	2012	2013	2014	2015	2016	2017
General Government	116	117	105	102	99	120	118	117	124	118
Public Safety										
Police	323	319	321	321	320	320	319	321	322	327
Fire	131	129	114	120	118	119	119	131	130	126
Public Works	119	119	109	121	110	91	88	88	88	93
Development Services	75	68	51	48	48	47	47	54	58	60
Neighborhood Services	82	78	71	69	63	59	55	56	57	58
Economic & Community Development	14	14	14	13	12	2	2	2	2	4
Library	37	36	35	32	27	26	26	26	27	27
Water Utilities	141	143	144	143	138	138	141	144	144	147
Harbor	37	37	26	0	0	0	0	0	0	0
Total	1,075	1,059	990	969	935	922	915	939	952	960

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Arrests	9,139	8,391	7,245	5,961	9,086	7,920	6,841	6,031	5,021	5,426
Citations	22,514	19,697	17,491	23,464	26,639	23,467	23,082	15,910	13,654	15,462
Fire										
Number of Emergency Calls	15,678	15,553	16,692	16,662	17,913	17,811	17,975	19,777	20,430	21,009
Inspections	1,702	1,854	2,000	1,765	1,741	2,225	2,321	3,155	2,491	3,057
Public Works										
Street Resurfacing (lane miles)	65	43	54	46	0	40	14	52	49	3
Water										
Average Daily Consumption (million gallons)	30	30	24	23	24	24	25	25	19	20
Wastewater										
Average Daily Sewage Treatment (million gallons)	13	13	12	12	12	12	11	11	11	12
Recreation										
Number of Recreation Classes (quarterly)	157	98	140	120	100	130	130	130	145	165
Library										
Total Volumes in Collection	298,976	338,773	305,346	274,289	274,097	261,999	250,331	259,442	200,211	197,529
Total Volumes Loaned	516,222	553,323	561,182	497,563	501,410	489,361	478,695	491,451	453,213	398,206

Note:

Source: Various City Departments

City of Oceanside

Capital Asset Statistics by Function Last Ten Fiscal Years

	Fiscal Year		
	2008	2009	2010
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):	10,000	a 9,345	8,345
Utilities:			
Miles of Lines and Mains	600	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)	34	c 40	33
Area of Parks (In Acres)	375	b 594	810
Recreation & Senior Centers	8	9	6
Pools	2	2	2
Number of Libraries	2	2	2
Number of Library Outlets	6	6	4
Number of Bookmobiles	2	2	1
Computer Terminals for Internet Access (Pub	107	107	76
Number of Visitors to Library	679,120	716,957	576,223

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						
2011	2012	2013	2014	2015	2016	2017
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	5	5
475	475	480	480	480	480	480
8,345	8,345	8,445	8,546	8,546	8,546	8,546
580	580	580	580	580	593	591
2	2	2	2	2	2	2
450	450	450	450	450	460	480
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
3	3	3	3	3	3	3
1	1	1	2	2	2	2
85	85	85	87	87	75	66
469,610	472,617	485,035	396,597	483,521	476,019	434,489

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