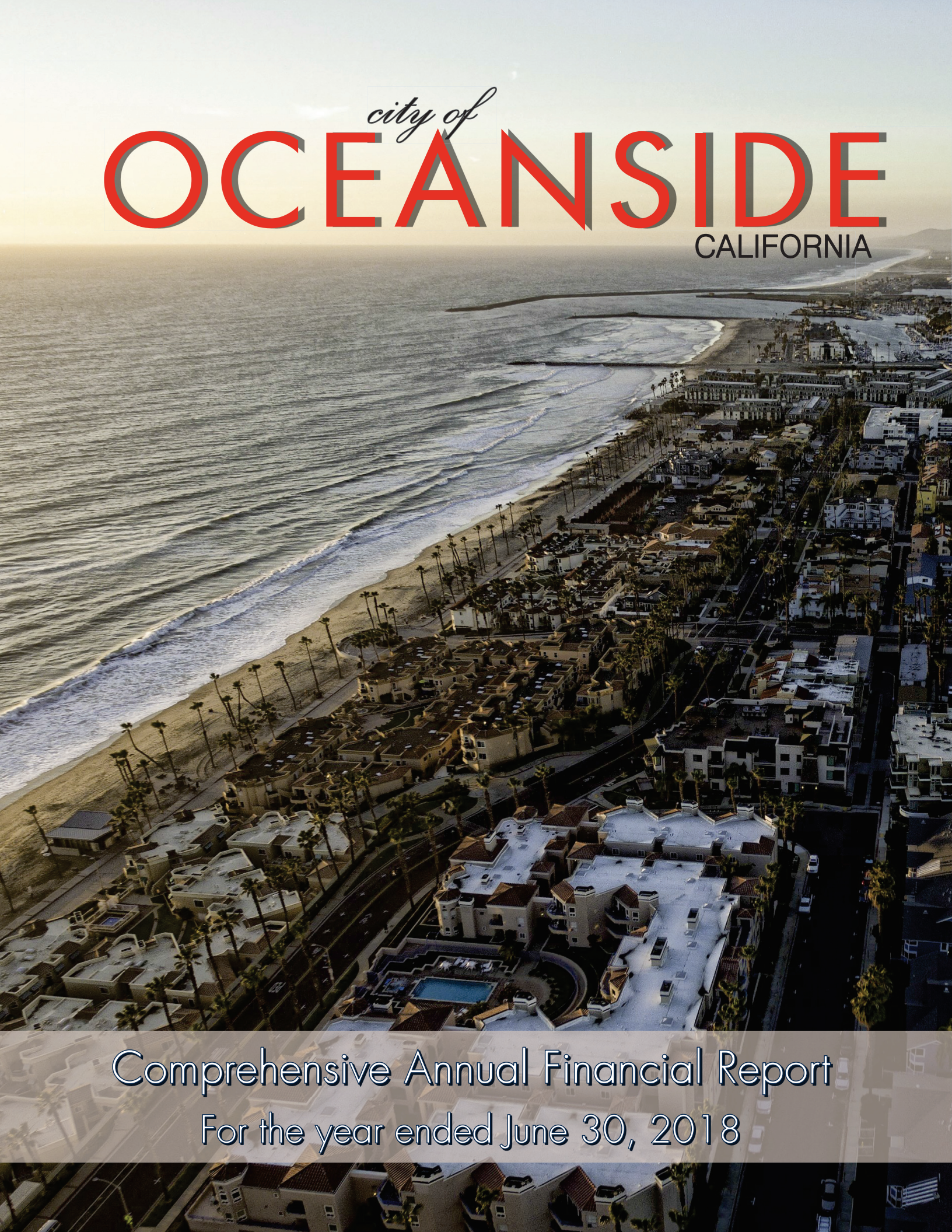


An aerial photograph of Oceanside, California, showing the coastline, beach, and city buildings. The ocean is on the left, with waves breaking onto a sandy beach. A line of palm trees separates the beach from the city. The city buildings are on the right, with a mix of residential and commercial structures. The sky is clear and blue.

city of OCEANSIDE CALIFORNIA

Comprehensive Annual Financial Report
For the year ended June 30, 2018

CITY OF OCEANSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

Prepared by: Finance Department

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CITY OF OCEANSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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City of Oceanside

Financial Services Department
300 N. Coast Hwy, Oceanside, CA 92054
Telephone: (760) 435-3850

December 12, 2018

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, 2018.

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, 2018. 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 July 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 1,000 boat slips, and one of the longest wooden piers on the West Coast, measuring 1,954 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 177,362, making it the third largest city in San Diego County. The median household income for the City is \$56,172.

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 have resulted in consistent incremental increases in property tax and transient occupancy tax revenues. Sales tax continues to be flat due to increased online sales and slow sales growth in retail establishments.

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 an average of \$2.2 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 \$386,386,808.

Debt Administration – As of June 30, 2018 the City had a total of \$91,900,904 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 2017-18 assessed valuation was 1.79% as of June 30, 2018.

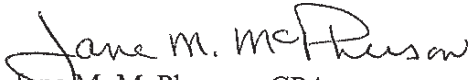
Awards and Acknowledgements

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, 2017. 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 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 that reads "Jane M. McPherson". The signature is written in black ink and is positioned above the printed name.

Jane M. McPherson, CPA
Financial Services Director

PRINCIPAL OFFICIALS

JUNE 30, 2018

CITY COUNCIL

Peter Weiss, 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**

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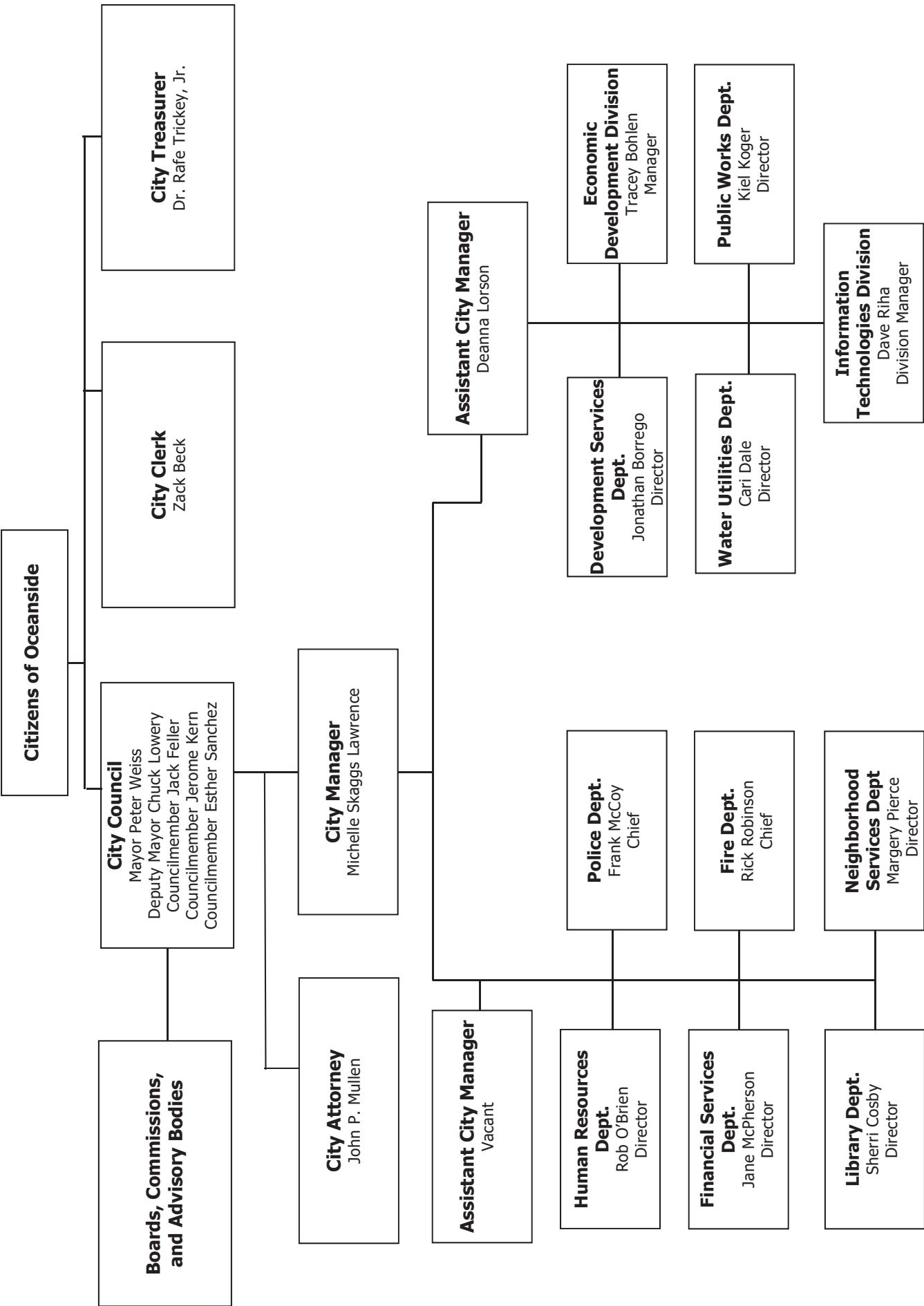
**City of Oceanside
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oceanside, California, as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 fund, and housing assistant program fund; the schedule of changes in net pension liability and related ratios; the schedules of plan contributions; and the schedule of changes in total OPEB and related ratios 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 12, 2018 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 & Lughard, LLP

Brea California
December 12, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2018

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2018. 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 \$54.3 million. This is composed of a \$30.0 million increase in Governmental activities assets and \$24.3 million increase in Business-Type activities assets.
- The City's Total Net Position increased overall by \$57.2 million. Governmental activities net position increased \$28.8 million. The increase was partially due to \$4.0 million increase in property taxes and 18.2 million increase in operating grants and contribution.
- Business-Type activities net position increased \$28.4 million. The increase was due to expenditures coming in lower than charges for services.
- The City's total revenues increased \$32.2 million from 2017.
 - Governmental activities revenues increased \$26.3 million.
 - Business-Type activities revenues increased \$5.8 million.
- The City's total expenses increased \$26.1 million from 2017.
 - Governmental activities expenses increased \$23.3 million. The increases were in General Government, Public Safety, Community/Cultural Services, and Public Works.
 - Business-Type activities expenses increased \$2.8 million due to increased capital project expense.
- General Fund had a surplus of \$2.5 million in one-time funds for the year ending June 30, 2018. These one-time funds have been assigned by Council for the following:
 - PERS Unfunded Liability payment - \$1.25 million
 - Healthy City Reserves - \$0.8 million
 - Infrastructure - \$0.4 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 regard 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, 2018 is compared to results for 2017 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current & other assets	\$283.4	\$250.3	\$203.7	\$195.1	\$487.1	\$445.4
Capital assets	<u>300.6</u>	<u>303.7</u>	<u>470.9</u>	<u>455.2</u>	<u>771.5</u>	<u>758.9</u>
Total assets	<u>\$584.0</u>	<u>\$554.0</u>	<u>\$674.6</u>	<u>\$650.3</u>	<u>\$1,258.6</u>	<u>\$1,204.3</u>
Deferred Outflows of Resources	<u>\$69.8</u>	<u>\$49.3</u>	<u>\$7.5</u>	<u>\$5.8</u>	<u>\$77.3</u>	<u>\$55.1</u>
Long-term debt outstanding	\$305.8	\$289.4	\$69.2	\$71.6	\$375.0	\$361.0
Other liabilities	<u>18.1</u>	<u>12.4</u>	<u>17.5</u>	<u>15.9</u>	<u>35.6</u>	<u>28.3</u>
Total liabilities	<u>\$323.9</u>	<u>\$301.8</u>	<u>\$86.7</u>	<u>\$87.5</u>	<u>\$410.6</u>	<u>\$389.3</u>
Deferred Inflows of Resources	<u>\$15.1</u>	<u>\$15.5</u>	<u>\$0.6</u>	<u>\$2.1</u>	<u>\$15.7</u>	<u>\$17.6</u>
Net Position						
Net investment in capital assets	\$284.4	\$282.8	\$424.5	\$403.0	\$708.9	\$685.8
Restricted	68.1	53.4	76.5	79.5	144.6	132.9
Unrestricted	<u>(37.8)</u>	<u>(50.3)</u>	<u>93.9</u>	<u>84.0</u>	<u>56.1</u>	<u>33.7</u>
Total Net Position	<u>\$314.7</u>	<u>\$285.9</u>	<u>\$594.9</u>	<u>\$566.5</u>	<u>\$909.6</u>	<u>\$852.4</u>

- Net Position represents the simplest 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 \$57.2 million for a total of \$909.6 million at June 30, 2018 from \$852.4 million at June 30, 2017 for a 6.7 % increase of Total Net Position.
- The overall increase in Total Assets is \$54.3 million. The Governmental activities total Assets increased \$30.0 million due to increases in cash/investments. The Business-Type Total Assets activities increased \$24.3 million with higher cash/investments and increases to capital assets.
- The overall increase in Total Liabilities is \$21.3 million due to increase of \$7.0 million in accounts payable and increase of \$14.0 million in non-current liabilities which includes net pension liability.
- Total Assets and deferred outflows of resources increase \$76.5 million. Total Liabilities and deferred inflows of resources increased \$19.4 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 78% of the City's Total Net Position. The City's total Restricted Net Position increased \$11.7 million from 2017 due to an increase in restriction for pension liability and capital projects. The City's total Unrestricted Net Position increased \$22.4 million. The Governmental Unrestricted Net Position category increased \$12.5 million from the prior year. The Business-Type Unrestricted Net Position category had a \$9.9 million increase from the prior year.

Table 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Investment in Capital Assets	\$442.0	\$635.2	\$630.7	\$629.0	\$621.9	\$597.2	\$634.2	\$658.8	\$685.8	\$708.9
Restricted	97.4	110.0	141.1	150.1	140.4	125.1	112.9	129.4	132.9	144.6
Unrestricted	<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>	<u>56.1</u>
Total Net Position	\$656.2	\$840.0	\$854.4	\$873.1	\$901.5	\$930.1	\$757.6	\$800.2	\$852.4	\$909.6
\$ increase (decrease) from prior year	\$0.1	\$183.8	\$14.4	\$18.7	\$28.4	\$28.6	(\$172.5)	\$42.6	\$52.2	\$57.2
% increase (decrease) from prior year	0.0%	28.0%	1.7%	2.2%	3.3%	3.2%	-18.5%	5.6%	6.5%	6.7%

Total City Activities - The City's combined Activities for the fiscal year ended June 30, 2018 is compared to results for 2017 in Table 3. The Statement of Activities reveals an increase of revenues of \$32.2 million from 2017 and expenses increased \$26.1 million. For 2018, total revenues less expenditures increased Net Position by \$58.9 million. The majority of this increase, \$30.4 million, was in the Governmental activities.

Governmental Activities - Net Position (including transfers) increased by \$28.8 million, including the restatement of net position for GASB 75 implementation, in 2018. An overall increase in Program Revenues of \$17.4 million, along with an \$8.9 million increase for General Revenues (specifically in property and other taxes and use of money and property) are a result of increased funding for operating contributions and grants. Total Government expenses increased by \$23.3 million in 2018. General Government expenses increased \$10.1 million due to CalPERS unfunded liability payment. Public Safety increased \$3.3 million, Public Works increased \$9.5 million and Community/Cultural Services increased \$3.6 million. Interest on long-term debt decreased \$0.2 million.

Table 3

City of Oceanside Activities						
	(in thousands of dollars)					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
<i>Program Revenues</i>						
Charges for services	\$42,373	\$45,527	\$148,528	\$143,394	\$190,901	\$188,921
Operating grants and contributions	48,126	29,966	0	0	48,126	29,966
Capital grants and contributions	10,734	8,319	0	0	10,734	8,319
<i>General Revenues</i>						
Property taxes	61,606	57,601	0	0	61,606	57,601
Sales taxes	22,672	22,131	0	0	22,672	22,131
Other taxes	16,412	15,261	0	0	16,412	15,261
Use of money and property	13,892	11,192	1,595	934	15,487	12,126
Other	<u>6,064</u>	<u>5,545</u>	<u>5,707</u>	<u>5,668</u>	<u>11,771</u>	<u>11,213</u>
Total Revenues	<u>\$221,879</u>	<u>\$195,542</u>	<u>\$155,830</u>	<u>\$149,996</u>	<u>\$377,709</u>	<u>\$345,538</u>
Expenses						
General government	\$25,403	\$15,296	\$0	\$0	\$25,403	\$15,296
Public safety	88,195	84,873	0	0	88,195	84,873
Public works	45,262	35,778	0	0	45,262	35,778
Community development	30,724	33,710	0	0	30,724	33,710
Community/cultural services	18,330	14,777	0	0	18,330	14,777
Interest on long-term debt	650	803	0	0	650	803
Water	0	0	61,368	55,915	61,368	55,915
Sewer	0	0	27,396	30,605	27,396	30,605
Waste disposal	0	0	20,252	19,685	20,252	19,685
Other	<u>0</u>	<u>0</u>	<u>1,273</u>	<u>1,315</u>	<u>1,273</u>	<u>1,315</u>
Total Expenses	<u>\$208,564</u>	<u>\$185,237</u>	<u>\$110,289</u>	<u>\$107,520</u>	<u>\$318,853</u>	<u>\$292,757</u>
Increase (decrease) in net position before transfers and gain on sale of assets	\$13,315	\$10,305	\$45,541	\$42,476	\$58,856	\$52,781
Transfers	17,149	13,404	(17,149)	(13,404)	0	0
Gain on sale of assets	<u>0</u>	<u>165</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>165</u>
Increase in net position	\$30,464	\$23,874	\$28,392	\$29,072	\$58,856	\$52,946
Beginning net position as restated	<u>284,280</u>	<u>262,083</u>	<u>566,451</u>	<u>537,379</u>	<u>850,731</u>	<u>799,462</u>
Ending net position	<u>\$314,744</u>	<u>\$285,957</u>	<u>\$594,843</u>	<u>\$566,451</u>	<u>\$909,587</u>	<u>\$852,408</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)

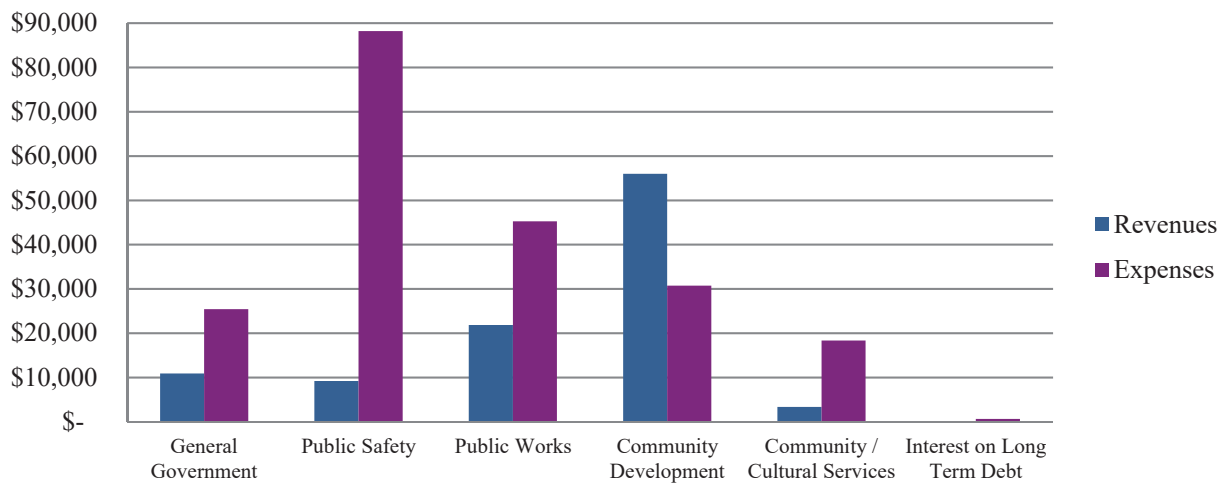
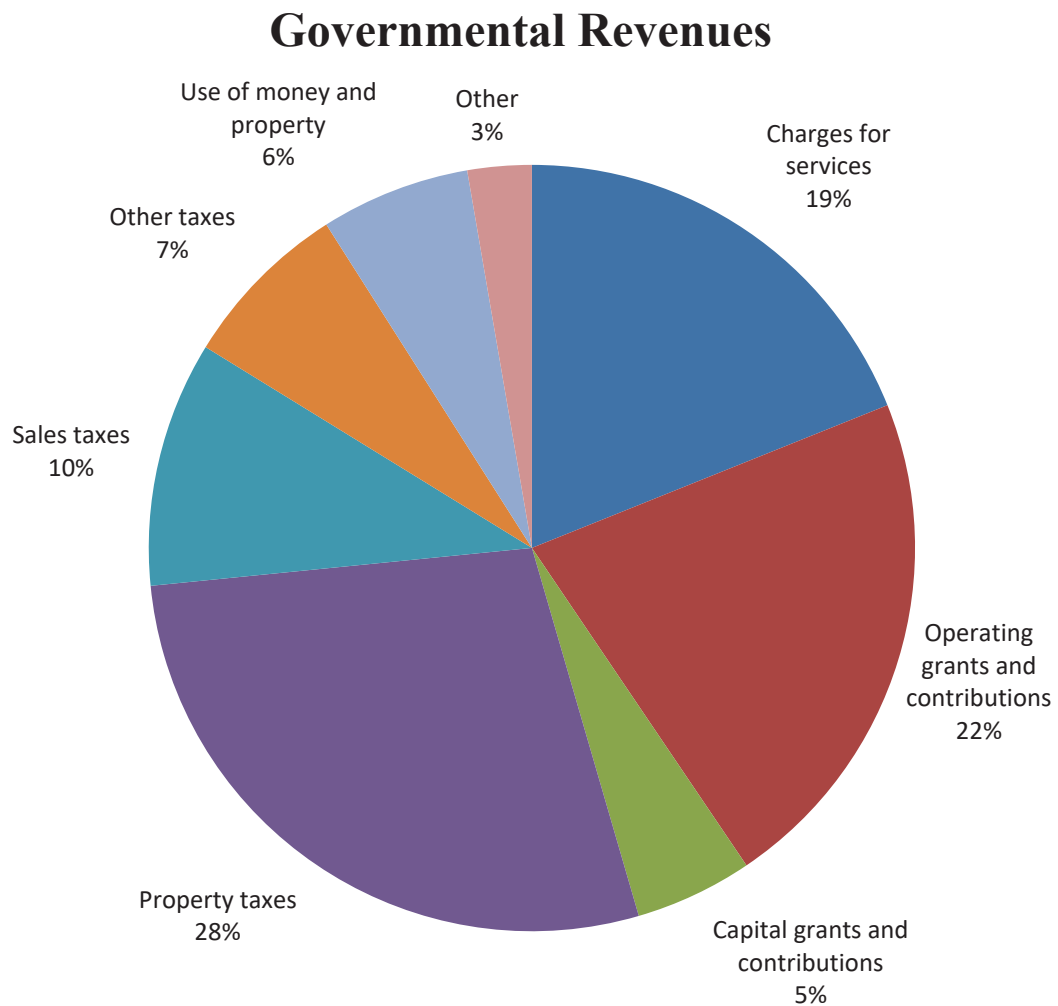


