

City of
OCEANSIDE
CALIFORNIA

**Comprehensive Annual
Financial Report**
For the year ended
June 30, 2019

CITY OF OCEANSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019

Prepared by: Finance Department

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CITY OF OCEANSIDE, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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City of Oceanside

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

December 10, 2019

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, 2019.

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, 2019. The independent auditor's report is presented as the first component of the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance and the United States Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, along with the independent auditors' reports on internal controls and compliance with applicable laws, can be found in a separately issued single audit report.

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

City of Oceanside Profile

The City of Oceanside (City) is a charter city that was incorporated on January 3, 1888. It is located 35 miles north of San Diego and 83 miles south of Los Angeles. The City is located on the Pacific Ocean, offering a moderate climate that ranks as one of the most desirable in the nation. Oceanside boasts 3.5 miles of coastline, a harbor with 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 178,021, making it the third largest city in San Diego County. The median household income for the City is \$58,335.

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 boards and commissions, 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 19 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 increased slightly over the prior year due to increased occupancy of retail space.

In November of 2018 voters approved Measure X, a 7-year one-half percent transaction and use tax. Revenues generated by Measure X are committed by the City Council for improved public safety services including programs to address homelessness, emergency response, and infrastructure improvements focused on roads, public safety and beachfront improvements.

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 has established an IRS Section 115 Pension Trust to provide additional pension stabilization. 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 \$402,145,293.

Debt Administration – As of June 30, 2019 the City had a total of \$76,274,772 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 2018-19 assessed valuation was 1.38% as of June 30, 2019.

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, 2018. 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,



Jane M. McPherson, CPA
Financial Services Director

PRINCIPAL OFFICIALS

JUNE 30, 2019

CITY COUNCIL

Peter Weiss, Mayor
Jack Feller, Deputy Mayor
Ryan Keim, Council Member
Christopher Rodriguez, Council Member
Esther Sanchez, Council Member