Chart 2 shows that Property Tax, Operating Grants and Contributions, Charges for Service and Sales Tax are the top four categories of revenue and comprise 78% of funding for Government activities. The Other category includes proceeds from the disposition of City real property, intergovernmental administrative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

Chart 2



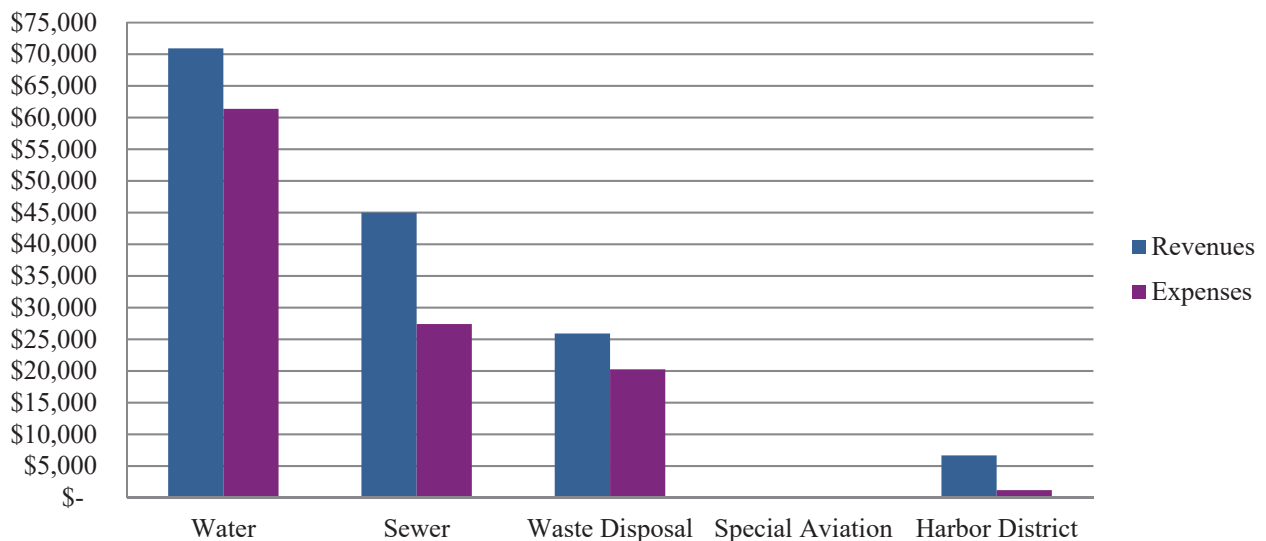
Business-Type Activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and Special Aviation. The Net Position (including transfers) increased \$28.4 million over last fiscal year as noted on Table 3. Revenues increased \$5.8 million due to increase in water rates and usage. Expenses increased \$2.8 million compared to 2017. Transfers out to other funds (a deduction to Net Position) increased \$3.7 million as compared to the prior year.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for proprietary funds reflect an increase of \$5.4 million in total operating revenues from the previous year. The Water operating revenue increased \$4.6 million and Sewer operating revenue increased \$.2 million. Harbor revenues increased \$.25 million and Waste Disposal operating revenue increased \$.32 million. Operating expenses for Water increased \$5.4 million and Sewer decreased \$3.2 million. In Water, administrative costs increased slightly and the cost of purchased water increased \$2.8 million from the prior year. Maintenance and operations costs increased by \$1.3 million. Sewer administrative costs increased \$.8 million and maintenance and operations costs decreased \$4.5 million. 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 remain unchanged from 2017.

Overall, the Business-Type activities operating revenue exceeded operating expenses (before transfers and contributions) for fiscal year 2017-18 with a total net operating income of \$46.9 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 \$69.2 million at year-end, as shown on the Balance Sheet. This is an increase of \$2.5 million from 2017. Of this total amount, \$2.7 million is nonspendable, \$9.99 million is restricted, \$22.3 million is committed, \$33.1 million is assigned, and \$1.1 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 \$2.5 million increase in the General Fund balance. General Fund revenues increased approximately \$4.5 million from 2017. General Fund expenditures increased overall \$12.1 million. Other Financing Sources includes a transfer in of \$13.7 million of which \$6 million came from the Harbor fund for harbor administrative, maintenance and police services, \$6.3 million from Water, Sewer and Waste Disposal funds for administrative services. Other Financing uses also includes a transfer out of \$4.1 million for grants and other governmental funds.

The fund balance of the Grants Special Revenue Fund increased \$1.0 million. Revenues decreased \$1.2 million and expenditures decreased \$1.9 million as compared to 2017.

The fund balance of the Housing Assistance Program Special Revenue Fund increased \$.9 million. Revenues increased \$1.5 million and expenditures increased \$.9 million as compared to 2017. This increase of expenditures is due to the Mission Cove low income housing project.

Debt Administration

Governmental activities debt outstanding at year-end increased \$16.4 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, 2017	Incurred or Issued	Satisfied or Matured	Balance at June 30, 2018
Governmental Activities				
Certificates of Participation	\$10,457,952	\$0	(\$1,883,197)	\$8,574,755
Capital Leases Payable	3,594,051	0	(502,001)	3,092,050
Notes Payable	2,529,000	169,193	(170,184)	2,528,009
Pension Obligation Bonds	29,435,000	0	(2,775,000)	26,660,000
Lease Revenue Bonds	6,335,000	0	(2,050,000)	4,285,000
Claims Payable	20,457,815	3,782,682	(5,605,974)	18,634,523
Compensated Absences	11,939,427	5,829,958	(5,109,764)	12,659,621
Net Pension Liability	200,607,596	22,901,015	0	223,508,611
Total OPEB Liability	3,756,405	1,973,922	0	5,730,327
Unamortized Bond Premiums	319,351	0	(151,988)	167,363
Total Governmental Activities	\$289,431,597	\$34,656,770	(\$18,248,108)	\$305,840,259

Business-Type debt activities decreased in the fiscal year ending 2018 by \$2.4 million. As noted above in the Governmental Activities Debt, the net pension liability was the most significant increase.

Table 5

City of Oceanside				
Business-Type Activities Debt Outstanding				
	Balance at June 30, 2017	Incurred or Issued	Satisfied, Adjusted or Matured	Balance at June 30, 2018
Business-Type Activities				
Bonds Payable	\$24,990,000	\$0	(\$2,915,000)	\$22,075,000
Notes Payable	24,248,049	0	(2,572,871)	21,675,178
Net Pension Liability	17,369,111	3,289,084	0	20,658,195
Compensated Absences	1,957,503	1,064,014	(1,060,856)	1,960,661
Unamortized Bond Premiums	3,079,259	0	(235,710)	2,843,549
Total Business-Type Activities	\$71,643,922	\$4,353,098	(\$6,784,437)	\$69,212,583

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, 2018, net capital assets of the Governmental activities totaled \$300.6 million and the net capital assets of the Business-Type activities totaled \$470.9 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$56,706,522	\$56,085,522	\$29,613,703	\$29,613,703
Buildings	107,040,901	107,007,302	211,992,694	211,337,894
Improvements	56,061,444	53,954,802	551,246,192	551,246,192
Equipment	66,967,878	72,931,670	13,147,565	12,480,134
Construction in Progress	26,127,263	20,342,195	60,388,052	30,795,880
Infrastructure	312,585,729	312,585,729	0	0
Capital Assets	\$625,489,737	\$622,907,220	\$866,388,206	\$835,473,803
Accumulated Depreciation	(324,878,366)	(319,184,594)	(395,475,867)	(380,309,553)
Total Capital Assets	\$300,611,371	\$303,722,626	\$470,912,339	\$455,164,250

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 and Fund 908 (Pension Stabilization Trust Fund) 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 \$12.7 million shown in Table 7 does not represent available one-time funds. The actual excess of resources over charges of \$2.5 million is available as one-time funds and has been assigned by Council for specific uses as outlined on previously. Revenues received were approximately \$4.8 million more than the amended budget due to on-going increases in property and other taxes and intergovernmental revenues. Charges to appropriations were inline with the amended budget. Overall, actual revenues exceeded expenditures and transfers by approximately \$2.5 million which increased the General Fund balance. Of this amount, the City Council has assigned \$1.25 million for PERS unfunded liability payment, \$0.8 million for reserves, and \$0.4 million for infrastructure projects.

Table 7

City of Oceanside			
General Fund Comparison – Actual and Budget Year Ended June 30, 2018			
	Amended Budget	Actual	Variance Pos/(Neg)
Resources (inflows)			
Taxes	\$96,587,821	\$100,690,401	4,102,580
Licenses and permits	3,001,250	3,904,812	903,562
Intergovernmental	325,500	546,707	221,207
Charges for services	16,928,992	16,325,695	(603,297)
Use of money and property	7,741,918	7,779,225	37,307
Fines and forfeitures	3,501,725	3,880,292	378,567
Administrative and in lieu charges	6,778,853	6,778,853	0
Miscellaneous	135,176	104,194	(30,982)
Transfers in	14,085,187	13,719,856	(365,331)
Notes and loans issued	<u>0</u>	<u>150,013</u>	<u>150,013</u>
Amount Available for Appropriations	\$149,086,422	\$153,880,048	\$4,793,626
Charges to Appropriations (outflows)			
General Government	\$26,364,483	\$23,688,639	2,675,844
Public Safety	90,368,803	88,054,821	2,313,982
Community Development	9,315,707	8,319,817	995,890
Community/Cultural Services	14,282,676	13,205,587	1,077,089
Public Works	14,797,178	13,794,847	1,002,331
Capital Outlay	148,336	120,288	28,048
Debt Service	9704	151,509	(141,805)
Transfers Out	<u>4,063,961</u>	<u>4,091,692</u>	<u>(27,731)</u>
Total Charges to Appropriations	\$159,350,848	\$151,427,200	\$7,923,648
Excess of Resources Over (Under)			
Charges to Appropriations as of June 30, 2018	<u>(\$10,264,426)</u>	<u>\$2,452,848</u>	<u>\$12,717,274</u>

Table 8 compares the General Fund (inclusive of Fund 101 General Fund and Fund 102 Investment Clearing Fund) original adopted budget of \$146,124,300 to the final budget amount of \$159,350,848 and Fund 908 Pension Stabilization Trust Fund which shows an overall amended increase of \$13,226,548 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, 2018			
	<u>Adopted</u>	<u>Amended</u>	<u>Increase/ (Decrease)</u>
General Government			
Operational	\$12,385,014	\$12,725,120	\$340,106
Non-Departmental	6,238,068	13,639,363	7,401,295
Public Safety			
Police	57,628,429	58,540,134	911,705
Fire	30,438,128	31,828,669	1,390,541
Public Works	14,494,899	14,797,178	302,279
Community Development			
Planning	2,171,694	2,145,817	(25,877)
Building	2,528,430	2,542,047	13,617
Engineering	4,737,867	4,627,843	(110,024)
Community and Cultural Services			
Economic and Community Development	653,996	713,778	59,782
Library	5,143,401	5,218,832	75,431
Neighborhood Services	7,167,444	7,406,345	238,901
Property Management	911,887	943,721	31,834
Transfers/Capital Outlay/Debt	<u>1,625,043</u>	<u>4,222,001</u>	<u>2,596,958</u>
Total Budget	\$146,124,300	\$159,350,848	\$13,226,548

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) 435-3850.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 164,817,027	\$ 186,649,625	\$ 351,466,652
Receivables:			
Accounts	4,984,632	12,779,332	17,763,964
Taxes	5,683,052	-	5,683,052
Notes and loans	92,879,610	-	92,879,610
Accrued interest	1,249,942	-	1,249,942
Other	2,572,077	-	2,572,077
Due from other governments	2,737,824	-	2,737,824
Internal balances	(3,844,750)	3,844,750	-
Prepaid costs	646,451	15,668	662,119
Inventories	278,198	309,999	588,197
Land held for resale	700,000		700,000
Restricted assets:			
Cash and investments	10,481,911	-	10,481,911
Cash and investments held with fiscal agents	190,273	126,981	317,254
Capital assets, not being depreciated	82,833,785	90,001,755	172,835,540
Capital assets, net of depreciation	217,777,586	380,910,584	598,688,170
Total Assets	583,987,618	674,638,694	1,258,626,312
Deferred Outflows of Resources:			
Deferred charge on refunding	-	138,919	138,919
Deferred pension-related items	69,788,613	7,327,993	77,116,606
Total Deferred Outflows of Resources	69,788,613	7,466,912	77,255,525
Liabilities:			
Accounts payable	10,613,302	14,845,914	25,459,216
Accrued liabilities	4,130,110	599,788	4,729,898
Accrued interest	474,474	337,036	811,510
Unearned revenue	1,818,036	293,870	2,111,906
Deposits payable	918,739	1,391,907	2,310,646
Due to other governments	90,700	-	90,700
Noncurrent liabilities:			
Due within one year	18,291,845	6,026,152	24,317,997
Due in more than one year	58,309,476	42,528,236	100,837,712
Net pension liability	223,508,611	20,658,195	244,166,806
Other post-employment benefits liability	5,730,327	-	5,730,327
Total Liabilities	323,885,620	86,681,098	410,566,718
Deferred Inflows of Resources:			
Deferred charge on refunding	343,417	-	343,417
Deferred pension-related items	14,803,063	581,870	15,384,933
Total Deferred Inflows of Resources	15,146,480	581,870	15,728,350
Net Position:			
Net investment in capital assets	284,435,863	424,457,531	708,893,394
Restricted:			
Community development	4,926,851	-	4,926,851
Public safety	1,140,510	-	1,140,510
Capital projects	39,454,169	71,303,919	110,758,088
Debt service	2,602,920	-	2,602,920
Lighting and landscape districts	1,323,864	-	1,323,864
Highways	1,195,700	-	1,195,700
Housing program	7,491,168	-	7,491,168
Pension trust fund	9,993,649	-	9,993,649
Rate stabilization	-	5,216,020	5,216,020
Unrestricted	(37,820,563)	93,865,168	56,044,605
Total Net Position	\$ 314,744,131	\$ 594,842,638	\$ 909,586,769

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 25,402,641	\$ 10,468,701	\$ 420,602	\$ -
Public safety	88,194,832	8,062,777	1,121,562	15,962
Community development	30,724,146	16,112,696	39,877,333	-
Community/cultural services	18,330,643	2,192,652	1,136,871	-
Public works	45,262,298	5,536,544	5,570,028	10,717,599
Interest on long-term debt	649,868	-	-	-
Total Governmental Activities	208,564,428	42,373,370	48,126,396	10,733,561
Business-Type Activities:				
Water	61,368,335	70,911,470	-	-
Sewer	27,395,744	44,986,466	-	-
Waste Disposal	20,251,509	25,901,726	-	-
Special Aviation	84,677	74,644	-	-
Oceanside Small Craft Harbor District	1,188,233	6,653,343	-	-
Total Business-Type Activities	110,288,498	148,527,649	-	-
Total Primary Government	\$ 318,852,926	\$ 190,901,019	\$ 48,126,396	\$ 10,733,561

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Use of money and property

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at 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
\$ (14,513,338)	\$ -	\$ (14,513,338)
(78,994,531)	-	(78,994,531)
25,265,883	-	25,265,883
(15,001,120)	-	(15,001,120)
(23,438,127)	-	(23,438,127)
(649,868)	-	(649,868)
(107,331,101)	-	(107,331,101)
-	9,543,135	9,543,135
-	17,590,722	17,590,722
-	5,650,217	5,650,217
-	(10,033)	(10,033)
-	5,465,110	5,465,110
-	38,239,151	38,239,151
(107,331,101)	38,239,151	(69,091,950)
61,606,355	-	61,606,355
7,944,470	-	7,944,470
22,671,662	-	22,671,662
4,241,206	-	4,241,206
3,022,177	-	3,022,177
1,204,531	-	1,204,531
13,892,495	1,595,238	15,487,733
6,063,150	5,706,509	11,769,659
17,149,010	(17,149,010)	-
137,795,056	(9,847,263)	127,947,793
30,463,955	28,391,888	58,855,843
285,956,720	566,450,750	852,407,470
(1,676,544)	-	(1,676,544)
284,280,176	566,450,750	850,730,926
\$ 314,744,131	\$ 594,842,638	\$ 909,586,769

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

CITY OF OCEANSIDE, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	General	Grants	Housing Assistance Program	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 54,742,564	\$ 6,650,048	\$ 3,373,070	\$ 52,848,684	\$ 117,614,366
Receivables:					
Accounts	4,561,489	-	64,395	132,089	4,757,973
Taxes	5,667,969	-	-	15,083	5,683,052
Notes and loans	-	71,724,546	20,405,461	749,603	92,879,610
Accrued interest	1,249,942	-	-	-	1,249,942
Other	2,572,077	-	-	-	2,572,077
Prepaid costs	262,976	-	936	208,807	472,719
Due from other governments	-	1,547,463	48,507	1,141,854	2,737,824
Due from other funds	784,066	-	2,472	-	786,538
Advances to other funds	1,673,749	-	-	-	1,673,749
Inventories	20,796	-	-	-	20,796
Land held for resale	700,000	-	-	-	700,000
Restricted assets:					
Cash and investments	9,993,649	-	88,262	100,000	10,181,911
Cash and investments held with fiscal agents	-	-	-	190,273	190,273
Total Assets	\$ 82,229,277	\$ 79,922,057	\$ 23,983,103	\$ 55,386,393	\$ 241,520,830
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 2,334,703	\$ 554,258	\$ 65,784	\$ 6,276,180	\$ 9,230,925
Accrued liabilities	3,793,259	36,468	44,662	61,515	3,935,904
Unearned revenues	144,758	704,016	-	969,262	1,818,036
Deposits payable	762,680	-	109,231	46,828	918,739
Due to other governments	-	-	90,700	-	90,700
Due to other funds	2,472	619,644	448	163,974	786,538
Total Liabilities	7,037,872	1,914,386	310,825	7,517,759	16,780,842
Deferred Inflows of Resources:					
Unavailable revenues	5,994,972	72,945,965	16,180,174	2,097,075	97,218,186
Total Deferred Inflows of Resources	5,994,972	72,945,965	16,180,174	2,097,075	97,218,186
Fund Balances:					
Nonspendable	2,657,521	-	936	208,807	2,867,264
Restricted	9,993,649	5,061,706	7,491,168	45,582,308	68,128,831
Committed	22,303,807	-	-	-	22,303,807
Assigned	33,134,264	-	-	-	33,134,264
Unassigned	1,107,192	-	-	(19,556)	1,087,636
Total Fund Balances	69,196,433	5,061,706	7,492,104	45,771,559	127,521,802
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 82,229,277	\$ 79,922,057	\$ 23,983,103	\$ 55,386,393	\$ 241,520,830

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

CITY OF OCEANSIDE, CALIFORNIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

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

Total fund balances - governmental funds		\$ 127,521,802
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		290,987,085
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	\$ (8,574,755)	
Capital Leases	(3,092,051)	
Notes Payable	(2,515,619)	
Pension Obligation Bonds	(26,660,000)	
Lease Revenue Bonds	(4,285,000)	
Compensated Absences	(11,870,634)	
Unamortized Gain on Defeasance	(343,417)	
Unamortized Bond Premiums	<u>(167,363)</u>	(57,508,839)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(474,474)
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.		(215,764,614)
Deferred outflows for pension-related items are as follows:		
Contributions made after the actuarial measurement date	27,928,284	
Changes in assumptions and other inputs	29,682,152	
Net difference between projected and actual earnings on pension plan investments	<u>9,766,302</u>	67,376,738
Deferred inflows for pension-related items are as follows:		
Differences between expected and actual experiences	(11,835,758)	
Changes of assumptions	<u>(2,737,752)</u>	(14,573,510)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position, the excess of the total OPEB liability over the plan fiduciary net position (\$0) is reported as a total OPEB liability.		(5,730,327)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities.		97,218,186
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>25,692,084</u>
Net Position of Governmental Activities		<u>\$ 314,744,131</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, 2018

	Special Revenue Funds				
	General	Grants	Housing Assistance Program	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$100,690,401	\$ -	\$ -	\$ -	\$ 100,690,401
Licenses and permits	3,904,812	-	287,081	-	4,191,893
Intergovernmental	546,707	3,609,686	18,617,931	15,261,751	38,036,075
Charges for services	16,325,695	13,600	65,872	396,018	16,801,185
Use of money and property	7,779,225	162,691	716,848	5,362,960	14,021,724
Fines and forfeitures	3,880,292	-	-	-	3,880,292
Developer participation	-	1,087,930	-	5,314,919	6,402,849
Administrative and in lieu charges	6,778,853	15,962	-	2,429,313	9,224,128
Miscellaneous	104,194	177,551	350,960	6,117,227	6,749,932
Total Revenues	140,010,179	5,067,420	20,038,692	34,882,188	199,998,479
Expenditures:					
Current:					
General government	23,688,639	136,210	-	6,532	23,831,381
Public safety	88,054,821	1,634,634	-	23,906	89,713,361
Community development	8,319,817	1,345,175	19,160,366	131,915	28,957,273
Community/cultural services	13,205,587	183,317	-	1,058,261	14,447,165
Public works	13,794,847	601,623	-	13,804,436	28,200,906
Capital outlay	120,288	364,098	-	16,649,586	17,133,972
Debt service:					
Principal retirement	146,297	-	-	7,232,775	7,379,072
Interest and fiscal charges	5,212	-	-	892,146	897,358
Total Expenditures	147,335,508	4,265,057	19,160,366	39,799,557	210,560,488
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,325,329)	802,363	878,326	(4,917,369)	(10,562,009)
Other Financing Sources (Uses):					
Transfers in	13,719,856	292,436	-	9,174,583	23,186,875
Transfers out	(4,091,692)	(118,779)	-	(1,718,568)	(5,929,039)
Notes and loans issued	150,013	-	-	5,481	155,494
Total Other Financing Sources (Uses)	9,778,177	173,657	-	7,461,496	17,413,330
Net Change in Fund Balances	2,452,848	976,020	878,326	2,544,127	6,851,321
Fund Balance at the Beginning of the Year	66,743,585	4,085,686	6,613,778	43,227,432	120,670,481
Fund Balance at the End of the Year	\$ 69,196,433	\$ 5,061,706	\$ 7,492,104	\$ 45,771,559	\$ 127,521,802

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, 2018**

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

Net change in fund balances - total governmental funds		\$ 6,851,321
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	\$ 9,804,783	
Depreciation	<u>(12,950,155)</u>	(3,145,372)
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	6,708,197	
Amortization of bond premiums/discounts	151,988	
Amortization of deferred charges on refunding	57,236	
Issuance of San Diego Gas and Electric loans	(155,494)	
Loan principal repayments	168,874	
Capital lease installment payments	<u>502,001</u>	7,432,802
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		38,266
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.		(718,187)
Pension obligation 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.		(1,712,563)
Other post-employment benefit obligation 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.		(297,378)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities.		21,715,385
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>299,681</u>
Change in Net Position of Governmental Activities		<u>\$ 30,463,955</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.

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Assets:				
Current Assets:				
Cash and investments	\$ 87,612,414	\$ 85,522,684	\$ 6,665,627	\$ 868,738
Restricted cash and investments	126,199	782	-	-
Accounts receivable	7,175,826	4,807,390	601,755	3,252
Prepaid costs	7,549	5,969	2,150	-
Inventories	297,866	12,133	-	-
Total Current Assets	95,219,854	90,348,958	7,269,532	871,990
Noncurrent Assets:				
Advances to other funds	-	-	-	-
Capital assets, not being depreciated	49,954,158	35,021,177	1,191,022	3,835,398
Capital assets, being depreciated	330,457,730	411,523,267	183,492	2,105,525
Less accumulated depreciation	(169,352,708)	(201,550,149)	(134,895)	(1,192,995)
Total Noncurrent Assets	211,059,180	244,994,295	1,239,619	4,747,928
Total Assets	306,279,034	335,343,253	8,509,151	5,619,918
Deferred Outflows of Resources:				
Deferred charge on refunding	-	138,919	-	-
Deferred pension-related items	3,413,028	3,662,244	252,721	-
Total Deferred Outflows of Resources	3,413,028	3,801,163	252,721	-
Liabilities:				
Current Liabilities:				
Accounts payable	11,651,349	1,569,028	1,619,290	-
Accrued liabilities	287,131	295,078	17,579	-
Accrued interest	110,369	220,093	-	1,616
Unearned revenues	5,000	-	-	-
Deposits payable	1,057,051	-	-	4,580
Compensated absences	509,852	524,660	23,138	-
Accrued claims and judgments	-	-	-	-
Bonds and loans payable	1,120,000	3,696,576	-	54,778
Total Current Liabilities	14,740,752	6,305,435	1,660,007	60,974
Noncurrent Liabilities:				
Advances from other funds	-	-	-	1,673,749
Compensated absences	345,189	527,135	28,286	-
Accrued claims and judgments	-	-	-	-
Bonds and loans payable	13,754,090	27,373,283	-	-
Net pension liability	9,551,810	10,506,798	599,587	-
Total Noncurrent Liabilities	23,651,089	38,407,216	627,873	1,673,749
Total Liabilities	38,391,841	44,712,651	2,287,880	1,734,723
Deferred Inflows of Resources:				
Deferred pension-related items	272,902	292,765	16,203	-
Total Deferred Inflows of Resources	272,902	292,765	16,203	-
Net Position:				
Net investment in capital assets	196,417,945	213,830,500	1,239,619	4,693,150
Restricted for capital projects	52,579,233	18,724,686	-	-
Restricted for debt service	-	-	-	-
Restricted for rate stabilization	-	-	5,216,020	-
Unrestricted	22,030,141	61,583,814	2,150	(807,955)
Total Net Position	\$ 271,027,319	\$ 294,139,000	\$ 6,457,789	\$ 3,885,195

Reconciliation of Net Position to the Statement of Net Position

Net Position per Statement of Net Position - Proprietary Funds

Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds

Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds

Net Position per Statement of Net Position

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

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Oceanside Small Craft Harbor District	Totals	
Assets:			
Current Assets:			
Cash and investments	\$ 5,980,162	\$ 186,649,625	\$ 47,202,661
Restricted cash and investments	-	126,981	300,000
Accounts receivable	191,109	12,779,332	226,659
Prepaid costs	-	15,668	173,732
Inventories	-	309,999	257,402
Total Current Assets	6,171,271	199,881,605	48,160,454
Noncurrent Assets:			
Advances to other funds	-	-	454,747
Capital assets, not being depreciated	-	90,001,755	741,634
Capital assets, being depreciated	32,116,437	776,386,451	28,495,241
Less accumulated depreciation	(23,245,120)	(395,475,867)	(19,612,589)
Total Noncurrent Assets	8,871,317	470,912,339	10,079,033
Total Assets	15,042,588	670,793,944	58,239,487
Deferred Outflows of Resources:			
Deferred charge on refunding	-	138,919	-
Deferred pension-related items	-	7,327,993	2,411,875
Total Deferred Outflows of Resources	-	7,466,912	2,411,875
Liabilities:			
Current Liabilities:			
Accounts payable	6,247	14,845,914	1,382,377
Accrued liabilities	-	599,788	194,206
Accrued interest	4,958	337,036	-
Unearned revenues	288,870	293,870	-
Deposits payable	330,276	1,391,907	-
Compensated absences	2,148	1,059,798	337,664
Accrued claims and judgments	-	-	5,312,024
Bonds and loans payable	95,000	4,966,354	1,430
Total Current Liabilities	727,499	23,494,667	7,227,701
Noncurrent Liabilities:			
Advances from other funds	454,747	2,128,496	-
Compensated absences	253	900,863	451,323
Accrued claims and judgments	-	-	13,322,499
Bonds and loans payable	500,000	41,627,373	10,959
Net pension liability	-	20,658,195	7,743,997
Total Noncurrent Liabilities	955,000	65,314,927	21,528,778
Total Liabilities	1,682,499	88,809,594	28,756,479
Deferred Inflows of Resources:			
Deferred pension-related items	-	581,870	229,553
Total Deferred Inflows of Resources	-	581,870	229,553
Net Position:			
Net investment in capital assets	8,276,317	424,457,531	9,611,897
Restricted for capital projects	-	71,303,919	-
Restricted for debt service	-	-	-
Restricted for rate stabilization	-	5,216,020	-
Unrestricted	5,083,772	87,891,922	22,053,433
Total Net Position	\$ 13,360,089	\$ 588,869,392	\$ 31,665,330
		\$ 588,869,392	
		5,869,428	
		103,818	
		<u>\$ 594,842,638</u>	

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

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Operating Revenues:				
Sales and service charges	\$ 70,911,470	\$ 44,986,466	\$ 25,901,726	\$ 74,644
Fines, forfeitures, and penalties	454,963	14,304	-	-
Developer fees	2,212,360	2,123,896	-	-
Slip rentals and other related fees	-	-	-	-
Parking	-	-	-	-
Miscellaneous	43,814	675,698	1,000	58,658
Total Operating Revenues	73,622,607	47,800,364	25,902,726	133,302
Operating Expenses:				
Administration and general	7,530,811	8,272,106	599,264	-
Maintenance and operations	11,553,579	9,782,612	19,617,689	723
Cost of purchased water	34,112,500	-	-	-
Depreciation expense	6,519,231	8,174,460	23,211	79,472
Pension expense	420,401	400,256	11,345	-
Total Operating Expenses	60,136,522	26,629,434	20,251,509	80,195
Operating Income	13,486,085	21,170,930	5,651,217	53,107
Nonoperating Revenues (Expenses):				
Investment income	327,986	334,421	-	2,256
Interest expense	(1,288,440)	(813,501)	-	(4,482)
Gain on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	(960,454)	(479,080)	-	(2,226)
Income before Transfers	12,525,631	20,691,850	5,651,217	50,881
Transfers in	152,227	9,909	-	-
Transfers out	(1,346,422)	(4,053,713)	(5,875,243)	(5,947)
Changes in Net Position	11,331,436	16,648,046	(224,026)	44,934
Net Position at the Beginning of the Year	259,695,883	277,490,954	6,681,815	3,840,261
Net Position at the End of the Year	\$ 271,027,319	\$ 294,139,000	\$ 6,457,789	\$ 3,885,195

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

Adjustment to reflect the consolidation of current fiscal year

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, 2018

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Oceanside Small Craft Harbor District	Totals	
Operating Revenues:			
Sales and service charges	\$ 45,691	\$ 141,919,997	\$ 60,209,597
Fines, forfeitures, and penalties	116,845	586,112	-
Developer fees	-	4,336,256	-
Slip rentals and other related fees	6,514,862	6,514,862	-
Parking	996,412	996,412	-
Miscellaneous	16,917	796,087	456,398
Total Operating Revenues	7,690,727	155,149,726	60,665,995
Operating Expenses:			
Administration and general	-	16,402,181	42,756,470
Maintenance and operations	704,712	41,659,315	15,429,407
Cost of purchased water	-	34,112,500	-
Depreciation expense	465,836	15,262,210	2,133,302
Pension expense	-	832,002	-
Total Operating Expenses	1,170,548	108,268,208	60,319,179
Operating Income	6,520,179	46,881,518	346,816
Nonoperating Revenues (Expenses):			
Investment income	15,007	679,670	5,252
Interest expense	(17,685)	(2,124,108)	-
Gain on disposal of capital assets	-	-	160,257
Total Nonoperating Revenues (Expenses)	(2,678)	(1,444,438)	165,509
Income before Transfers	6,517,501	45,437,080	512,325
Transfers in	-	162,136	84,089
Transfers out	(6,029,821)	(17,311,146)	(192,915)
Changes in Net Position	487,680	28,288,070	403,499
Net Position at the Beginning of the Year	12,872,409	560,581,322	31,261,831
Net Position at the End of the Year	\$ 13,360,089	\$ 588,869,392	\$ 31,665,330
		\$ 28,288,070	
		103,818	
		<u>\$ 28,391,888</u>	

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, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 73,380,115	\$ 47,326,279	\$ 26,033,418	\$ 133,302
Receipts from interfund services and charges	-	-	-	-
Payments to suppliers and service providers	(32,472,042)	(9,407,458)	(19,604,474)	(723)
Payments to employees for salaries and benefits	(19,430,234)	(8,647,478)	(585,630)	-
Payments for claims and judgments	-	-	-	-
Net Cash Provided by Operating Activities	21,477,839	29,271,343	5,843,314	132,579
Cash Flows from Non-Capital Financing Activities:				
Transfers from other funds	152,227	9,909	-	-
Transfers to other funds	(1,346,422)	(4,053,713)	(5,875,243)	(5,947)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(1,194,195)	(4,043,804)	(5,875,243)	(5,947)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(18,936,828)	(11,346,074)	(307,146)	-
Proceeds from disposal of capital assets	-	-	-	-
Repayment made on advances from other funds	-	-	-	-
Advance received from other funds	-	-	-	80,565
Principal paid on capital debt	(1,475,000)	(3,611,649)	-	(81,222)
Interest paid on capital debt	(1,379,471)	(956,183)	-	(6,878)
Proceeds from capital debt	-	-	-	-
Net Cash Used For Capital and Related Financing Activities	(21,791,299)	(15,913,906)	(307,146)	(7,535)
Cash Flows from Investing Activities:				
Investment income	327,986	334,421	-	2,256
Net Cash Provided by (Used for) Investing Activities	327,986	334,421	-	2,256
Net Increase (Decrease) in Cash and Cash Equivalents	(1,179,669)	9,648,054	(339,075)	121,353
Cash and Cash Equivalents, July 1 (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
Cash and Cash Equivalents, June 30 (including \$126,199, \$782, and \$300,000 for the Water, Sewer, and Internal Service Funds, respectively, reported in restricted accounts)	\$ 87,738,613	\$ 85,523,466	\$ 6,665,627	\$ 868,738

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, 2018

	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	\$ 7,871,578	\$ 154,744,692	\$ -
Receipts from interfund services and charges	-	-	60,618,686
Payments to suppliers and service providers	(706,155)	(62,190,852)	(15,423,650)
Payments to employees for salaries and benefits	(20,393)	(28,683,735)	(42,421,356)
Payments for claims and judgments	-	-	(1,823,292)
Net Cash Provided by Operating Activities	7,145,030	63,870,105	950,388
Cash Flows from Non-Capital Financing Activities:			
Transfers from other funds	-	162,136	84,089
Transfers to other funds	(6,029,821)	(17,311,146)	(192,915)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(6,029,821)	(17,149,010)	(108,826)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(420,251)	(31,010,299)	(2,177,236)
Proceeds from disposal of capital assets	-	-	170,074
Repayment made on advances from other funds	(22,750)	(22,750)	-
Advance received from other funds	-	80,565	22,750
Principal paid on capital debt	(320,000)	(5,487,871)	(1,310)
Interest paid on capital debt	(20,352)	(2,362,884)	-
Proceeds from capital debt	-	-	13,699
Net Cash Used For Capital and Related Financing Activities	(783,353)	(38,803,239)	(1,972,023)
Cash Flows from Investing Activities:			
Investment income	15,007	679,670	5,252
Net Cash Provided by (Used for) Investing Activities	15,007	679,670	5,252
Net Increase (Decrease) in Cash and Cash Equivalents	346,863	8,597,526	(1,125,209)
Cash and Cash Equivalents, July 1 (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
Cash and Cash Equivalents, June 30 (including \$126,199, \$782, and \$300,000 for the Water, Sewer, and Internal Service Funds, respectively, reported in restricted accounts)	\$ 5,980,162	\$ 186,776,606	\$ 47,502,661

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, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 13,486,085	\$ 21,170,930	\$ 5,651,217	\$ 53,107
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	6,519,231	8,174,460	23,211	79,472
(Increase) decrease in accounts receivable	(52,123)	(474,085)	130,692	-
(Increase) decrease in prepaid costs	9,380	4,833	(2,150)	-
Decrease in inventories	16,014	333,167	-	-
Increase (decrease) in accounts payable	1,615,064	37,154	15,365	-
Increase in accrued liabilities	15,831	8,801	2,717	-
Increase (decrease) in unearned revenues	(189,009)	-	-	-
Increase (decrease) in deposits payable	(1,360)	-	-	-
Increase (decrease) in compensated absences	59,434	(43,090)	7,208	-
(Decrease) in accrued claims and judgments	-	-	-	-
Increase (decrease) in net pension liability	(708)	59,173	15,054	-
Total Adjustments	7,991,754	8,100,413	192,097	79,472
Net Cash Provided by Operating Activities	<u>\$ 21,477,839</u>	<u>\$ 29,271,343</u>	<u>\$ 5,843,314</u>	<u>\$ 132,579</u>
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premium/discounts	\$ 105,087	\$ 130,623	\$ -	\$ -
Amortization of deferred charge on bond refundings	23,889	14,127	-	-
Unrealized loss on investments	(702,824)	(662,741)	-	(6,616)

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, 2018

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Oceanside Small Craft Harbor District	Totals	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 6,520,179	\$ 46,881,518	\$ 346,816
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	465,836	15,262,210	2,133,302
(Increase) decrease in accounts receivable	78,277	(317,239)	(47,309)
(Increase) decrease in prepaid costs	-	12,063	(162,049)
Decrease in inventories	-	349,181	(9,510)
Increase (decrease) in accounts payable	(1,443)	1,666,140	177,316
Increase in accrued liabilities	-	27,349	(1,815)
Increase (decrease) in unearned revenues	102,055	(86,954)	-
Increase (decrease) in deposits payable	519	(841)	-
Increase (decrease) in compensated absences	(20,393)	3,159	2,007
(Decrease) in accrued claims and judgments	-	-	(1,823,292)
Increase (decrease) in net pension liability	-	73,519	334,922
Total Adjustments	624,851	16,988,587	603,572
Net Cash Provided by Operating Activities	\$ 7,145,030	\$ 63,870,105	\$ 950,388
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of bond premium/discounts	\$ -	\$ 235,710	\$ -
Amortization of deferred charge on bond refundings	-	38,016	-
Unrealized loss on investments	(44,367)	(1,416,548)	-

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, 2018

		Private-Purpose Trust Fund
	Agency Funds	Successor Agency
Assets:		
Cash and investments	\$ 6,257,276	\$ 3,196,161
Restricted cash and investments	9,626,402	147
Taxes receivable	12,245	-
Accrued interest receivable	16,819	-
Prepaid costs	-	160,087
Capital assets, not being depreciated	-	4,382,966
Capital assets, net of depreciation	-	1,805,086
Total Assets	\$ 15,912,742	9,544,447
Liabilities:		
Accounts payable	\$ 24,088	-
Accrued liabilities	12,227	224
Accrued interest payable	-	356,663
Deposits payable	6,072,697	-
Due to external parties/other agencies	9,803,730	-
Long-term liabilities, due within one year	-	2,825,000
Long-term liabilities, due in more than one year	-	28,450,892
Total Liabilities	\$ 15,912,742	31,632,779
Net Position:		
Assets held in trust for the dissolution of the former Redevelopment Agency		(22,088,332)
Total Net Position		\$ (22,088,332)

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, 2018

	Private-Purpose Trust Fund
	Successor Agency
Additions:	
Contributions:	
From City	\$ 1,660,471
Taxes	4,007,488
Investment earnings:	
Interest	313,567
Net decrease in the fair value of investments	(19,759)
Total Additions	5,961,767
Deductions:	
Administrative expenses	134,108
Project costs	159,666
Interest expense	1,117,249
Contributions to other governments	1,646,071
Total Deductions	3,057,094
Change in Net Position	2,904,673
Net Position at the Beginning of the Year	(24,993,005)
Net Position at the End of the Year	\$ (22,088,332)

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, 2018

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, 2018

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, 2018

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.

Additionally, the government report the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets.

Debt service funds are used for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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, 2018

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, 2018

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, 2018

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. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oceanside Retiree Benefits Plan ("OPEB Plan") and additions/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit term. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all eligible and inactive employees at the beginning of the measurement period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

j. 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 and changes in actuarial assumptions related to pensions. 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 actuarially determined differences between expected and actual plan experiences for pensions and changes in actuarial assumptions related to pensions. These amounts are deferred and amortized over a five-year period on a straight-line basis for the net difference between projected and actual earnings on plan investments. All others are amortized over the expected average remaining service life of plan participants.

k. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

I. 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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

m. 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.

n. 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.

o. Compensated Absences

Government-wide Financial Statements

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

Fund Financial Statements

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

p. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

q. Change in Accounting Principle

During the fiscal year ended June 30, 2018, the City implemented the GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits other than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting for Financial Reporting by Employers for Post-Employment Benefits other than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

As a result of this change in accounting principle, beginning net position as reported in the statement of net position has been restated (see Note 14 for more information).