ADMINISTRATION AND DEPARTMENT HEADS

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



Government Finance Officers Association

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

Presented to

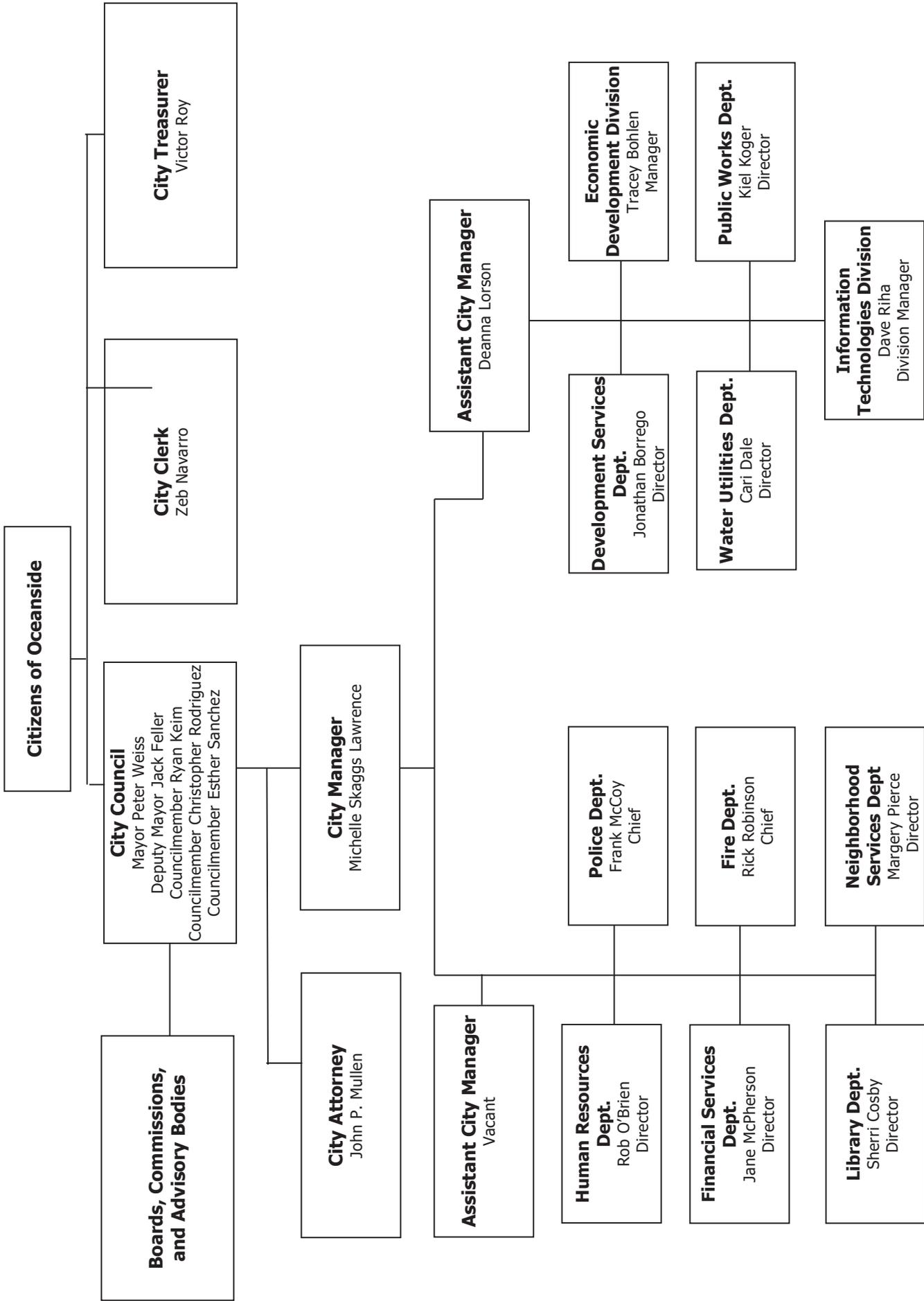
**City of Oceanside
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

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 City of Oceanside, California, (the City) as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison schedules for the general fund, grants fund, and housing assistance program fund; the schedules of changes in net pension liability and related ratios, the schedules of plan contributions; and the schedule of changes in total OPEB liability 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 financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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



CPAs AND ADVISORS

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 6, 2019 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 6, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2019

This discussion and analysis of the City of Oceanside's financial performance provides an overview of the fiscal year ended June 30, 2019. 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 \$39.8 million. This is composed of a \$16.2 million increase in Governmental activities assets and \$23.6 million increase in Business-Type activities assets.
- The City's Total Net Position increased overall by \$52.5 million. Governmental activities net position increased \$24.5 million and Business-Type activities net position increased \$28.0 million.
- The City's total revenues increased \$3.0 million from 2018
 - Governmental activities revenues decreased \$1.4 million. Property tax revenues increased \$3.4 million, sales tax revenue increased by \$4.2 million, and revenues from the use of money and property increased by \$3.4 million. Overall, revenues decreased due to a \$17.7 million decrease in operating grants and contributions.
 - During the fiscal year ended June 30, 2019, voters approved Measure X, a 7 year one-half percent transaction and use tax that became effective April 1, 2019. The sales tax revenue increase of \$4.2 million includes \$2.7 million received from Measure X.
 - Business-Type activities revenues increased \$4.4 million. The increase was due to \$4.9 million increase in revenues from the use of money and property.
- The City's total expenses increased \$9.4 million from 2018
 - Governmental activities expenses increased \$1.3 million. The increases were in Public Safety and Community Development offset by decreases in General Government, Public Works, and Community/Cultural Services.
 - Business-Type activities expenses increased \$8.1 million due to increased capital project expense
- General Fund had a surplus of \$10.4 million in one-time funds for the year ending June 30, 2019. These one-time funds have been assigned by Council for the following:
 - PERS Unfunded Liability payment - \$3.6 million
 - PERS Supplemental Reserve - \$3.0 million
 - Healthy City Reserves - \$2.2 million
 - Revenue/Economic Stabilization - \$1.6 million

THE FINANCIAL STATEMENTS

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

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

Reporting the City's Most Significant Funds

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

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

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

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

Net Position - The City's combined Net Position (i.e. inclusive of *all* City funds) for the fiscal year ended June 30, 2019 is compared to results for June 30, 2018 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current & other assets	\$ 295.8	\$ 283.4	\$ 215.2	\$ 203.7	\$ 511.0	\$ 487.1
Capital assets	304.4	300.6	483.0	470.9	787.4	771.5
Total assets	<u>\$ 600.2</u>	<u>\$ 584.0</u>	<u>\$ 698.2</u>	<u>\$ 674.6</u>	<u>\$ 1,298.4</u>	<u>\$ 1,258.6</u>
Deferred Outflows of Resources	<u>\$ 51.9</u>	<u>\$ 69.8</u>	<u>\$ 3.9</u>	<u>\$ 7.5</u>	<u>\$ 55.8</u>	<u>\$ 77.3</u>
Long-term debt outstanding	\$ 286.6	\$ 305.8	\$ 61.3	\$ 69.2	\$ 347.9	\$ 375.0
Other liabilities	14.9	18.1	17.0	17.5	31.9	35.6
Total liabilities	<u>\$ 301.5</u>	<u>\$ 323.9</u>	<u>\$ 78.3</u>	<u>\$ 86.7</u>	<u>\$ 379.8</u>	<u>\$ 410.6</u>
Deferred Inflows of Resources	<u>\$ 11.4</u>	<u>\$ 15.1</u>	<u>\$ 0.8</u>	<u>\$ 0.6</u>	<u>\$ 12.2</u>	<u>\$ 15.7</u>
Net Position						
Net investment in capital assets	\$ 292.8	\$ 284.4	\$ 441.7	\$ 424.5	\$ 734.5	\$ 708.9
Restricted	75.1	68.1	94.1	76.5	169.2	144.6
Unrestricted	(28.7)	(37.8)	87.1	93.9	58.4	56.1
Total Net Position	<u>\$ 339.2</u>	<u>\$ 314.7</u>	<u>\$ 622.9</u>	<u>\$ 594.9</u>	<u>\$ 962.1</u>	<u>\$ 909.6</u>

- Net Position represents the most simple test of financial health for the City, indicating the excess (or deficit) of assets and deferred outflows of resources over liabilities and deferred inflows of resources. Net Position for the City as a whole increased \$52.5 million for a total of \$962.1 million at June 30, 2019 from \$909.6 million at June 30, 2018 for a 5.8 % increase of Total Net Position.
- The overall increase in total assets is \$39.8 million. The Governmental Activities total assets increased \$16.2 million due to increase of \$14.3 million in cash and investments and increase of \$3.8 million in capital assets. The Business-Type Activities total assets activities increased \$23.6 million due to increase of \$10.8 million in cash and investments and increase of \$12.1 million in capital assets.
- The overall decrease in total liabilities is \$30.8 million. The Governmental Activities total liabilities decreased \$22.4 million due to decrease of \$19.2 million in long-term debt outstanding. The Business-Type Activities total liabilities decreased \$8.4 million due to decrease of \$7.9 million in long-term debt outstanding.
- Deferred outflows of resources decreased by \$21.5 million. Governmental Activities decreased \$17.9 million and Business-Type Activities decreased \$3.6 million due to changes in pension related items.
- Deferred inflows of resources decreased by \$3.5 million. Governmental Activities decreased \$3.7 million and Business-Type Activities increased \$0.2 million due to changes in pension related items.