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Note 2: Stewardship, Compliance, and Accountability

a. Deficit Fund Balances

The following fund reported deficit in fund balance at June 30, 2018:

Nonmajor Funds:

Community Development Block Grant	\$19,318
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The Community Development Block Grant Fund deficit balance is due to timing of reimbursement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
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, 2018:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 164,817,027	\$ 186,649,625	\$ 9,453,437	\$ 360,920,089
Restricted cash and investments	10,672,184	126,981	9,626,549	20,425,714
Total cash and investments	<u>\$ 175,489,211</u>	<u>\$ 186,776,606</u>	<u>\$ 19,079,986</u>	<u>\$ 381,345,803</u>

Cash and investments at June 30, 2018, consisted of the following:

Demand deposits	\$ 2,671,428
Petty Cash	4,929
Pension stabilization trust	9,993,649
Investments	<u>368,675,797</u>
Total cash and investments	<u>\$ 381,345,803</u>

Demand Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$2,671,428 and the bank balance was \$2,869,133. The \$197,705 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
Note 3: Cash and Investments (Continued)
Investments Authorized by the California Government Code and the City's Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury 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
County Pooled Investment Fund	N/A	15%	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, 2018
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	\$ 5,987,730	\$ 1,948,040	\$ -	\$ -	\$ 7,935,770
United States Government Sponsored					
Enterprise Securities	56,238,952	106,253,459	42,467,550	13,212,540	218,172,501
Supranational Obligations	1,995,780	-	-	-	1,995,780
Municipal Bonds	9,201,741	1,831,215	-	-	11,032,956
Negotiable Certificates of Deposit	9,025,780	11,684,287	6,976,739	4,023,110	31,709,916
Local Agency Investment Fund (LAIF)	87,885,071	-	-	-	87,885,071
Held by Fiscal Agent:					
Local Agency Investment Fund (LAIF)	4,017,501	-	-	-	4,017,501
Money Market Mutual Funds	5,926,119	-	-	-	5,926,119
Cash and cash equivalents	183	-	-	-	183
	<u>\$ 180,278,857</u>	<u>\$ 121,717,001</u>	<u>\$ 49,444,289</u>	<u>\$ 17,235,650</u>	<u>\$ 368,675,797</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, 2018, is \$173,848,688 or 46.5% of the City's portfolio (excluding held by fiscal agents).

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 3: Cash and Investments (Continued)

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, 2018	Minimum Legal Rating	AAA/Aaa	AA+/Aa1	AA to AA-/ Aa2 to Aa3	A+ to A/ A1 to A2	Unrated
United States Treasury Obligations	\$ 7,935,770	N/A	\$ 7,935,770	\$ -	\$ -	\$ -	\$ -
United States Government Sponsored Enterprise Securities	218,172,501	N/A	218,172,501	-	-	-	-
Supranational Obligations	1,995,780	A	1,995,780	-	-	-	-
Municipal Bonds	11,032,956	A	295,620	-	8,731,836	2,005,500	-
Negotiable Certificates of Deposit	31,709,916	N/A	-	-	-	-	31,709,916
Local Agency Investment Fund (LAIF)	87,885,071	N/A	-	-	-	-	87,885,071
Held by Bond Trustees:							
Local Agency Investment Fund (LAIF)	4,017,501	N/A	-	-	-	-	4,017,501
Money Market Mutual Funds	5,926,119	AAA/Aaa	5,926,119	-	-	-	-
Cash and cash equivalents	183	N/A	-	-	-	-	183
	<u>\$ 368,675,797</u>		<u>\$ 234,325,790</u>	<u>\$ -</u>	<u>\$ 8,731,836</u>	<u>\$ 2,005,500</u>	<u>\$ 123,612,671</u>

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	\$ 52,652,155	14.7%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	61,621,522	17.2%
Federal Farm Credit Banks	United States Government Sponsored Enterprise Securities	43,614,929	12.1%
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	60,283,895	16.8%

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, 2018, none of the City's deposits or investments were exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
Note 3: Cash and Investments (Continued)**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 does not impose limits or restrictions on participant withdrawals, and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. 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.

Pension Stabilization Trust

On February 28, 2018, the City deposited \$10,000,000 into an IRS Section 115 Trust for the purpose of setting funding aside for the unfunded pension liability. At June 30, 2018, the market value of the assets held in trust is \$9,993,649. The assets of the trust are reported as restricted cash and investments in the City's General Fund, with a corresponding restriction in the General Fund's fund balance.

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 2 inputs utilized by the City to determine fair market value include: matrix pricing, market corroborated pricing, and other inputs such as yield curves and indices. Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair market value measurements as of June 30, 2018:

Investments	Fair Value	Level		
		1	2	Uncategorized
U.S. Government-Sponsored Enterprise Obligations	\$ 218,172,501	\$ -	\$ 218,172,501	\$ -
United States Treasury Bills, Bonds, and Notes	7,935,770	7,935,770	-	-
Municipal Bonds	11,032,956	-	11,032,956	-
Supranational Obligations	1,995,780	-	1,995,780	-
Negotiable Certificates of Deposit	31,709,916	-	31,709,916	-
Local Agency Investment Fund	87,885,071	-	-	87,885,071
Held by Fiscal Agent:				
Local Agency Investment Fund	4,017,501	-	-	4,017,501
Money Market Mutual Funds	5,926,119		5,926,119	-
Cash and cash equivalents	183	183	-	-
	<u>\$ 368,675,797</u>	<u>\$ 7,935,953</u>	<u>\$ 268,837,272</u>	<u>\$ 91,902,572</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 4: Property Taxes

Property taxes attach a legally 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, 2018, the City had notes receivable reported in the following funds:

Grants Fund	\$	71,724,546
Housing Assistance Program		20,405,461
Community Development Block Grant		586,502
General Improvement		163,101
	\$	<u>92,879,610</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, 2018, the outstanding balance including accrued interest of \$8,150,785 is \$71,724,546.

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, 2018, the outstanding balance including accrued interest of \$1,887,037 is \$20,405,461. 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 \$20,405,461.

The Community Development Block Grant Fund loaned Mental Health Systems, Inc. \$655,000 on July 1, 2012 for the acquisition and rehabilitation of an apartment complex. The balance outstanding at June 30, 2018 is \$586,502.

The General Improvement Fund provided a \$100,000 loan to SoCal SC, L.P. on March 5, 2014 to aid the acceleration of construction of a recreational complex. The balance outstanding at June 30, 2018 is \$163,101.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**Note 6: Interfund Transactions****a. Due To/From Other Funds**

At June 30, 2018, there were the following short-term interfund receivables and payables:

Due from Other Fund	Due to Other Funds				
	General Fund	Grants	Housing Assistance Program	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 619,644	\$ 448	\$ 163,974	\$ 784,066
Housing Assistance Program	2,472	-	-	-	2,472
Total	\$ 2,472	\$ 619,644	\$ 448	\$ 163,974	\$ 786,538

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

b. Advances To/From Other Funds

At June 30, 2018, the City had the following long-term interfund receivables and payables:

Advances to Other Funds	Advances from Other Funds		
	Oceanside Small Craft Harbor District	Special Aviation Enterprise Fund	Total
General Fund	\$ -	\$ 1,673,749	\$ 1,673,749
Internal Service Funds	454,747	-	454,747
Total	\$ 454,747	\$ 1,673,749	\$ 2,128,496

The General Fund advanced funds to the Special Aviation Enterprise Fund for operational purposes. As of June 30, 2018, the outstanding balance of the loans were \$1,673,749.

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, 2018, the outstanding balance of the loan was \$454,747.

c. Transfers In/Out

Transfers in and out for the year ended June 30, 2018, are as follows:

Transfers Out	Transfers In						
	General Fund	Grants	Nonmajor Governmental Funds	Water	Sewer	Internal Service Funds	Total
General Fund	\$ -	\$ 286,489	\$ 3,805,203	\$ -	\$ -	\$ -	\$ 4,091,692
Grants	82,873	-	-	35,906	-	-	118,779
Nonmajor Governmental Funds	1,252,801	-	445,267	20,500	-	-	1,718,568
Water	836,177	-	510,245	-	-	-	1,346,422
Sewer	58,800	-	3,994,913	-	-	-	4,053,713
Waste Disposal	5,412,574	-	406,669	56,000	-	-	5,875,243
Special Aviation	-	5,947	-	-	-	-	5,947
Oceanside Small Craft Harbor District	6,029,821	-	-	-	-	-	6,029,821
Internal Service Funds	46,810	-	12,286	39,821	9,909	84,089	192,915
Total	\$ 13,719,856	\$ 292,436	\$ 9,174,583	\$ 152,227	\$ 9,909	\$ 84,089	\$ 23,433,100

Transfers between funds were for operating expenses and capital costs.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 7: Capital Assets

a. Governmental Activities Capital Assets

A summary of changes in the governmental activities capital assets at June 30, 2018, is as follows:

	Balance at July 1, 2017	Transfers	Additions	Deletions	Balance at June 30, 2018
Capital assets not being depreciated:					
Land	\$ 56,085,522	\$ -	\$ 621,000	\$ -	\$ 56,706,522
Construction in progress	20,342,195	(4,060,547)	9,845,615	-	26,127,263
Total Capital Assets, Not Being Depreciated	76,427,717	(4,060,547)	10,466,615	-	82,833,785
Capital assets being depreciated:					
Buildings and improvements	107,007,302	-	33,599	-	107,040,901
Improvements other than buildings	53,954,802	2,106,642	-	-	56,061,444
Machinery and equipment	72,931,670	1,953,905	1,481,805	9,399,502	66,967,878
Infrastructure	312,585,729	-	-	-	312,585,729
Total Capital Assets, Being Depreciated	546,479,503	4,060,547	1,515,404	9,399,502	542,655,952
Less accumulated depreciation for:					
Buildings and improvements	44,755,290	-	2,879,544	-	47,634,834
Improvements other than buildings	18,323,603	-	3,982,334	-	22,305,937
Machinery and equipment	58,626,655	-	3,171,327	9,389,685	52,408,297
Infrastructure	197,479,046	-	5,050,252	-	202,529,298
Total Accumulated Depreciation	319,184,594	-	15,083,457	9,389,685	324,878,366
Total Capital Assets, Being Depreciated, Net	227,294,909	4,060,547	(13,568,053)	9,817	217,777,586
Governmental Activities Capital Assets, Net	\$ 303,722,626	\$ -	\$ (3,101,438)	\$ 9,817	\$ 300,611,371

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

General Government	\$ 285,868
Public Safety	3,890,525
Public Works	1,826,231
Community Development	46,279
Community/Cultural Services	6,901,252
Internal Service Funds	2,133,302
Total Depreciation expense- governmental activities	\$ 15,083,457

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 7: Capital Assets (Continued)

b. Business-Type Activities Capital Assets

A summary of changes in the business-type activities capital assets at June 30, 2018, is as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets not being depreciated:				
Land	\$ 29,613,703			\$ 29,613,703
Construction-in-progress	30,795,880	29,592,172	-	60,388,052
Total capital assets not being depreciated	60,409,583	29,592,172	-	90,001,755
Capital assets being depreciated				
Buildings and improvements	211,337,894	654,798	-	211,992,692
Improvements other than buildings	551,246,192	-	-	551,246,192
Machinery and equipment	12,480,134	763,329	(95,898)	13,147,565
Total capital assets being depreciated	775,064,220	1,418,127	(95,898)	776,386,449
Less accumulated depreciation for:				
Buildings and improvements	63,628,897	4,360,095	-	67,988,992
Improvements other than buildings	306,151,360	10,603,895	-	316,755,255
Machinery and equipment	10,529,296	298,220	(95,898)	10,731,618
Total accumulated depreciation	380,309,553	15,262,210	(95,898)	395,475,865
Total capital assets being depreciated, net	394,754,667	(13,844,083)	-	380,910,584
Business-Type Activities Capital Assets, Net	<u>\$ 455,164,250</u>	<u>\$ 15,748,089</u>	<u>\$ -</u>	<u>\$ 470,912,339</u>

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

Water	\$ 6,519,231
Sewer	8,174,460
Waste Disposal	23,211
Special Aviation	79,472
Oceanside Small Craft Harbor District	465,836
Total depreciation expense-business type activities	<u>\$ 15,262,210</u>

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**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, 2018:

	Balance at 7/1/2017	Adjustments*	Additions	Deletions	Balance at 6/30/2018	Due Within One Year	Due in More Than One Year
Certificates of Participation:							
2011 COP	\$ 4,415,000	\$ -	\$ -	\$ (640,000)	\$ 3,775,000	\$ 675,000	\$ 3,100,000
2013 COP 2003 Refunding	6,042,952	-	-	(1,243,197)	4,799,755	1,265,374	3,534,381
Total Certificates of Participation	10,457,952	-	-	(1,883,197)	8,574,755	1,940,374	6,634,381
Capital Leases:							
2011 Fire Apparatus	131,947	-	-	(131,947)	-	-	-
2013 Streetlight Retrofit	3,462,104	-	-	(370,054)	3,092,050	381,803	2,710,247
Total Capital Leases	3,594,051	-	-	(502,001)	3,092,050	381,803	2,710,247
Notes Payable:							
2008 HUD Section 108 Loans	2,529,000	-	-	(154,000)	2,375,000	162,000	2,213,000
2016 San Diego Gas & Electric Loans	-	-	169,193	(16,184)	153,009	17,656	135,353
Total Notes Payable	2,529,000	-	169,193	(170,184)	2,528,009	179,656	2,348,353
2015 Taxable Pension Obligation Bonds	29,435,000	-	-	(2,775,000)	26,660,000	2,970,000	23,690,000
2015A OPFA Lease Revenue Bonds	6,335,000	-	-	(2,050,000)	4,285,000	2,090,000	2,195,000
Claims payable	20,457,815	-	3,782,682	(5,605,974)	18,634,523	5,312,024	13,322,499
Compensated absences	11,939,427	-	5,829,958	(5,109,764)	12,659,621	5,417,988	7,241,633
Net pension liability	200,607,596	-	22,901,015	-	223,508,611	-	223,508,611
Total OPEB liability	3,756,405	1,676,544	297,378	-	5,730,327	-	5,730,327
Subtotal	\$ 289,112,246	\$ 1,676,544	\$ 32,980,226	\$ (18,096,120)	\$ 305,672,896	\$ 18,291,845	\$ 287,381,051
Add: Unamortized Bond Premium (Discount)					167,363		
Total					\$ 305,840,259		

*Adjustment relates to the implementation of GASB 75; refer to Note 14 for further information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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 \$675,000 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, 2018, the outstanding balance of these certificates was \$3,775,000.

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

Year Ending June 30	Principal	Interest	Total
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>\$ 3,775,000</u>	<u>\$ 445,158</u>	<u>\$ 4,220,158</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, 2018, the outstanding balance of these certificates was \$4,799,755.

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 1,265,374	79,626	\$ 1,345,000
2020	857,499	58,963	916,462
2021	876,591	43,650	920,241
2022	893,153	28,008	921,161
2023	907,138	12,083	919,221
Totals	<u>\$ 4,799,755</u>	<u>\$ 222,330</u>	<u>\$ 5,022,085</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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, 2018, the final installment payment \$131,947 was made and there is no remaining outstanding balance due.

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, 2018, the outstanding balance of this lease was \$3,092,050.

Year Ending June 30	Annual Payment
2019	\$ 476,219
2020	476,219
2021	476,219
2022	476,219
2023	476,219
2024-2026	1,105,791
	3,486,886
Less Interest	(394,836)
Total	\$ 3,092,050

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

In June 2008, the City entered into a contract with the United States Department of Housing and Urban Development for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308 for Series 2008-A Certificates. The loans are due in annual installments ranging from \$162,000 to \$279,000. Interest is payable quarterly at a rate of 4.8 percent. At June 30, 2018, the outstanding balance of the loans was \$2,375,000.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**Note 8: Long-Term Liabilities (Continued)**

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

Year Ending June 30	Principal	Interest	Total
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	202,000	83,285	285,285
2024-2028	1,189,000	240,899	1,429,899
2029-2030	279,000	7,561	286,561
Totals	<u>\$ 2,375,000</u>	<u>\$ 758,045</u>	<u>\$ 3,133,045</u>

2016 San Diego Gas & Electric Financing Loan Agreement

In May 2016, the City entered into eleven individual contracts with San Diego Gas & Electric to finance a portion of the City-wide LED streetlight retrofit project. The various loans are due in monthly installments ranging from \$38 to \$454. The loans are for a term of 115 months and carry a zero-percent interest rate. At June 30, 2018, the outstanding balance of the loans was \$153,009.

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

Year Ending June 30	Principal
2019	\$ 17,656
2020	17,656
2021	17,656
2022	17,656
2023	17,656
2024-2027	64,729
Totals	<u>\$ 153,009</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, 2018, the outstanding balance of the bonds was \$26,660,000.

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

Year Ending June 30	Principal	Interest	Total
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	4,015,000	465,291	4,480,291
2024-2026	9,315,000	418,121	9,733,121
Totals	<u>\$ 26,660,000</u>	<u>\$ 3,929,295</u>	<u>\$ 30,589,295</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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, 2018, the outstanding balance of the bonds was \$4,285,000.

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 2,090,000	\$ 162,000	\$ 2,252,000
2020	2,195,000	54,875	2,249,875
Totals	<u>\$ 4,285,000</u>	<u>\$ 216,875</u>	<u>\$ 4,501,875</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, 2018, was \$18,634,523. Claims payable liabilities are liquidated through the Loss Prevention internal service fund.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities amounts to \$12,659,621 at June 30, 2018. The general fund has a committed fund balance in the amount of \$2,595,807 for employment leave reserve. The remaining liability will be liquidated from the funds that the employees are 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 \$223,508,611. Additional information on the plan can be obtained from Note 11. The net pension liability will be liquidated from the funds that fund employees.

Total OPEB Liability

The City's liability for governmental activities amounts to \$5,730,327. Additional information on the plan can be obtained from Note 12. The liability will be liquidated from the funds that fund employees.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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, 2018:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018	Due Within One Year	Due in More Than One Year
Revenue Refunding Bonds:						
2013 Gross Revenue Refunding Bonds	\$ 915,000	\$ -	\$ (320,000)	\$ 595,000	\$ 95,000	\$ 500,000
2013A Water Revenue Refunding Bonds	14,790,000	-	(1,475,000)	13,315,000	1,120,000	12,195,000
2013A Sewer Revenue Refunding Bonds	9,285,000	-	(1,120,000)	8,165,000	1,160,000	7,005,000
Total Refunding Bonds	24,990,000	-	(2,915,000)	22,075,000	2,375,000	19,700,000
Notes Payable:						
State Revolving Loan	24,112,049	-	(2,491,649)	21,620,400	2,536,576	19,083,824
Department of Transportation	136,000	-	(81,222)	54,778	54,778	-
Total Notes Payable	24,248,049	-	(2,572,871)	21,675,178	2,591,354	19,083,824
Compensated Absences	1,957,503	1,064,014	(1,060,856)	1,960,661	1,059,798	900,863
Net Pension Liability	17,369,111	3,289,084	-	20,658,195	-	20,658,195
Subtotal	\$ 68,564,663	\$ 4,353,098	\$ (6,548,727)	66,369,034	\$ 6,026,152	\$ 60,342,882
				Add: Unamortized Bond Premiums	2,843,549	
				Total	\$ 69,212,583	

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, 2018, the outstanding balance of these bonds was \$595,000.

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

Year Ending June 30	Principal	Interest	Total
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	100,000	3,100	103,100
2024	105,000	1,050	106,050
Totals	\$ 595,000	\$ 36,350	\$ 631,350

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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, 2018, the outstanding balance was \$13,315,000 and unamortized bond premium was \$1,559,090.

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

Year Ending June 30	Principal	Interest	Total
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	600,000	434,663	1,034,663
2024-2028	3,485,000	1,698,513	5,183,513
2029-2033	4,455,000	725,813	5,180,813
Totals	\$ 13,315,000	\$ 5,196,691	\$ 18,511,691

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, 2018, the outstanding balance was \$8,165,000 and unamortized bond premium was \$1,284,459.

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

Year Ending June 30	Principal	Interest	Total
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	595,000	172,569	767,569
2024-2028	3,375,000	445,894	3,820,894
Totals	\$ 8,165,000	\$ 1,715,939	\$ 9,880,939

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 8: Long-Term Liabilities (Continued)

Notes Payable

State 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, 2018, the outstanding balance of these notes was \$21,620,400.

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 2,536,576	\$ 389,815	\$ 2,926,391
2020	2,582,310	344,081	2,926,391
2021	2,628,869	297,522	2,926,391
2022	2,676,268	250,123	2,926,391
2023	2,724,521	201,870	2,926,391
2024-2026	8,471,856	307,315	8,779,171
Totals	\$ 21,620,400	\$ 1,790,726	\$ 23,411,126

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 payment is due \$54,778 through 2019. As of June 30, 2018, the outstanding balance of this note was \$54,778.

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

Year Ending June 30	Principal	Interest	Total
2019	54,778	2,770	57,548
Totals	\$ 54,778	\$ 2,770	\$ 57,548

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 8: Long-Term Liabilities (Continued)**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 \$20,658,195. Additional information on the plan can be obtained from Note 11. The net pension liability for the business-type activities is liquidated through the Water, Sewer, and Waste Disposal funds.

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. Compensated absences recorded in proprietary funds are liquidated through Water, Sewer, Waste Disposal, and Oceanside Small Craft Harbor District funds.

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, 2018
CFD 2000-1 Ocean Ranch 2013 Refunding	June 13, 2013	\$ 11,175,000	\$ 10,065,000
CFD 2000-1 Ocean Ranch 2014 Refunding	June 4, 2014	11,755,000	11,180,000
CFD 2001-1 Morro Hills 2013 Refunding	June 13, 2013	6,710,000	4,945,000
CFD 2001-1 Morro Hills Refunding 2014A	February 14, 2014	10,885,000	8,625,000
CFD 2001-1 Morro Hills Imp Area 1 Refunding 2014A	February 14, 2014	7,025,000	5,685,000
CFD 2006-1 Pacific Coast Bus Park Refunding 2017	January 26, 2017	9,090,000	9,005,000
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, 2018

Note 9: Fund Balances

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

	General Fund	Grants	Housing Assistance Program	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ 20,796	\$ -	\$ -	\$ -	\$ 20,796
Prepaid costs	262,976	-	936	208,807	472,719
Land held for resale	700,000	-	-	-	700,000
Advances to other funds	1,673,749	-	-	-	1,673,749
Total nonspendable	2,657,521	-	936	208,807	2,867,264
Restricted:					
Community development projects	-	4,926,851	-	-	4,926,851
Public safety	-	134,855	-	1,005,655	1,140,510
Pension stabilization (Section 115 Trust)	9,993,649	-	-	-	9,993,649
Debt service	-	-	-	2,602,920	2,602,920
Street lighting and landscape maintenance	-	-	-	1,323,864	1,323,864
Highways	-	-	-	1,195,700	1,195,700
Housing assistance program	-	-	7,491,168	-	7,491,168
Capital projects	-	-	-	39,454,169	39,454,169
Total restricted	9,993,649	5,061,706	7,491,168	45,582,308	68,128,831
Committed:					
Community development projects	19,708,000	-	-	-	19,708,000
Employment leave	2,595,807	-	-	-	2,595,807
Total committed	22,303,807	-	-	-	22,303,807
Assigned:					
Public safety	1,311,913	-	-	-	1,311,913
Parks and recreation	123,642	-	-	-	123,642
Employee compensation	500,000	-	-	-	500,000
Revenue/economic stabilization	8,654,000	-	-	-	8,654,000
Oceanside Museum of Art	100,000	-	-	-	100,000
PERS supplemental reserve	8,043,112	-	-	-	8,043,112
Infrastructure	6,428,002	-	-	-	6,428,002
Workers compensation	6,050,000	-	-	-	6,050,000
Other	1,923,595	-	-	-	1,923,595
Total assigned	33,134,264	-	-	-	33,134,264
Unassigned	1,107,192	-	-	(19,556)	1,087,636
Total fund balances	\$ 69,196,433	\$ 5,061,706	\$ 7,492,104	\$ 45,771,559	\$127,521,802

Note 10: Risk Management

CSAC - 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, 2018

Note 10: Risk Management (Continued)

The workers' compensation and general/auto liability claims payable of \$16,914,000 and \$1,720,523, respectively, reported at June 30, 2018, 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
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
2018	20,457,815	3,782,682	5,605,974	18,634,523

CSAC - 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, 2018
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, 2017 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	19.308%	20.308%	20.558%
Total Contribution	27.3080%	27.3080%	27.3080%

*Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
Note 11: Retirement Plans (Continued)

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	29.301%	26.051%
Total Contribution	38.3010%	38.3010%

*Closed to new entrants

At June 30, 2016, the following employees were covered by the benefit terms of the plan:

Description	Number of members	
	Miscellaneous Plan	Safety Plan
Active members	560	316
Transferred members	384	90
Terminated members	307	57
Retired members and beneficiaries	835	436
Total	2,086	899

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, 2018, the employer contributions recognized as a reduction to the net pension liability for all the Miscellaneous Plan and Safety Plan were \$9,310,178 and \$11,829,831, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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, 2017, using an annual actuarial valuation as of June 30, 2016 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, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and the June 30, 2017 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	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% 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, 2016 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

For the measurement date June 30, 2017, the financial reporting discount rate was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016 valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

The discount rate used to measure the total pension liability at June 30, 2017, was 7.15 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 7.15 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 7.15 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	47.0%	4.90%	5.38%
Global Fixed Income	19.0	0.80	2.27
Inflation Sensitive	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)

(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, 2018

Note 11: Retirement Plans (Continued)**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. The EARSL for the Miscellaneous and the Safety Plans for the measurement period ending June 30, 2017 is 2.4 years and 4.2 years, respectively. 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, 2018

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)
<u>Miscellaneous Plan</u>			
Balance at: 6/30/2016 (Valuation Date) (1)	\$ 384,282,148	\$ 278,947,219	\$ 105,334,929
Changes recognized for the Measurement Period:			
Service cost	7,296,794	-	7,296,794
Interest on total pension liability	28,371,378	-	28,371,378
Changes of assumptions	23,417,305	-	23,417,305
Differences between expected and actual experience	(5,058,524)	-	(5,058,524)
Plan to plan resource movement	-	38,869	(38,869)
Contributions - employer	-	9,315,364	(9,315,364)
Contributions - employees	-	2,974,072	(2,974,072)
Net investment income	-	31,453,369	(31,453,369)
Benefit payments, including refunds of employee contributions	(18,973,677)	(18,973,677)	-
Administrative expense	-	(411,847)	411,847
Net changes during 2016-17	35,053,276	24,396,150	10,657,126
Balance at: 6/30/2017 (Measurement Date) (1)	419,335,424	303,343,369	115,992,055
<u>Safety Plan</u>			
Balance at: 6/30/2016 (Valuation Date) (1)	449,668,889	337,027,111	112,641,778
Changes recognized for the Measurement Period:			
Service cost	10,249,556	-	10,249,556
Interest on total pension liability	33,447,072	-	33,447,072
Changes of assumptions	28,562,622	-	28,562,622
Differences between expected and actual experience	(4,296,754)	-	(4,296,754)
Plan to plan resource movement	-	(38,869)	38,869
Contributions - employer	-	11,829,794	(11,829,794)
Contributions - employees	-	3,270,225	(3,270,225)
Net investment income	-	37,865,971	(37,865,971)
Benefit payments, including refunds of employee contributions	(22,536,630)	(22,536,630)	-
Administrative expense	-	(497,598)	497,598
Net changes during 2016-17	45,425,866	29,892,893	15,532,973
Balance at: 6/30/2017 (Measurement Date) (1)	495,094,755	366,920,004	128,174,751
Total - All Plans at 6/30/2017 (Measurement Date)	\$ 914,430,179	\$ 670,263,373	\$ 244,166,806

- (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, 2018
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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 172,506,037	\$ 115,992,055	\$ 69,420,712
Safety Plan's Net Pension Liability	197,810,201	128,174,751	71,304,364
Total Net Pension Liability	<u>\$ 370,316,238</u>	<u>\$ 244,166,806</u>	<u>\$ 140,725,076</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.

IRS Section 115 Pension Trust

The City holds investments in an IRS Section 115 Trust for pension stabilization. The current market value of the trust is \$9,993,649. This trust fund is not included in the calculation of the net pension liability, as the assets are not in the custody of the plan administrator, CalPERS. Refer to Note 3 for additional information.

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

For the year ended June 30, 2018, the City recognized pension expense as follows:

Miscellaneous	Safety	Total Plans
\$ 18,087,420	\$ 17,395,909	\$ 35,483,329

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, 2018

Note 11: Retirement Plans (Continued)

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Miscellaneous Plan</u>		
Contributions made after the measurement date	\$ 12,433,445	\$ -
Difference between expected and actual experience	-	(3,501,801)
Change in assumptions	13,660,095	-
Net difference between projected and actual earnings on pension plan investments	3,609,093	-
Miscellaneous Plan Total	29,702,633	(3,501,801)
<u>Safety Plan</u>		
Contributions made after the measurement date	20,928,879	-
Difference between expected and actual experience	-	(9,378,259)
Change in assumptions	21,761,998	(2,504,873)
Net difference between projected and actual earnings on pension plan investments	4,723,096	-
Safety Plan Total	47,413,973	(11,883,132)
Total	\$ 77,116,606	\$ (15,384,933)

The \$33,362,324 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 fiscal year ended June 30, 2019. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total Plans
2018	\$ 6,834,423	\$ 236,061	\$ 7,070,484
2019	7,687,062	8,376,289	16,063,351
2020	1,613,699	7,646,675	9,260,374
2021	(2,367,797)	(1,657,063)	(4,024,860)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 12: Post-Employment Benefits Other Than Pensions**a. Plan Description****Plan Administration**

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.

Benefits Provided

Retirees (other than OCEA retirees) under age 65 are eligible to join one of four City plan medical options. Upon attaining age 65, Medicare-eligible retirees must join the Kaiser Senior Advantage HMO or one of the UHC Group Medicare Advantage plans (Alliance Network or Full Network). OCEA retirees under age 65 must join the Teamsters Kaiser HMO and, upon attaining age 65, must join the Kaiser Senior Advantage HMO. Dental vision, and life insurance are all available at the retiree's expense.

While the City does not directly contribute towards the cost of premiums for retirees, the ability to obtain coverage at an active employee rate constitutes an implied subsidy under GASB 75. Since the City does not make contributions towards the plan, there are no assets held in a trust.

The ability to participate in the City's health plans by self-paying the premiums extends for a period equal to the number of years of service at retirement (with a minimum of one year). Retirees with at least 15 years of service may continue to self-pay for these coverages if the City continues to offer this benefit.

The provisions and benefits of the City's other post-employment benefits plan, in effect June 30, 2018, are summarized as follows:

Benefits	
Medical	
Early Retirees (under age 65)	UnitedHealthcare HMO Kaiser Permanente Traditional HMO
Early Retirees (OCEA - under age 65)	Teamsters Kaiser Medical
Retirees 65+ with Medicare Part A & B (CA residents only)	UnitedHealthcare Group Medicare Advantage Kaiser Senior Advantage
OCEA 65+ with Medicare Part A & B	Kaiser Senior Advantage only
Dental	
Delta Dental	Delta Dental DPPO DeltaCare USA DHMO
Vision	
Vision PPO Plan	Vision Service Plan (VSP)
Basic Group Term Life	
Voya Financial	Basic Life - \$10,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

At July 1, 2017, membership consisted of the following:

Active plan members	755
Inactive employees or beneficiaries currently receiving benefit payments	67
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u>822</u>

Contributions

Contributions 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 percent of their premium costs.

b. Total OPEB Liability

The City's Total OPEB Liability was measured as of June 30, 2017 using an actuarial valuation as of July 1, 2017 (June 30, 2017). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The Total OPEB Liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00 percent
Healthcare cost trend rate	6.00 percent for 2017; 5.00 percent for 2018; 5.00 percent for 2019; and 5.00 percent for 2020 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period of July 1, 2014 to June 30, 2017.

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
Note 12: Post-Employment Benefits Other Than Pensions (Continued)

- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's fiduciary net position (\$0) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City's Total OPEB Liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	3.13%	3.13%	3.13%

Schedule of Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 5,432,949	\$ -	\$ 5,432,949
Changes Recognized for the Measurement Period:			
Service Cost	362,551	-	362,551
Interest on the total OPEB liability	166,455	-	166,455
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	231,628	(231,628)
Net investment income	-	-	-
Administrative expenses	-	-	-
Benefit payments and refunds	(231,628)	(231,628)	-
Net Changes during July 1, 2016 to June 30, 2017	297,378	-	297,378
Balance at June 30, 2017 (Measurement Date)	\$ 5,730,327	\$ -	\$ 5,730,327

The benefit payments and refunds includes implied subsidy benefit payments in the amount of \$231,628.

Sensitivity of the net OPEB liability to changes in the discount rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB Liability, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13 percent) or 1-percentage point higher (4.13 percent) than the current discount rate:

Plan's Total OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount	Discount Rate +1%
2.13%	3.13%	4.13%
\$ 6,257,821	\$ 5,730,327	\$ 5,257,253

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
Note 12: Post-Employment Benefits Other Than Pensions (Continued)**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the Total OPEB Liability, as well as what the Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
5,180,344	5,730,327	6,367,144

c. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City OPEB expense was \$529,006. The City reported no deferred outflows of resources or deferred inflows of resources related to OPEB as of June 30, 2018.

Note 13: Commitments and Contingencies**Commitments**

The following material construction commitments existed at June 30, 2018:

Project	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments
Lot 23 Public Parking Garage	\$ 12,973,552	\$ 12,245,816	\$ 727,736
Coast Highway Bridge Replacement	5,393,910	1,064,772	4,329,138
Water & Sewer SCADA Major Upgrades Project	8,076,113	5,884,226	2,191,887
Phase I Downtown Pipeline Replacement Water & Sewer	9,391,247	5,659,894	3,731,353
Plan & Design of SLR WRF	4,942,531	1,521,691	3,420,840
Morro Hills No. 1 & No. 2 Reservoir Repairs Project	6,073,807	2,704,628	3,369,179
Recycled Water Treatment Plant	12,937,213	8,046,144	4,891,069
Douglas Drive Bridge Seismic Retrofit Project	4,380,479	372,834	4,007,645
Condition Assessment & Access Improvements Project	4,425,634	474,527	3,951,107

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, 2018

Note 14: Restatement of Net Position

Beginning net position in the Statement of Net Position was reduced by \$1,676,544 to reflect the change in accounting principle by the City in the implementation of GASB Statement No. 75. The table below describes the restatement in detail:

To remove the OPEB liability previously reported, under GASB 45	\$ 3,756,405
To record the beginning OPEB liability as of June 30, 2017, in accordance with GASB 75	<u>(5,432,949)</u>
Total Restatement of Net Position due to GASB 75	<u><u>\$ (1,676,544)</u></u>

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, 2018, 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.

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.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

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

a. Cash and investments

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

Cash and investments pooled with the City	\$ 3,196,161
Cash and investments with fiscal agent	147
	<u>\$ 3,196,308</u>

b. Capital Assets

Capital assets of the Successor Agency as of June 30, 2018, were as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
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	<u>4,382,966</u>	<u>-</u>	<u>-</u>	<u>4,382,966</u>
Capital assets being depreciated:				
Infrastructure	<u>2,155,238</u>	<u>-</u>	<u>-</u>	<u>2,155,238</u>
Total Capital Assets, Being Depreciated	<u>2,155,238</u>	<u>-</u>	<u>-</u>	<u>2,155,238</u>
Less accumulated depreciation for:				
Infrastructure	<u>242,390</u>	<u>107,762</u>	<u>-</u>	<u>350,152</u>
Total Accumulated Depreciation	<u>242,390</u>	<u>107,762</u>	<u>-</u>	<u>350,152</u>
Total Capital Assets, Being Depreciated, Net	<u>1,912,848</u>	<u>(107,762)</u>	<u>-</u>	<u>1,805,086</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,295,814</u>	<u>\$ (107,762)</u>	<u>\$ -</u>	<u>\$ 6,188,052</u>

c. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2018, follows.

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
2015A Tax allocation refunding bonds	\$ 18,570,000	\$ -	\$ 1,830,000	\$ 16,740,000	\$ 1,885,000	\$ 14,855,000
2015B Tax allocation refunding bonds	9,165,000	-	925,000	8,240,000	940,000	7,300,000
Advances from the City of Oceanside	<u>4,317,085</u>	<u>-</u>	<u>-</u>	<u>4,317,085</u>	<u>-</u>	<u>4,317,085</u>
Total	<u>\$ 32,052,085</u>	<u>\$ -</u>	<u>\$ 2,755,000</u>	<u>29,297,085</u>	<u>\$ 2,825,000</u>	<u>\$ 26,472,085</u>
		Add: Unamortized Bond Premium		<u>1,978,807</u>		
			Total	<u>\$ 31,275,892</u>		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018
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, 2018, the outstanding balance of the bonds is \$16,740,000.

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

Year Ending June 30	Principal	Interest	Total
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	2,320,000	368,750	2,688,750
2024-2026	6,215,000	405,625	6,620,625
Totals	<u>\$ 16,740,000</u>	<u>\$ 3,319,325</u>	<u>\$ 20,059,325</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, 2018, the outstanding balance of the bonds is \$8,240,000.

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

Year Ending June 30	Principal	Interest	Total
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	1,035,000	138,744	1,173,744
2024-2026	3,320,000	191,238	3,511,238
Totals	<u>\$ 8,240,000</u>	<u>\$ 1,163,871</u>	<u>\$ 9,403,871</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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, 2018, is \$29,463,196 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 \$4,007,488 and the debt service obligation on the bonds was \$3,858,797.

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, 2018, 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Note 1: Budgetary Information

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, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 66,743,585	\$ 66,743,585	\$ 66,743,585	\$ -
Resources (Inflows):				
Taxes	95,375,321	96,587,821	100,690,401	4,102,580
Licenses and permits	3,001,250	3,001,250	3,904,812	903,562
Intergovernmental	325,500	325,500	546,707	221,207
Charges for services	16,274,292	16,928,992	16,325,695	(603,297)
Use of money and property	7,650,874	7,741,918	7,779,225	37,307
Fines and forfeitures	3,473,000	3,501,725	3,880,292	378,567
Administrative and in lieu charges	6,778,853	6,778,853	6,778,853	-
Miscellaneous	135,176	135,176	104,194	(30,982)
Transfers in	13,860,004	14,085,187	13,719,856	(365,331)
Notes and loans issued	-	-	150,013	150,013
Amounts Available for Appropriations	213,617,855	215,830,007	220,623,633	4,793,626
Charges to Appropriations (Outflows):				
General government				
City Council	951,489	957,977	930,866	27,111
City Clerk	1,205,470	1,201,361	1,028,303	173,058
City Treasurer	1,209,163	1,222,267	1,411,281	(189,014)
City Manager	775,173	821,264	560,798	260,466
City Attorney	1,748,609	1,769,917	1,745,667	24,250
Financial Services	5,780,634	6,038,211	5,552,242	485,969
Human Resources	714,476	714,123	618,473	95,650
Nondepartmental	6,238,068	13,639,363	11,841,009	1,798,354
Public safety				
Police	57,628,429	58,540,134	56,843,070	1,697,064
Fire	30,438,128	31,828,669	31,211,751	616,918
Community development				
Engineering	4,737,867	4,627,843	4,085,512	542,331
Planning	2,171,694	2,145,817	1,906,677	239,140
Building	2,528,430	2,542,047	2,327,628	214,419
Community/cultural services				
Library	5,143,401	5,218,832	5,135,058	83,774
Neighborhood Services Department	7,167,444	7,406,345	6,465,990	940,355
Economic and Community Development	653,996	713,778	699,914	13,864
Property Management	911,887	943,721	904,625	39,096
Public works				
Public Works	14,494,899	14,797,178	13,794,847	1,002,331
Capital outlay	-	148,336	120,288	28,048
Debt service:				
Principal retirement	-	9,704	146,297	(136,593)
Interest and fiscal charges	-	-	5,212	(5,212)
Transfers out	1,625,043	4,063,961	4,091,692	(27,731)
Total Charges to Appropriations	146,124,300	159,350,848	151,427,200	7,923,648
Budgetary Fund Balance, June 30	\$ 67,493,555	\$ 56,479,159	\$ 69,196,433	\$ 12,717,274

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, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 4,085,686	\$ 4,085,686	\$ 4,085,686	\$ -
Resources (Inflows):				
Assessments	-	15,962	15,962	-
Intergovernmental	2,003,525	7,852,201	3,609,686	(4,242,515)
Charges for services	15,700	15,700	13,600	(2,100)
Use of money and property	44,124	44,124	162,691	118,567
Developer participation	1,415,572	782,212	1,087,930	305,718
Miscellaneous	10,000	16,350	177,551	161,201
Transfers in	2,862,834	445,624	292,436	(153,188)
Amounts Available for Appropriations	10,437,441	13,257,859	9,445,542	(3,812,317)
Charges to Appropriations (Outflows):				
General government	-	171,000	136,210	34,790
Public safety	1,101,471	2,376,414	1,634,634	741,780
Community development	3,729,248	5,996,762	1,345,175	4,651,587
Parks and recreation	17,790	275,194	183,317	91,877
Community/cultural services	-	691,145	601,623	89,522
Capital outlay	500,000	3,155,748	364,098	2,791,650
Transfers out	2,535,960	269,135	118,779	150,356
Total Charges to Appropriations	7,884,469	12,935,398	4,383,836	8,551,562
Budgetary Fund Balance, June 30	\$ 2,552,972	\$ 322,461	\$ 5,061,706	\$ 4,739,245

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, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 6,613,778	\$ 6,613,778	\$ 6,613,778	\$ -
Resources (Inflows):				
Licenses and permits	299,127	299,127	287,081	(12,046)
Intergovernmental	18,328,924	18,293,905	18,617,931	324,026
Charges for services	37,512	51,637	65,872	14,235
Use of money and property	504,155	630,575	716,848	86,273
Miscellaneous	490,011	410,550	350,960	(59,590)
Transfers in	60,000	98,136	-	(98,136)
Amounts Available for Appropriations	26,333,507	26,397,708	26,652,470	254,762
Charges to Appropriations (Outflows):				
Community development	19,788,990	19,896,367	19,160,366	736,001
Transfers out	60,000	60,000	-	60,000
Total Charges to Appropriations	19,848,990	19,956,367	19,160,366	796,001
Budgetary Fund Balance, June 30	\$ 6,484,517	\$ 6,441,341	\$ 7,492,104	\$ 1,050,763

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	2017	2016	2015	2014
Total Pension Liability:				
Service cost	\$ 7,296,794	\$ 6,246,675	\$ 6,352,501	\$ 6,739,488
Interest on total pension liability	28,371,378	27,718,396	26,777,993	25,673,047
Changes in assumptions	23,417,305	-	(6,534,185)	-
Difference between expected and actual experience	(5,058,524)	(3,305,967)	(1,673,895)	-
Benefit payments, including refunds of employee contributions	(18,973,677)	(17,783,125)	(17,174,366)	(15,383,934)
Net change in total pension liability	35,053,276	12,875,979	7,748,048	17,028,601
Total pension liability - beginning	384,282,148	371,406,169	363,658,121	346,629,520
Total pension liability - ending (a)	419,335,424	384,282,148	371,406,169	363,658,121
Plan Fiduciary Net Position:				
Contributions - employer	9,315,364	8,640,705	7,450,463	7,232,808
Contributions - employee	2,974,072	2,897,160	2,960,994	3,121,902
Net investment income	31,453,369	1,462,692	6,337,368	42,691,113
Benefit payments, including refunds of employee contributions	(18,973,677)	(17,783,125)	(17,174,366)	(15,383,934)
Net plan to plan resource movement	38,869	(1,431)	(255)	-
Administrative expense	(411,847)	(173,025)	(327,880)	-
Net change in fiduciary net position	24,396,150	(4,957,024)	(753,676)	37,661,889
Plan fiduciary net position - beginning	278,947,219	283,904,243	284,657,919	246,996,030
Plan fiduciary net position - ending (b)	303,343,369	278,947,219	283,904,243	284,657,919
Net Pension Liability - Ending (a) - (b)	\$ 115,992,055	\$ 105,334,929	\$ 87,501,926	\$ 79,000,202
Plan fiduciary net position as a percentage of the total pension liability	72.34%	72.59%	76.44%	78.28%
Covered payroll	\$ 37,729,027	\$ 35,805,773	\$ 35,092,814	\$ 35,409,488
Plan net pension liability as a percentage of covered payroll	307.43%	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, 2016 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, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, 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 2014, amounts reported were based on the 7.5 percent discount rate.

(1) Fiscal Year 2015 was the first year of implementation; therefore, only four 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	2017	2016	2015	2014
Total Pension Liability:				
Service cost	\$ 10,249,556	\$ 9,035,445	\$ 9,471,721	\$ 10,028,996
Interest on total pension liability	33,447,072	32,392,557	31,362,885	30,432,000
Changes in assumptions	28,562,622	-	(7,872,461)	-
Difference between expected and actual experience	(4,296,754)	(6,539,562)	(8,658,602)	-
Benefit payments, including refunds of employee contributions	(22,536,630)	(21,347,011)	(19,887,274)	(18,990,595)
Net change in total pension liability	45,425,866	13,541,429	4,416,269	21,470,401
Total pension liability - beginning	449,668,889	436,127,460	431,711,191	410,240,790
Total pension liability - ending (a)	495,094,755	449,668,889	436,127,460	431,711,191
Plan Fiduciary Net Position:				
Contributions - employer	11,829,794	11,179,323	9,726,446	9,044,122
Contributions - employee	3,270,225	2,987,703	2,946,540	2,972,544
Net investment income	37,865,971	1,715,660	7,570,596	51,514,504
Benefit payments, including refunds of employee contributions	(22,536,630)	(21,347,011)	(19,887,274)	(18,990,595)
Net plan to plan resource movement	(38,869)	1,431	255	-
Administrative expense	(497,598)	(208,857)	(385,706)	-
Net change in fiduciary net position	29,892,893	(5,671,751)	(29,143)	44,540,575
Plan fiduciary net position - beginning	337,027,111	342,698,862	342,728,005	298,187,430
Plan fiduciary net position - ending (b)	366,920,004	337,027,111	342,698,862	342,728,005
Plan net pension liability - ending (a) - (b)	\$ 128,174,751	\$ 112,641,778	\$ 93,428,598	\$ 88,983,186
Plan fiduciary net position as a percentage of the total pension liability	74.11%	74.95%	78.58%	79.39%
Covered payroll	\$ 32,433,252	\$ 31,451,701	\$ 32,835,473	\$ 33,220,696
Plan net pension liability as a percentage of covered payroll	395.20%	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, 2016 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, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, 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 2014, amounts reported were based on the 7.5 percent discount rate.

(1) Fiscal Year 2015 was the first year of implementation; therefore, only four 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	2018	2017	2016	2015	2014
<u>Miscellaneous Plan:</u>					
Actuarially Determined Contribution	\$ 10,952,076	\$ 9,310,178	\$ 8,320,100	\$ 7,450,216	\$ 7,232,808
Contribution in Relation to the Actuarially Determined Contribution	(12,433,445)	(9,310,178)	(8,320,100)	(7,450,216)	(7,232,808)
Contribution Deficiency (Excess)	<u>\$ (1,481,369)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 37,805,754	\$ 37,729,027	\$ 35,805,773	\$ 35,092,814	\$ 35,409,488
Contributions as a Percentage of Covered Payroll	32.89%	24.68%	23.24%	21.23%	20.43%
<u>Safety Plan:</u>					
Actuarially Determined Contribution	\$ 13,429,409	\$ 11,829,831	\$ 10,124,282	\$ 9,726,446	\$ 9,044,122
Contribution in Relation to the Actuarially Determined Contribution	(20,928,879)	(11,829,831)	(10,124,282)	(9,726,446)	(9,044,122)
Contribution Deficiency (Excess)	<u>\$ (7,499,470)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 30,052,614	\$ 32,433,252	\$ 31,451,701	\$ 32,835,473	\$ 33,220,696
Contributions as a Percentage of Covered Payroll	69.64%	36.47%	32.19%	29.62%	27.22%

Notes to Schedule of Plan Contributions:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Asset valuation method	Market value
Inflation	2.75 percent compounded annually
Salary increases	3.40% - 20.00%, depending on entry age and duration of service
Discount rate	7.50 percent compounded annually (net of expenses)
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	RP-2000 Health Annuitant Mortality Table

(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 five years are shown.

CITY OF OCEANSIDE, CALIFORNIA

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

MEASUREMENT DATE	2017
Total OPEB Liability:	
Service cost	\$ 362,551
Interest on the total OPEB liability	166,455
Benefit payments (2)	<u>(231,628)</u>
Net change in total OPEB liability	297,378
Total OPEB liability - beginning	<u>5,432,949</u>
Total OPEB liability - ending	<u>\$ 5,730,327</u>
Plan fiduciary net position as a percentage of the total OPEB liability (3)	0.00%
Covered-employee payroll	\$ 63,197,046
Net OPEB liability as a percentage of covered-employee payroll	9.07%

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios:

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) Benefit payments include implicit subsidy

(3) The plan is not funded through a qualifying trust; therefore, there is no fiduciary net position to offset the total OPEB liability.

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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.

Capital Projects Funds

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

Debt Service Funds

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

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, 2018**

	Special Revenue Funds				
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant	Maintenance Districts
Assets:					
Cash and investments	\$ 994,511	\$ -	\$ 4,371,430	\$ -	\$ 1,326,716
Receivables:					
Accounts	-	-	-	-	-
Taxes receivable	-	-	-	-	15,083
Notes and loans receivable	-	-	-	586,502	-
Prepaid costs	-	-	3,440	238	-
Due from other governments	-	-	964,881	176,640	333
Restricted assets:					
Cash and investments	-	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-	183
Total Assets	\$ 994,511	\$ -	\$ 5,339,751	\$ 763,380	\$ 1,342,315
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):					
Liabilities:					
Accounts payable	\$ 3,150	\$ -	\$ 3,345,480	\$ 20,771	\$ 18,451
Accrued liabilities	-	-	37,911	11,451	-
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	163,974	-
Total Liabilities	3,150	-	3,383,391	196,196	18,451
Deferred Inflows of Resources:					
Unavailable revenues	-	-	757,220	586,502	-
Total Deferred Inflows of Resources	-	-	757,220	586,502	-
Fund Balances (Deficits):					
Nonspendable:					
Prepaid costs	-	-	3,440	238	-
Restricted:					
Public safety	991,361	-	-	-	-
Capital projects	-	-	-	-	-
Highways	-	-	1,195,700	-	-
Street lighting and landscape maintenance	-	-	-	-	1,323,864
Debt service	-	-	-	-	-
Unassigned	-	-	-	(19,556)	-
Total Fund Balances (Deficits)	991,361	-	1,199,140	(19,318)	1,323,864
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 994,511	\$ -	\$ 5,339,751	\$ 763,380	\$ 1,342,315

CITY OF OCEANSIDE, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds	Capital Projects Fund	Debt Service Funds		Total Nonmajor Governmental Funds
	State & Local Asset Seizure	General Improvement	General Debt Service	Oceanside Lighting District	
Assets:					
Cash and investments	\$ 14,294	\$ 43,541,425	\$ 2,567,879	\$ 32,429	\$ 52,848,684
Receivables:					
Accounts	-	132,089	-	-	132,089
Taxes receivable	-	-	-	-	15,083
Notes and loans receivable	-	163,101	-	-	749,603
Prepaid costs	-	205,129	-	-	208,807
Due from other governments	-	-	-	-	1,141,854
Restricted assets:					
Cash and investments	-	100,000	-	-	100,000
Cash and investments with fiscal agents	-	185,398	4,692	-	190,273
Total Assets	\$ 14,294	\$ 44,327,142	\$ 2,572,571	\$ 32,429	\$ 55,386,393
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):					
Liabilities:					
Accounts payable	\$ -	\$ 2,886,248	\$ 2,080	\$ -	\$ 6,276,180
Accrued liabilities	-	12,153	-	-	61,515
Unearned revenues	-	969,262	-	-	969,262
Deposits payable	-	46,828	-	-	46,828
Due to other funds	-	-	-	-	163,974
Total Liabilities	-	3,914,491	2,080	-	7,517,759
Deferred Inflows of Resources:					
Unavailable revenues	-	753,353	-	-	2,097,075
Total Deferred Inflows of Resources	-	753,353	-	-	2,097,075
Fund Balances (Deficits):					
Nonspendable:					
Prepaid costs	-	205,129	-	-	208,807
Restricted:					
Public safety	14,294	-	-	-	1,005,655
Capital projects	-	39,454,169	-	-	39,454,169
Highways	-	-	-	-	1,195,700
Street lighting and landscape maintenance	-	-	-	-	1,323,864
Debt service	-	-	2,570,491	32,429	2,602,920
Unassigned	-	-	-	-	(19,556)
Total Fund Balances (Deficits)	14,294	39,659,298	2,570,491	32,429	45,771,559
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 14,294	\$ 44,327,142	\$ 2,572,571	\$ 32,429	\$ 55,386,393

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	Asset Seizure	Library	Gas Tax and Transportation	Community Development Block Grant	Maintenance Districts
Revenues:					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 2,429,313
Intergovernmental	48,443	-	14,207,947	1,005,361	-
Charges for services	-	73,816	-	-	-
Use of money and property	2,515	-	11,128	41,002	5,969
Developer participation	-	-	-	-	-
Miscellaneous	-	58,405	200	-	6,357
Total Revenues	50,958	132,221	14,219,275	1,046,363	2,441,639
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	23,906	-	-	-	-
Community development	-	-	6,057	-	-
Community/cultural services	-	292,310	-	765,951	-
Public works	-	-	6,060,847	-	2,280,745
Capital outlay	-	-	10,381,557	-	-
Debt service:					
Principal retirement	-	-	-	154,000	524
Interest and fiscal charges	-	-	-	126,412	-
Total Expenditures	23,906	292,310	16,448,461	1,046,363	2,281,269
Excess (Deficiency) of Revenues over (under) Expenditures	27,052	(160,089)	(2,229,186)	-	160,370
Other Financing Sources (Uses):					
Transfers in	-	280,194	153,007	-	397,879
Transfers out	-	-	(1,000,767)	-	(667,801)
Notes and loans issued	-	-	-	-	5,481
Total Other Financing Sources (Uses)	-	280,194	(847,760)	-	(264,441)
Net Change in Fund Balances	27,052	120,105	(3,076,946)	-	(104,071)
Fund Balances (Deficits) at the Beginning of the Year	964,309	(120,105)	4,276,086	(19,318)	1,427,935
Fund Balances (Deficits) at the End of the Year	\$ 991,361	\$ -	\$ 1,199,140	\$ (19,318)	\$ 1,323,864

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Fund	Debt Service Funds		Total Nonmajor Governmental Funds
	State & Local Asset Seizure	General Improvement	General Debt Service	Oceanside Lighting District	
Revenues:					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 2,429,313
Intergovernmental	-	-	-	-	15,261,751
Charges for services	-	322,202	-	-	396,018
Use of money and property	36	3,001,681	2,300,629	-	5,362,960
Developer participation	-	5,314,919	-	-	5,314,919
Miscellaneous	-	487,931	5,088,115	476,219	6,117,227
Total Revenues	36	9,126,733	7,388,744	476,219	34,882,188
Expenditures:					
Current:					
General government	-	-	6,532	-	6,532
Public safety	-	-	-	-	23,906
Community development	-	125,858	-	-	131,915
Community/cultural services	-	-	-	-	1,058,261
Public works	-	5,462,844	-	-	13,804,436
Capital outlay	-	6,268,029	-	-	16,649,586
Debt service:					
Principal retirement	-	-	6,708,197	370,054	7,232,775
Interest and fiscal charges	-	-	659,569	106,165	892,146
Total Expenditures	-	11,856,731	7,374,298	476,219	39,799,557
Excess (Deficiency) of Revenues over (under) Expenditures	36	(2,729,998)	14,446	-	(4,917,369)
Other Financing Sources (Uses):					
Transfers in	-	8,343,503	-	-	9,174,583
Transfers out	-	(50,000)	-	-	(1,718,568)
Notes and loans issued	-	-	-	-	5,481
Total Other Financing Sources (Uses)	-	8,293,503	-	-	7,461,496
Net Change in Fund Balances	36	5,563,505	14,446	-	2,544,127
Fund Balances (Deficits) at the Beginning of the Year	14,258	34,095,793	2,556,045	32,429	43,227,432
Fund Balances (Deficits) at the End of the Year	\$ 14,294	\$39,659,298	\$ 2,570,491	\$ 32,429	\$ 45,771,559

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
FOR THE YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 964,309	\$ 964,309	\$ 964,309	\$ -
Resources (Inflows):				
Intergovernmental	35,000	35,000	48,443	13,443
Use of money and property	4,500	4,500	2,515	(1,985)
Amounts Available for Appropriations	1,003,809	1,003,809	1,015,267	11,458
Charges to Appropriations (Outflows):				
Public safety	478,500	478,500	23,906	454,594
Total Charges to Appropriations	478,500	478,500	23,906	454,594
Budgetary Fund Balance, June 30	\$ 525,309	\$ 525,309	\$ 991,361	\$ 466,052

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

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
LIBRARY
FOR THE YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Deficit, July 1	\$ (120,105)	\$ (120,105)	\$ (120,105)	\$ -
Resources (Inflows):				
Charges for services	110,000	110,000	73,816	(36,184)
Use of money and property	119	119	-	(119)
Miscellaneous	68,000	68,000	58,405	(9,595)
Transfers in	125,800	125,800	280,194	154,394
Amounts Available for Appropriations	183,814	183,814	292,310	108,496
Charges to Appropriations (Outflows):				
Community/cultural services	303,800	303,800	292,310	11,490
Total Charges to Appropriations	303,800	303,800	292,310	11,490
Budgetary Fund Balance (Deficit), June 30	\$ (119,986)	\$ (119,986)	\$ -	\$ 119,986

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

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 GAS TAX AND TRANSPORTATION
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 4,276,086	\$ 4,276,086	\$ 4,276,086	\$ -
Resources (Inflows):				
Intergovernmental	27,267,204	27,061,353	14,207,947	(12,853,406)
Use of money and property	22,526	22,526	11,128	(11,398)
Transfers in	150,000	150,000	153,007	3,007
Amounts Available for Appropriations	31,715,816	31,509,965	18,648,368	(12,861,597)
Charges to Appropriations (Outflows):				
Community development	960,000	960,000	6,057	953,943
Community/cultural services	4,854,907	10,544,998	6,060,847	4,484,151
Capital outlay	150,000	17,026,152	10,381,557	6,644,595
Transfers out	945,500	1,000,767	1,000,767	-
Total Charges to Appropriations	6,910,407	29,531,917	17,449,228	12,082,689
Budgetary Fund Balance, June 30	\$ 24,805,409	\$ 1,978,048	\$ 1,199,140	\$ (778,908)

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

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Deficit, July 1	\$ (19,318)	\$ (19,318)	\$ (19,318)	\$ -
Resources (Inflows):				
Intergovernmental	2,170,462	1,918,291	1,005,361	(912,930)
Use of money and property	41,001	41,001	41,002	1
Amounts Available for Appropriations	2,192,145	1,939,974	1,027,045	(912,929)
Charges to Appropriations (Outflows):				
Community development	1,931,172	1,674,375	765,951	908,424
Debt service:				
Principal retirement	154,000	154,000	154,000	-
Interest and fiscal charges	126,412	126,412	126,412	-
Total Charges to Appropriations	2,211,584	1,954,787	1,046,363	908,424
Budgetary Fund Deficit, June 30	\$ (19,439)	\$ (14,813)	\$ (19,318)	\$ (4,505)

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

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 MAINTENANCE DISTRICTS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,427,935	\$ 1,427,935	\$ 1,427,935	\$ -
Resources (Inflows):				
Assessments	2,412,161	2,412,161	2,429,313	17,152
Use of money and property	9,009	9,009	5,969	(3,040)
Miscellaneous	-	-	6,357	6,357
Transfers in	390,000	396,090	397,879	1,789
Notes and loans issued	-	-	5,481	5,481
Amounts Available for Appropriations	4,239,105	4,245,195	4,272,934	27,739
Charges to Appropriations (Outflows):				
Community/cultural services	2,487,855	2,492,979	2,280,745	212,234
Debt service:				
Principal retirement	-	525	524	1
Transfers out	667,801	667,801	667,801	-
Total Charges to Appropriations	3,155,656	3,161,305	2,949,070	212,235
Budgetary Fund Balance, June 30	\$ 1,083,449	\$ 1,083,890	\$ 1,323,864	\$ 239,974

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

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
STATE & LOCAL ASSET SEIZURE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 14,258	\$ 14,258	\$ 14,258	\$ -
Resources (Inflows):				
Intergovernmental	1,000	1,000	-	(1,000)
Use of money and property	-	-	36	36
Amounts Available for Appropriations	15,258	15,258	14,294	(964)
Charges to Appropriations (Outflows):				
Public safety	1,000	1,000	-	1,000
Total Charges to Appropriations	1,000	1,000	-	1,000
Budgetary Fund Balance, June 30	\$ 14,258	\$ 14,258	\$ 14,294	\$ 36

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

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 GENERAL IMPROVEMENT
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 34,095,793	\$ 34,095,793	\$ 34,095,793	\$ -
Resources (Inflows):				
Charges for services	245,040	245,040	322,202	77,162
Use of money and property	500,000	300,715	3,001,681	2,700,966
Developer participation	3,898,884	3,898,884	5,314,919	1,416,035
Miscellaneous	-	199,285	487,931	288,646
Transfers in	1,845,834	7,100,321	8,343,503	1,243,182
Amounts Available for Appropriations	40,585,551	45,840,038	51,566,029	5,725,991
Charges to Appropriations (Outflows):				
General government	45,800	45,800	-	45,800
Community development	192,277	175,580	125,858	49,722
Public works	907,151	6,567,975	5,462,844	1,105,131
Capital outlay	2,025,008	22,472,171	6,268,029	16,204,142
Transfers out	1,527,899	1,527,899	50,000	1,477,899
Total Charges to Appropriations	4,698,135	30,789,425	11,906,731	18,882,694
Budgetary Fund Balance, June 30	\$ 35,887,416	\$ 15,050,613	\$ 39,659,298	\$ 24,608,685

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 GENERAL DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,556,045	\$ 2,556,045	\$ 2,556,045	\$ -
Resources (Inflows):				
Use of money and property	2,287,750	2,287,750	2,300,629	12,879
Miscellaneous	5,088,115	5,088,115	5,088,115	-
Amounts Available for Appropriations	9,931,910	9,931,910	9,944,789	12,879
Charges to Appropriations (Outflows):				
General government	6,600	6,600	6,532	68
Debt service:				
Principal retirement	6,708,197	6,708,197	6,708,197	-
Interest and fiscal charges	661,068	661,068	659,569	1,499
Total Charges to Appropriations	7,375,865	7,375,865	7,374,298	1,567
Budgetary Fund Balance, June 30	\$ 2,556,045	\$ 2,556,045	\$ 2,570,491	\$ 14,446

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 OCEANSIDE LIGHTING DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2018

	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	370,054	370,054	370,054	-
Interest and fiscal charges	106,165	106,165	106,165	-
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.

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CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Loss Prevention	General Services	Total
Assets:			
Current Assets:			
Cash and investments	\$ 23,961,920	\$ 23,240,741	\$ 47,202,661
Restricted cash and investments	300,000	-	300,000
Accounts receivable	159,247	67,412	226,659
Prepaid costs	27,965	145,767	173,732
Inventories	-	257,402	257,402
Total Current Assets	24,449,132	23,711,322	48,160,454
Noncurrent Assets:			
Advances to other funds	-	454,747	454,747
Capital assets, not being depreciated	-	741,634	741,634
Capital assets, being depreciated	222,024	28,273,217	28,495,241
Less accumulated depreciation	(222,024)	(19,390,565)	(19,612,589)
Total Noncurrent Assets	-	10,079,033	10,079,033
Total Assets	24,449,132	33,790,355	58,239,487
Deferred Outflows of Resources:			
Deferred pension-related items	232,702	2,179,173	2,411,875
Total Deferred Outflows of Resources	232,702	2,179,173	2,411,875
Liabilities:			
Current Liabilities:			
Accounts payable	306,961	1,075,416	1,382,377
Accrued liabilities	14,571	179,635	194,206
Compensated absences	13,759	323,905	337,664
Accrued claims and judgments	5,312,024	-	5,312,024
Bonds, notes, and capital leases	-	1,430	1,430
Total Current Liabilities	5,647,315	1,580,386	7,227,701
Noncurrent Liabilities:			
Compensated absences	18,390	432,933	451,323
Accrued claims and judgments	13,322,499	-	13,322,499
Bonds, notes, and capital leases	-	10,959	10,959
Net pension liability	644,910	7,099,087	7,743,997
Total Noncurrent Liabilities	13,985,799	7,542,979	21,528,778
Total Liabilities	19,633,114	9,123,365	28,756,479
Deferred Inflows of Resources:			
Deferred pension-related items	20,243	209,310	229,553
Total Deferred Inflows of Resources	20,243	209,310	229,553
Net Position:			
Net investment in capital assets	-	9,611,897	9,611,897
Unrestricted	5,028,477	17,024,956	22,053,433
Total Net Position	\$ 5,028,477	\$ 26,636,853	\$ 31,665,330

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Loss Prevention	General Services	Total
Operating Revenues:			
Sales and service charges	\$ 5,594,451	\$ 54,615,146	\$ 60,209,597
Miscellaneous	398,647	57,751	456,398
Total Operating Revenues	5,993,098	54,672,897	60,665,995
Operating Expenses:			
Personnel services	568,468	42,188,002	42,756,470
Maintenance and operations	5,928,449	9,500,958	15,429,407
Depreciation expense	21,280	2,112,022	2,133,302
Total Operating Expenses	6,518,197	53,800,982	60,319,179
Operating Income (Loss)	(525,099)	871,915	346,816
Nonoperating Revenues:			
Investment income	-	5,252	5,252
Gain on disposal of capital assets	-	160,257	160,257
Total Nonoperating Revenues	-	165,509	165,509
Income Before Transfers	(525,099)	1,037,424	512,325
Transfers in	-	84,089	84,089
Transfers out	(192,915)	-	(192,915)
Change in Net Position	(718,014)	1,121,513	403,499
Net Position at the Beginning of the Year	5,746,491	25,515,340	31,261,831
Net Position at the End of the Year	\$ 5,028,477	\$ 26,636,853	\$ 31,665,330

CITY OF OCEANSIDE, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Loss Prevention	General Services	Total
Cash Flows from Operating Activities:			
Receipts from interfund charges	\$ 6,010,589	\$ 54,608,097	\$ 60,618,686
Payments to suppliers and providers	(5,892,550)	(9,531,100)	(15,423,650)
Payments to employees for salaries and benefits	(529,619)	(41,891,737)	(42,421,356)
Payments for claims and judgments	(1,823,292)	-	(1,823,292)
Net Cash Provided by (Used for) Operating Activities	(2,234,872)	3,185,260	950,388
Cash Flows from Non-Capital Financing Activities:			
Transfers from other funds	-	84,089	84,089
Transfers to other funds	(192,915)	-	(192,915)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(192,915)	84,089	(108,826)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(2,177,236)	(2,177,236)
Proceeds from disposal of capital assets	-	170,074	170,074
Principal paid on capital debt	-	(1,310)	(1,310)
Proceeds from capital debt	-	13,699	13,699
Repayment received on advance to other funds	-	22,750	22,750
Net Cash (Used for) Capital and Related Financing Activities	-	(1,972,023)	(1,972,023)
Cash Flows from Investing Activities:			
Investment income	-	5,252	5,252
Net Cash Provided by Investing Activities	-	5,252	5,252
Net Increase in Cash and Cash Equivalents	(2,427,787)	1,302,578	(1,125,209)
Cash and Cash Equivalents, July 1 (including \$300,000 for the Loss Prevention Fund reported in restricted accounts)	26,689,707	21,938,163	48,627,870
Cash and Cash Equivalents, June 30 (including \$300,000 for the Loss Prevention Fund reported in restricted accounts)	\$ 24,261,920	\$ 23,240,741	\$ 47,502,661
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ (525,099)	\$ 871,915	\$ 346,816
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	21,280	2,112,022	2,133,302
(Increase) decrease in accounts receivable	17,491	(64,800)	(47,309)
(Increase) in prepaid costs	(27,965)	(134,084)	(162,049)
(Increase) in inventories	-	(9,510)	(9,510)
Increase in accounts payable	63,864	113,452	177,316
Increase (decrease) in accrued liabilities	1,029	(2,844)	(1,815)
Increase (decrease) in compensated absences	7,380	(5,373)	2,007
(Decrease) in claims and judgments	(1,823,292)	-	(1,823,292)
Increase in pensions and related items	30,440	304,482	334,922
Total Adjustments	(1,709,773)	2,313,345	603,572
Net Cash Provided by Operating Activities	\$ (2,234,872)	\$ 3,185,260	\$ 950,388

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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, 2018

	Special Assessment District	Deposit	Total
Assets:			
Cash and investments	\$ 157,764	\$ 6,099,512	\$ 6,257,276
Restricted cash and investments	9,626,402	-	9,626,402
Taxes receivable	12,245	-	12,245
Accrued interest	16,819	-	16,819
Total Assets	\$ 9,813,230	\$ 6,099,512	\$ 15,912,742
Liabilities:			
Accounts payable	\$ 9,500	\$ 14,588	\$ 24,088
Accrued liabilities	-	12,227	12,227
Deposits payable	-	6,072,697	6,072,697
Due to bondholders	9,803,730	-	9,803,730
Total Liabilities	\$ 9,813,230	\$ 6,099,512	\$ 15,912,742

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Special Assessment District</u>				
Assets:				
Cash and investments	\$ 2,621,287	\$ 4,975,148	\$ 7,438,671	\$ 157,764
Restricted cash and investments	6,941,626	11,430,458	8,745,682	9,626,402
Accounts receivable	246	-	246	-
Taxes receivable	15,998	15,409	19,162	12,245
Accrued interest	-	16,819	-	16,819
Total Assets	\$ 9,579,157	\$ 16,437,834	\$ 16,203,761	\$ 9,813,230
Liabilities:				
Accounts payable	\$ 9,565	\$ 18,085	\$ 18,150	\$ 9,500
Deposits payable	179,264	-	179,264	-
Due to bondholders	9,390,328	6,784,853	6,371,451	9,803,730
Total Liabilities	\$ 9,579,157	\$ 6,802,938	\$ 6,568,865	\$ 9,813,230
<u>Deposit</u>				
Assets:				
Cash and investments	\$ 5,885,517	\$ 26,305,996	\$ 26,092,001	\$ 6,099,512
Total Assets	\$ 5,885,517	\$ 26,305,996	\$ 26,092,001	\$ 6,099,512
Liabilities:				
Accounts payable	\$ 286,246	\$ 25,879,156	\$ 26,150,814	\$ 14,588
Accrued liabilities	-	12,227	-	12,227
Deposits payable	5,599,271	26,373,086	25,899,660	6,072,697
Total Liabilities	\$ 5,885,517	\$ 52,264,469	\$ 52,050,474	\$ 6,099,512
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 8,506,804	\$ 31,281,144	\$ 33,530,672	\$ 6,257,276
Restricted cash and investments	6,941,626	11,430,458	8,745,682	9,626,402
Accounts receivable	246	-	246	-
Taxes receivable	15,998	15,409	19,162	12,245
Accrued interest	-	16,819	-	16,819
Total Assets	\$ 15,464,674	\$ 42,743,830	\$ 42,295,762	\$ 15,912,742
Liabilities:				
Accounts payable	\$ 295,811	\$ 25,897,241	\$ 26,168,964	\$ 24,088
Accrued liabilities	-	12,227	-	12,227
Deposits payable	5,778,535	26,373,086	26,078,924	6,072,697
Due to bondholders	9,390,328	6,784,853	6,371,451	9,803,730
Total Liabilities	\$ 15,464,674	\$ 59,067,407	\$ 58,619,339	\$ 15,912,742

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2018

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			
	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 234,316,806	\$ 234,789,461	\$ 235,574,067	\$ 243,655,279
Restricted for:				
Debt Service	5,007,853	2,174,867	4,141,868	2,161,962
Capital Projects	78,554,859	40,191,226	58,506,353	
Specific Projects and Programs	44,045,329	39,150,717	42,884,232	106,653,971
Total Restricted	127,608,041	81,516,810	105,532,453	108,815,933
Unrestricted	39,968,095	73,283,539	53,795,980	49,273,627
Total governmental activities net position	\$ 401,892,942	\$ 389,589,810	\$ 394,902,500	\$ 401,744,839
Business-type Activities				
Net investment in capital assets	\$ 207,637,088	\$ 400,340,807	\$ 395,086,570	\$ 385,375,753
Restricted for:				
Capital projects	33,894,838	27,552,284	32,998,023	38,054,343
Debt service		955,236	936,607	930,832
Rate stabilization			1,700,000	2,318,667
Unrestricted	12,766,808	21,602,927	28,535,592	44,681,865
Total business-type activities net position	\$ 254,298,734	\$ 450,451,254	\$ 459,256,792	\$ 471,361,460
Primary Government				
Net investment in capital assets	\$ 441,953,894	\$ 635,130,268	\$ 630,660,637	\$ 629,031,032
Restricted	161,502,879	110,024,330	139,467,083	150,119,775
Unrestricted	52,734,903	94,886,466	82,331,572	93,955,492
Total Primary Government net position	\$ 656,191,676	\$ 840,041,064	\$ 852,459,292	\$ 873,106,299

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 241,149,904	\$ 246,144,971	\$ 266,146,413	\$ 271,158,974	\$ 282,775,916	\$ 284,435,863
2,256,658	2,237,378	2,256,538	2,595,789	2,588,474	2,602,920
28,708,355	29,702,850	33,941,840	41,373,208	33,510,793	39,454,169
82,545,895	85,489,088	21,814,282	21,637,543	17,373,883	26,071,742
113,510,908	117,429,316	58,012,660	65,606,540	53,473,150	68,128,831
59,194,764	58,259,611	(82,447,190)	(73,967,078)	(50,292,346)	(37,820,563)
\$ 413,855,576	\$ 421,833,898	\$ 241,711,883	\$ 262,798,436	\$ 285,956,720	\$ 314,744,131
\$ 380,748,031	\$ 364,159,043	\$ 368,135,588	\$ 387,599,614	\$ 403,023,876	\$ 424,457,531
23,556,608	56,127,650	47,783,461	56,933,570	74,021,628	71,303,919
1,019,886	1,000,178	961,741	769,774	81,447	0
2,318,667	0	6,078,455	6,078,455	5,276,131	5,216,020
79,945,483	86,994,807	92,909,730	85,997,831	84,047,668	93,865,168
\$ 487,588,675	\$ 508,281,678	\$ 515,868,975	\$ 537,379,244	\$ 566,450,750	\$ 594,842,638
\$ 621,897,935	\$ 610,304,014	\$ 634,282,001	\$ 658,758,588	\$ 685,799,792	\$ 708,893,394
140,406,069	174,557,144	109,926,675	129,388,339	132,852,356	144,648,770
138,201,395	145,254,418	13,372,182	12,030,753	33,755,322	56,044,605
\$ 900,505,399	\$ 930,115,576	\$ 757,580,858	\$ 800,177,680	\$ 852,407,470	\$ 909,586,769

City of Oceanside

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 19,051,433	\$ 13,967,349	\$ 14,899,107	\$ 16,101,719
Public safety	76,759,409	81,635,635	74,767,172	70,989,600
Community development	28,756,441	39,476,894	28,968,430	28,291,313
Community/cultural services	14,193,259	14,565,149	11,669,455	11,615,707
Public works	28,263,292	27,101,514	32,341,519	27,020,879
Depreciation (unallocated)	-	-	-	-
Interest on long-term debt	7,363,801	9,213,229	7,472,655	5,441,528
Total governmental activities	<u>\$ 174,387,635</u>	<u>\$ 185,959,770</u>	<u>\$ 170,118,338</u>	<u>\$ 159,460,746</u>
Business-type activities:				
Water	41,651,535	44,640,059	43,930,562	51,309,115
Sewer	28,233,964	29,744,119	29,272,281	33,251,371
Waste disposal	21,282,754	19,073,268	20,035,442	20,111,113
Special aviation	565,477	230,378	380,711	94,106
Oceanside Small Craft Harbor District	6,551,918	4,454,450	1,382,005	1,292,291
Total business-type activities	<u>98,285,648</u>	<u>98,142,274</u>	<u>95,001,001</u>	<u>106,057,996</u>
Total primary government expenses	<u>\$ 272,673,283</u>	<u>\$ 284,102,044</u>	<u>\$ 265,119,339</u>	<u>\$ 265,518,742</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,735,446	\$ 1,510,087	\$ 1,618,641	\$ 2,112,141
Public safety	6,016,525	8,123,510	6,116,702	5,005,344
Community development	5,509,157	5,180,697	6,127,879	6,073,887
Community/cultural services	2,421,512	1,111,571	1,203,242	897,301
Public works	6,881,633	6,721,474	8,424,047	6,978,316
Operating Grants and Contributions	24,119,622	38,057,394	45,593,539	36,121,277
Capital Grants and Contributions	9,997,029	4,824,134	7,479,535	7,490,018
Total governmental activities program revenues	<u>57,680,924</u>	<u>65,528,867</u>	<u>76,563,585</u>	<u>64,678,284</u>
Business-type activities:				
Charges for services:				
Water	42,313,563	41,865,765	45,307,197	53,176,890
Sewer	25,304,602	28,570,644	32,440,442	37,638,074
Waste disposal	21,442,968	20,795,455	23,119,454	22,756,966
Special aviation	465,150	144,269	97,633	100,865
Oceanside Small Craft Harbor District	5,311,555	5,028,536	5,003,985	5,792,048
Operating Grants and Contributions	1,132,596	1,787,839	384,697	1,881,956
Capital Grants and Contributions	-	238,500	-	-
Total business-type activities program revenues	<u>95,970,434</u>	<u>98,431,008</u>	<u>106,353,408</u>	<u>121,346,799</u>
Total primary government program revenues	<u>\$ 153,651,358</u>	<u>\$ 163,959,875</u>	<u>\$ 182,916,993</u>	<u>\$ 186,025,083</u>
Net (Expense)/Revenue				
Governmental activities	\$ (116,706,711)	\$ (120,430,903)	\$ (93,554,753)	\$ (94,782,462)
Business-type activities	(2,315,214)	288,734	11,352,407	15,288,803
Total primary government net expense	<u>\$ (119,021,925)</u>	<u>\$ (120,142,169)</u>	<u>\$ (82,202,346)</u>	<u>\$ (79,493,659)</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 14,830,050	\$ 16,455,355	\$ 16,671,736	\$ 15,552,936	\$ 15,296,527	\$ 25,402,641
76,558,916	76,486,996	80,525,772	83,064,936	84,872,862	88,194,832
25,082,898	24,559,378	30,564,852	32,224,969	33,709,839	30,724,146
11,910,768	14,051,321	12,941,427	13,545,812	14,776,797	18,330,643
28,329,168	30,469,085	37,084,193	30,968,801	35,778,483	45,262,298
-	-	-	-	-	-
2,861,072	2,151,302	2,078,438	1,645,159	802,656	649,868
<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>	<u>\$ 208,564,428</u>
51,800,928	56,800,583	56,314,612	55,292,508	55,915,076	61,368,335
31,340,700	31,537,700	31,516,720	31,470,309	30,604,682	27,395,744
19,217,767	18,745,866	19,323,265	19,240,727	19,684,911	20,251,509
90,609	86,988	83,305	92,086	104,671	84,677
1,312,457	1,372,653	1,366,092	1,363,913	1,210,663	1,188,233
<u>103,762,461</u>	<u>108,543,790</u>	<u>108,603,994</u>	<u>107,459,543</u>	<u>107,520,003</u>	<u>110,288,498</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>	<u>\$ 318,852,926</u>
\$ 2,479,719	\$ 5,039,215	\$ 9,642,667	\$ 10,588,709	\$ 12,750,353	\$ 10,468,701
6,514,143	6,673,108	8,867,434	7,008,828	7,661,652	8,062,777
6,864,969	6,687,509	8,400,755	11,865,536	17,649,387	16,112,696
974,234	1,126,533	840,123	1,912,587	2,097,115	2,192,652
6,984,599	7,365,266	5,359,055	5,716,976	5,368,106	5,536,544
31,216,913	34,768,831	31,943,724	40,680,408	29,965,637	48,126,396
5,593,000	732,237	2,328,368	10,857,618	8,319,217	10,733,561
<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>	<u>101,233,327</u>
57,469,143	62,320,181	59,703,297	58,870,606	65,750,944	70,911,470
39,670,129	44,210,556	46,181,396	44,918,587	45,395,610	44,986,466
23,568,208	23,706,070	24,473,562	25,093,298	25,505,957	25,901,726
102,084	104,298	96,131	123,129	113,913	74,644
6,099,713	6,095,895	6,267,995	6,339,274	6,627,547	6,653,343
586,367	-	118,470	-	-	-
-	-	939,000	-	-	-
<u>127,495,644</u>	<u>136,437,000</u>	<u>137,779,851</u>	<u>135,344,894</u>	<u>143,393,971</u>	<u>148,527,649</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>	<u>\$ 249,760,976</u>
\$ (98,945,295)	\$ (101,780,738)	\$ (112,484,292)	\$ (88,371,951)	\$ (101,425,697)	\$ (107,331,101)
23,733,183	27,893,210	29,175,857	27,885,351	35,873,968	38,239,151
<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>	<u>\$ (69,091,950)</u>

City of Oceanside

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

	Fiscal Year			
	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 61,239,407	\$ 55,979,593	\$ 54,923,310	\$ 51,774,298
Sales taxes	16,914,344	17,326,635	18,141,424	19,397,588
Other taxes	12,424,966	10,577,615	11,091,446	11,461,700
Total taxes	90,578,717	83,883,843	84,156,180	82,633,586
Intergovernmental unrestricted	14,083,346	504,448	830,682	90,581
Investment Earnings	9,861,241	8,380,289	9,585,836	-
Developer contributions	-	-	-	-
Miscellaneous	423,227	3,673,334	5,749,504	23,213,669
Loss on sale of assets	-	-	-	-
Extraordinary gain(loss)	-	-	-	(11,501,480)
Transfers	8,214,295	4,961,121	7,025,199	6,883,340
Total Governmental activities	123,160,826	101,403,035	107,347,401	101,319,696
Business-type activities:				
Investment Earnings	2,109,687	982,961	568,677	932,868
Miscellaneous	-	3,860,425	4,461,855	2,766,337
Loss on sale of assets	4,964,630	-	-	-
Transfers	(8,214,295)	(4,961,121)	(7,025,199)	(6,883,340)
Total business-type activities:	(1,139,978)	(117,735)	(1,994,667)	(3,184,135)
Total primary government	\$ 122,020,848	\$ 101,285,300	\$ 105,352,734	\$ 98,135,561
Change in Net Position				
Governmental activities	6,454,115	(19,027,868)	13,792,648	6,537,234
Business-type activities:	(3,455,192)	170,999	9,357,740	12,104,668
Total primary government	\$ 2,998,923	\$ (18,856,869)	\$ 23,150,388	\$ 18,641,902

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 49,143,021	\$ 49,142,577	\$ 51,170,308	\$ 54,205,419	\$ 57,600,747	\$ 61,606,355
20,716,764	20,960,270	21,748,689	22,150,105	22,130,638	22,671,662
16,565,848	12,405,237	14,344,548	14,928,000	15,261,245	16,412,384
86,425,633	82,508,084	87,263,545	91,283,524	94,992,630	100,690,401
-	-	-	-	-	-
-	-	-	-	-	-
13,889,663	15,946,986	14,949,969	14,856,503	16,737,491	19,955,645
		130,127			
	104,999	33,177,247		165,162	
10,740,736	11,286,667	10,910,791	12,218,129	13,403,896	17,149,010
111,056,032	109,846,736	146,431,679	118,358,156	125,299,179	137,795,056
(536,263)	1,959,130	1,574,239	1,914,261	934,405	1,595,238
3,654,356	2,024,680	2,966,379	3,928,786	5,667,029	5,706,509
-	6,357	-	-	-	-
(10,740,736)	(11,286,667)	(10,910,791)	(12,218,129)	(13,403,896)	(17,149,010)
(7,622,643)	(7,296,500)	(6,370,173)	(6,375,082)	(6,802,462)	(9,847,263)
\$ 103,433,389	\$ 102,550,236	\$ 140,061,506	\$ 111,983,074	\$ 118,496,717	\$ 127,947,793
12,110,737	8,065,998	33,947,387	29,986,205	23,873,482	30,463,955
16,110,540	20,596,710	22,805,684	21,510,269	29,071,506	28,391,888
\$ 28,221,277	\$ 28,662,708	\$ 56,753,071	\$ 51,496,474	\$ 52,944,988	\$ 58,855,843

City of Oceanside

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Reserved	-	-	-	-
Unreserved, designated	-	-	-	-
Unreserved, undesignated	-	-	-	-
Nonspendable	\$ 3,680,434	\$ 11,693,612	\$ 13,378,851	\$ 11,255,881
Restricted				
Committed	15,442,512	15,737,602	15,667,245	16,348,074
Assigned	15,680,540	9,051,338	5,806,222	7,472,057
Unassigned	6,558,093	1,008,053	-	1,997,735
Total General Fund	<u>\$ 41,361,579</u>	<u>\$ 37,490,605</u>	<u>\$ 34,852,318</u>	<u>\$ 37,073,747</u>
All Other Governmental Funds				
Reserved:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved, designated:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable				
Special revenue funds	\$ 214	\$ 23,597,506	\$ 23,575,682	\$ 5,406,933
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	7,493,591
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	42,681,033
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	4,019,757
Unassigned				
Special revenue funds	-	-	-	(90,115)
Debt service funds	(13,242,660)	(9,817,564)	(12,029,374)	-
Capital projects funds	-	-	-	-
Other Governmental Funds	-	(167,026)	(373,292)	(233,255)
Total all other Governmental Funds	<u>\$ 116,344,171</u>	<u>\$ 109,933,062</u>	<u>\$ 111,784,736</u>	<u>\$ 59,277,944</u>
All Governmental Funds	<u>\$ 157,705,750</u>	<u>\$ 147,423,667</u>	<u>\$ 146,637,054</u>	<u>\$ 96,351,691</u>

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 11,280,586	\$ 11,168,901	\$ 11,113,123	\$ 2,317,462	\$ 2,389,107	\$ 2,657,521
16,213,781	17,526,258	17,160,366	19,516,594	19,765,583	9,993,649
12,712,663	15,679,811	18,835,653	33,527,796	42,489,683	22,303,807
8,490,329	8,352,469	11,844,123	2,129,908	2,099,212	33,134,264
<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>	<u>\$ 69,196,433</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 5,366,479	\$	\$	\$	\$ 8,169	\$ 936
-	-	-	-	-	-
-	-	-	-	585,000	-
4,449	-	-	-	-	208,807
7,469,221	13,229,318	13,030,490	14,045,390	10,691,295	12,552,874
2,224,229	-	-	2,563,360	-	-
-	-	-	41,373,208	33,510,793	-
43,500,742	46,547,909	44,982,170	7,624,582	9,271,062	45,582,308
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
909,617	4,213,824	-	-	-	-
(744,030)	-	-	(2,718,367)	-	-
-	-	-	-	-	-
(53,807)	(93,079)	(60,012)	(100,689)	(139,423)	(19,556)
<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>\$ 58,325,369</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>	<u>\$ 127,521,802</u>

City of Oceanside

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Taxes	\$ 91,340,010	\$ 83,508,603	\$ 84,252,109	\$ 82,159,554
Licenses and permits	1,877,798	973,602	2,501,483	1,987,843
Intergovernmental	27,941,755	28,700,124	38,281,505	34,823,491
Charges for services	10,366,112	14,492,767	12,999,466	9,254,906
Interest and rentals	8,673,200	6,318,649	3,629,981	6,051,536
Fines and forfeitures	4,770,065	1,890,806	1,949,170	4,536,471
Lease revenue	4,738,281	2,342,583	2,348,728	1,234,704
Developer fees	4,439,021	2,744,171	2,782,358	2,191,048
Special assessments	2,351,621			
Administrative and in lieu charges	14,083,346	16,537,589	10,911,973	8,798,042
Contribution from Successor Agency				
Other	770,811	4,639,198	8,258,197	9,138,214
Total Revenues	171,352,020	162,148,092	167,914,970	160,175,809
Expenditures:				
General government	16,229,297	13,705,854	14,204,862	15,040,557
Public safety	73,479,724	76,616,881	72,109,425	71,220,254
Community development	33,420,647	38,432,800	27,655,390	27,968,667
Community/cultural services	12,898,183	14,881,758	10,843,234	9,591,839
Public works	17,813,964	18,664,638	17,130,401	15,999,867
Capital outlay	22,067,047	8,953,305	14,513,009	11,290,953
Debt service				
Principal	6,100,728	6,596,713	7,616,985	14,967,189
Interest	8,152,267	9,638,213	7,608,092	6,186,648
Bond issuance costs				
Total Expenditures	190,161,857	187,490,162	171,681,398	172,265,974
Excess of Revenues over (under) expenditures	(18,809,837)	(25,342,070)	(3,766,428)	(12,090,165)
Other Financing Sources (Uses)				
Issuance of long-term debt	-	-	1,624,761	7,725,000
Issuance of refunding debt	-	-	-	-
Bond premium	-	-	-	-
Payment of unfunded pension liability	-	-	-	-
Redemption of refunded debt	-	-	-	-
Loan proceeds	-	-	-	-
Proceed from sale of real property	7,905	-	-	-
Transfers in	24,680,835	27,723,634	32,976,259	23,022,366
Transfers out	(20,484,907)	(22,306,443)	(28,437,187)	(14,530,805)
Total other financing sources (uses)	4,203,833	5,417,191	6,163,833	16,216,561
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	(19,505,666)
Net change in fund balances	\$ (14,606,004)	\$ (19,924,879)	\$ 2,397,405	\$ (15,379,270)
Debt Service as a percentage of noncapital expenditures.	8.5%	9.1%	9.7%	13.1%

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

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 81,307,547	\$ 82,818,776	\$ 86,981,734	\$ 92,398,458	\$ 94,992,630	\$ 100,690,401	
2,201,628	2,171,960	2,205,931	3,002,897	4,131,518	4,191,893	
28,709,782	27,038,190	30,517,109	38,274,496	33,782,804	38,036,075	
11,649,934	15,145,486	15,745,425	16,484,313	19,128,674	16,801,185	
4,828,626	6,715,747	8,306,216	10,153,764	11,294,813	14,021,724	
4,289,750	4,211,163	3,947,380	3,636,224	3,582,534	3,880,292	
-	-	-	-	-	-	
2,775,907	2,498,169	2,068,849	3,278,143	8,315,056	6,402,849	
-	-	-	-	-	-	
8,872,886	9,197,686	9,273,016	9,402,106	9,329,520	9,224,128	
			6,000,000	-	-	
14,468,524	8,652,117	9,155,313	9,551,724	6,409,469	6,749,932	
159,104,584	158,449,294	168,200,973	192,182,125	190,967,018	199,998,479	
14,102,273	15,557,074	15,770,645	15,743,065	15,154,065	23,831,381	
74,771,213	76,446,617	82,300,876	86,435,756	86,976,976	89,713,361	
25,064,042	24,700,043	28,324,390	32,366,663	31,859,013	28,957,273	
9,847,644	11,837,141	12,360,663	12,500,483	14,974,123	14,447,165	
16,715,563	19,123,912	20,150,010	21,905,999	23,753,492	28,200,906	
6,899,316	9,609,187	16,402,049	15,235,160	22,636,767	17,133,972	
21,152,400	5,533,197	5,978,373	46,762,743	7,058,009	7,379,072	
3,127,280	2,289,860	2,213,452	1,730,103	1,044,950	897,358	
			494,230	-	-	
171,679,731	165,097,031	183,500,458	233,174,202	203,457,395	210,560,488	
(12,575,147)	(6,647,737)	(15,299,485)	(40,992,077)	(12,490,377)	(10,562,009)	
12,126,893	4,731,027	-	-	-	-	
-	-	-	40,355,000	-	-	
-	-	-	606,016	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	155,494	
-	-	786,000	-	-	-	
15,831,614	18,173,810	20,692,139	17,429,585	21,222,539	23,186,875	
(4,360,792)	(6,918,272)	(5,898,152)	(5,125,541)	(7,625,727)	(5,929,039)	
23,597,715	15,986,565	15,579,987	53,265,060	13,596,812	17,413,330	
-	-	-	-	-	-	
\$ 11,022,568	\$ 9,338,828	\$ 280,502	\$ 12,272,983	\$ 1,106,435	\$ 6,851,321	
14.6%	4.9%	4.7%	22.1%	4.4%	4.3%	

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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
2009	49,112,892	18,610,365	666,349	3,889,238	4,130,601	4,064,677	80,474,122
2010	41,072,836	17,045,656	664,486	3,184,613	3,912,710	2,590,262	68,470,563
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
2018	58,496,100	22,671,661	1,190,591	7,944,470	4,241,206	3,022,177	97,566,205
Change 2009-2018	19.1%	21.8%	78.7%	104.3%	2.7%	-25.6%	21.2%

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
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
2018	10,679,348,905	11,247,074,394	307,972,603	22,234,395,902

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 Note15: Dissolution of redevelopment agency

EXEMPTIONS			Net Taxable Value	Direct Tax Rate		Property Tax Revenue
Homeowner's	Tax Increment	All Other				
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
194,632,977	*	427,420,513	21,612,342,412	0.271	%	58,496,100

City of Oceanside

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Fiscal Year	Education	Special Districts Improvements	City of Oceanside	Basic County/ City Rate	Total Tax Rate (1)
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%
2018	0.27054%	0.03104%	0.18914%	1.00000%	1.49072%

(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	2018			2009		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Genentech Inc	\$ 423,937,275	1	1.90%			
P K II El Camino North LP	127,205,456	2	0.57%			
Gilead Sciences Inc	122,369,931	3	0.55%			
Guardian Piazza Doro LLC	87,748,200	4	0.39%			
FPA of WC Rancho Del Oro LLC	84,178,049	5	0.38%			
Wyndham Vacation Resorts	70,210,893	6	0.31%			
AGC Pacific Coast Plaza LLC	68,578,659	7	0.31%			
Lakeridge-Island Club Apartments Partners	67,971,171	8	0.30%			
BRE CA Presidio at Rancho Del Oro	66,750,000	9	0.30%			
Essex C A A-WA LP	59,068,672	10	0.26%			
Genentech Inc				\$ 522,873,425	1	2.80%
P K II El Camino North LP				135,219,793	2	0.72%
Wyndham Vacation Resorts				101,098,010	3	0.54%
W2005 M R D Realty LLC				73,766,728	4	0.40%
A M B D F S Pacific Coast LLC				66,535,123	5	0.36%
Northwestern Mutual Life Ins. Company				65,833,693	6	0.35%
Lakeridge-Island Club Apts Partners LP				59,761,993	7	0.32%
Essex C A A-WA LP				51,729,146	8	0.28%
K Hovnanian at Piazza Doro LLC				50,667,099	9	0.27%
Pacific Coast Plaza Investments LP				44,175,952	10	0.24%
	<u>\$ 1,178,018,306</u>		<u>5.27%</u>	<u>\$ 1,171,660,962</u>		<u>6.28%</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
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%
2018	41,138,189	39,799,843	96.7%	198,037	39,997,880	97.2%	1,095,676	2.7%

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, & Revenue Bonds	Certificates of Participation	Special Assessment Bonds
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	*	15,089,652	12,770,699	-
2017	29,435,000	*	12,458,051	10,777,303	-
2018	26,660,000	*	9,905,059	8,742,118	-

¹ 2009 - 2012 ratios were calculated using the Price and Population received from the State of California Department of Finance.

² 2013 - 2018 ratios were calculated using Per Capita Personal Income as provided by HDL.

* See Note 16: 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
7,265,000	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
24,918,549	-	21,675,178	91,900,904	1.79 %	518

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					
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
2018	26,660,000	*	8,574,755	-	35,234,755	0.16%	199	22,324,441,314	177,362

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

* See Note 16: Dissolution of redevelopment agency

City of Oceanside

Direct and Overlapping Governmental Activities Debt As of June 30, 2018

	Total Debt Debt 6/30/18	% Applicable (1)	City's Share of Debt 6/30/18
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 60,600,000	0.812%	\$ 492,072
Mira Costa Community College District	100,000,000	16.065%	16,065,000
Palomar Community College District	627,826,320	5.177%	32,502,569
Carlsbad Unified School District	162,011,491	1.872%	3,032,855
Oceanside Unified School District	227,501,325	99.814%	227,078,173
Vista Unified School District	90,744,882	33.138%	30,071,039
Fallbrook Union High School district	11,152,627	9.036%	1,007,751
Bonsall Unified School District	11,039,906	23.229%	2,564,460
City of Oceanside Community Facilities District No. 2000-1	21,245,000	100.000%	21,245,000
City of Oceanside Community Facilities District No. 2001-1	13,570,000	100.000%	13,570,000
City of Oceanside Community Facilities District No. 2001-1, Improvement Area No. 1	5,685,000	100.000%	5,685,000
City of Oceanside Community Facilities District No. 2006-1	9,005,000	100.000%	9,005,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 362,318,920
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Diego County General Fund Obligations	\$ 273,220,000	4.500%	\$ 12,294,900
San Diego County Pension Obligations	558,525,000	4.500%	25,133,625
San Diego County Superintendent of Schools Certificates of Participation	10,785,000	4.500%	485,325
Mira Costa Community College District Certificates of Participation	555,000	16.065%	89,161
Palomar Community College District Certificates of Participation	2,720,000	5.177%	140,814
Carlsbad Unified School District Certificates of Participation	44,245,000	1.872%	828,266
Vista Unified School District Certificates of Participation	2,310,000	33.138%	765,488
Bonsall Union School District Certificates of Participation	7,580,000	23.229%	1,760,758
City of Oceanside General Fund Obligations	12,859,756	100.000%	12,859,755
City of Oceanside Pension Obligations	26,660,000	100.000%	26,660,000
City of Oceanside Leases Obligations	3,092,050	100.000%	3,092,050
City of Oceanside Notes Obligations	2,528,009	100.000%	2,528,009
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 86,638,151
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	24,980,000	100.000%	24,980,000
TOTAL DIRECT DEBT			45,139,814
TOTAL OVERLAPPING DEBT			\$ 428,797,257
GROSS COMBINED TOTAL DEBT			\$ 473,937,071

(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 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.62%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$45,139,815) 0.18%
Combined Total Debt 2.10%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,369,848,071):

Total Overlapping Tax Increment Debt 1.82%

Source: California Municipal Statistics, Inc

City of Oceanside

Legal Debt Margin Information Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Assessed valuation	\$ 17,356,587,943	\$ 17,493,006,303	\$ 17,205,265,780	\$ 17,381,056,626
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	4,339,146,986	4,373,251,576	4,301,316,445	4,345,264,157
Debt limit percentage	15%	15%	15%	15%
Debt limit	650,872,048	655,987,736	645,197,467	651,789,623
Total net debt applicable to limit: General & Pension Obligation Bonds	41,150,000	40,325,000	39,345,000	38,195,000
Legal debt margin	609,722,048	615,662,736	605,852,467	613,594,623
Total debt applicable to the limit as a percentage of the debt limit	6.3%	6.1%	6.1%	5.9%

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						
2013	2014	2015	2016	2017	2018	
\$ 17,323,915,631	\$ 17,715,328,740	\$ 18,780,841,789	\$ 19,721,367,813	\$ 20,914,477,517	\$ 22,324,441,314	
25%	25%	25%	25%	25%	25%	
4,330,978,908	4,428,832,185	4,695,210,447	4,930,341,953	5,228,619,379	5,581,110,329	
15%	15%	15%	15%	15%	15%	
649,646,836	664,324,828	704,281,567	739,551,293	784,292,907	837,166,549	
36,860,000	35,325,000	33,580,000	32,020,000	29,435,000	26,660,000	
612,786,836	628,999,828	670,701,567	707,531,293	754,857,907	810,506,549	
5.7%	5.3%	4.8%	4.3%	3.8%	3.2%	

City of Oceanside

Pledged-Revenue Coverage Last Ten Years

Water Revenue Bonds							
Fiscal Year	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
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
**2018	73,622,607	60,136,522	13,486,085	1,475,000	721,213	2,196,213	6.14

Sewer Revenue Bonds							
Fiscal Year	Sewer Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
^2014	44,554,439	30,279,044	14,275,395	1,570,000	550,698	2,120,698	6.73
2015	47,048,104	30,448,939	16,599,165	1,590,000	530,219	2,120,219	7.83
2016	46,371,556	30,470,684	15,900,872	1,615,000	498,419	2,113,419	7.52
2017	47,599,766	29,796,336	17,803,430	1,075,000	433,819	1,508,819	11.80
2018	47,800,364	26,629,434	21,170,930	1,120,000	390,819	1,510,819	14.01

*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

Fiscal Year	Population	Personal Income (Millions \$)	Per Capita Personal Income	Unemployment Rate
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%
2018	177,362	9,963	56,172	3.7%

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	2018	2009
	Business Category	Business Category
Albertsons	Grocery Stores	Grocery Stores
Arco	Service Stations	Service Stations
Best Buy	Electronics/Appliance Stores	Service Stations
Chevron	Service Stations	Service Stations
Circle K	Service Stations	Service Stations
CVS Pharmacy	Drug Stores	Drug Stores
G & M Oil	Service Stations	Service Stations
Home Depot	Building Materials	Building Materials
In N Out Burgers	Quick-Service Restaurants	Quick-Service Restaurants
Kohls	Department Stores	Department Stores
Krannich Solar West	Energy/Utilities	Energy/Utilities
Lowes	Building Materials	Building Materials
McDonalds	Quick-Service Restaurants	Quick-Service Restaurants
Mission AM PM	Service Stations	Service Stations
Mohsen Oil	Service Stations	Service Stations
Mossy Nissan	New Motor Vehicle Dealers	New Motor Vehicle Dealers
MWI Plumbers Supply	Plumbing/Electrical Supplies	Plumbing/Electrical Supplies
Ralphs	Grocery Stores	Grocery Stores
Ross	Family Apparel	Family Apparel
Siemens Building Technologies	Contractors	Contractors
Stater Bros	Grocery Stores	Grocery Stores
Superior Ready Mix Concrete	Contractors	Contractors
Target	Discount Dept Stores	Discount Dept Stores
TJ Maxx	Family Apparel	Family Apparel
Walmart Supercenter	Discount Dept Stores	Discount Dept Stores
Albertsons		Grocery Stores
Arco		Service Stations
Arco Am Pm		Service Stations
Arco Ampm		Service Stations
Best Buy		Electronics/Appliance Stores
Chevron		Service Stations
CVS Pharmacy		Drug Stores
Dick's Sporting Goods		Sporting Goods/Bike Stores
Hason Aggregates		Contractors
Home Depot		Building Materials
Kia of Oceanside		New Motor Vehicle Dealers
Kohls		Department Stores
Lowes		Building Materials
McDonalds		Quick-Service Restaurants
Mervyns		Department Stores
Mission AM PM		Service Stations
Mohsen Oil		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 Stores
Walmart Supercenter		Discount Dept Stores
Percent of Fiscal Year Total Paid by Top 25 Accounts	40%	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									
	2009	2010	2011*	2012	2013	2014	2015	2016	2017	2018
General Government	117	105	102	99	120	117	117	124	118	101
Public Safety										
Police	319	321	321	320	320	321	321	322	327	325
Fire	129	114	120	118	119	131	131	130	126	126
Public Works	119	109	121	110	91	88	88	88	93	113
Development Services	68	51	48	48	47	54	54	58	60	58
Neighborhood Services	78	71	69	63	59	56	56	57	58	60
Economic & Community Development	14	14	13	12	2	2	2	2	4	4
Library	36	35	32	27	26	26	26	27	27	27
Water Utilities	143	144	143	138	138	144	144	144	147	152
Harbor	37	26	0	0	0	0	0	0	0	0
Total	1,060	990	969	935	922	939	939	952	960	966

Note:

* Corrected 2011 position 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Arrests	8,391	7,245	5,961	9,086	7,920	6,841	6,031	5,021	5,426	5,505
Citations	19,697	17,491	23,464	26,639	23,467	23,082	15,910	13,654	15,462	7,098
Fire										
Number of Emergency Calls	15,553	16,692	16,662	17,913	17,811	17,975	19,777	20,430	21,009	21,408
Inspections	1,854	2,000	1,765	1,741	2,225	2,321	3,155	2,491	3,057	4,002
Public Works										
Street Resurfacing (lane miles)	43	54	46	0	40	14	52	49	3	40
Water										
Average Daily Consumption (million gallons)	30	24	23	24	24	25	25	19	20	22
Wastewater										
Average Daily Sewage Treatment (million gallons)	13	12	12	12	12	11	11	11	12	10
Recreation										
Number of Recreation Classes (quarterly)	98	140	120	100	130	130	130	145	165	170
Library										
Total Volumes in Collection	338,773	305,346	274,289	274,097	261,999	250,331	259,442	200,211	197,529	196,732
Total Volumes Loaned	553,323	561,182	497,563	501,410	489,361	478,695	491,451	453,213	398,206	405,474

Source: Various City Departments

City of Oceanside

Capital Asset Statistics by Function Last Ten Fiscal Years

		Fiscal Year			
		2009	2010	2011	2012
Police					
	Number of Police Stations	1	1	1	1
Fire					
	Number of Fire Stations	8	8	8	8
	Number of Engine Companies	6	6	6	6
	Number of Truck/Rescue Companies	2	2	2	2
	Number of Ambulances	4	4	4	4
Public Works					
	Miles of Streets:	400	400	475	475
	Number of Street Lights (City Owned):	a 9,345	8,345	8,345	8,345
Utilities:					
	Miles of Lines and Mains	600	600	580	580
	Number of Wastewater Treatment Plants	2	2	2	2
	Miles of Sewers	450	450	450	450
Recreation and Cultural:					
	Number of Parks (Improved and Unimproved)	c 40	33	33	33
	Area of Parks (In Acres)	b 594	810	810	810
	Recreation & Senior Centers	9	6	6	6
	Pools	2	2	2	2
	Number of Libraries	2	2	2	2
	Number of Library Outlets	6	4	3	3
	Number of Bookmobiles	2	1	1	1
	Computer Terminals for Internet Access (Public)	107	76	85	85
	Number of Visitors to Library	716,957	576,223	469,610	472,617

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					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
8	8	8	8	8	8
6	6	6	6	6	6
2	2	2	2	2	2
4	4	4	5	5	5
480	480	480	480	480	480
8,445	8,546	8,546	8,546	8,546	8,546
580	580	580	593	591	591
2	2	2	2	2	2
450	450	450	460	480	480
33	33	33	33	33	33
810	810	810	810	810	810
6	6	6	6	6	6
2	2	2	2	2	2
2	2	2	2	2	2
3	3	3	3	3	3
1	2	2	2	2	2
85	87	87	75	66	60
485,035	396,597	483,521	476,019	434,489	519,859