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 76.3% of the City's Total Net Position. The City's total Restricted Net Position increased \$24.6 million from 2018 due to an increase in restriction for pension liability and capital projects. The City's total Unrestricted Net Position increased \$2.3 million. The Governmental Unrestricted Net Position category increased \$9.1 million from the prior year. The Business-Type Unrestricted Net Position category had a \$6.8 million decrease from the prior year.

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Investment in Capital Assets	\$ 635.2	\$ 630.7	\$ 629.0	\$ 621.9	\$ 597.2	\$ 634.2	\$ 658.8	\$ 685.8	\$ 708.9	\$ 734.5
Restricted	110.0	141.1	150.1	140.4	125.1	112.9	129.4	132.9	144.6	169.2
Unrestricted	94.8	82.6	94.0	139.2	207.8	10.5	12.0	33.7	56.1	58.4
Total Net Position	\$ 840.0	\$ 854.4	\$ 873.1	\$ 901.5	\$ 930.1	\$ 757.6	\$ 800.2	\$ 852.4	\$ 909.6	\$ 962.1
\$ increase (decrease) from prior year	\$ 183.8	\$ 14.4	\$ 18.7	\$ 28.4	\$ 28.6	\$ (172.5)	\$ 42.6	\$ 52.2	\$ 57.2	\$ 52.5
% increase (decrease) from prior year	28.0%	1.7%	2.2%	3.3%	3.2%	-18.5%	5.6%	6.5%	6.7%	5.8%

Total City Activities - The City's combined Activities for the fiscal year ended June 30, 2019 is compared to results for June 30, 2018 in Table 3. The Statement of Activities reveals an increase of revenues of \$3.1 million from 2018 and expenses increased \$9.4 million. For 2019, total revenues less expenditures increased Net Position by \$52.5 million. Governmental activities increased by \$24.4 million and Business-Type Activities increased by \$28.4 million.

Governmental Activities - Net Position (including transfers) increased by \$24.4 million in 2019. Program Revenues decreased \$14.8 million as a result of decreased funding for operating grants and contributions. General Revenues increased \$13.5 million due to increases in property, sales, and other taxes and use of money and property. Total Government expenses increased by \$1.3 million in 2019. General Government expenses decreased \$1.7 million, Public Safety increased \$7.1 million, Public Works decreased \$3.6 million, Community Development increased \$1.6 million and Community/Cultural Services decreased \$1.8 million. Interest on long-term debt decreased \$0.3 million. Transfers to Government Activities decreased \$3.4 million.

Table 3

City of Oceanside Activities						
(in thousands of dollars)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 42,937	\$ 42,373	\$ 148,384	\$ 148,528	\$ 191,321	\$ 190,901
Operating grants and contributions	30,435	48,126	75	-	30,510	48,126
Capital grants and contributions	12,979	10,734	-	-	12,979	10,734
<i>General Revenues</i>						
Property taxes	64,970	61,606	-	-	64,970	61,606
Sales taxes	26,893	22,672	-	-	26,893	22,672
Other taxes	17,181	16,412	-	-	17,181	16,412
Use of money and property	17,274	13,892	6,509	1,595	23,783	15,487
Other	7,851	6,064	5,270	5,707	13,121	11,771
Total Revenues	\$ 220,520	\$ 221,879	\$ 160,238	\$ 155,830	\$ 380,758	\$ 377,709
Expenses						
General government	\$ 23,705	\$ 25,403	\$ -	\$ -	\$ 23,705	\$ 25,403
Public safety	95,275	88,195	-	-	95,275	88,195
Public works	41,646	45,262	-	-	41,646	45,262
Community development	32,324	30,724	-	-	32,324	30,724
Community/cultural services	16,494	18,330	-	-	16,494	18,330
Interest on long-term debt	390	650	-	-	390	650
Water	-	-	62,055	61,368	62,055	61,368
Sewer	-	-	33,235	27,396	33,235	27,396
Waste disposal	-	-	21,150	20,252	21,150	20,252
Other	-	-	1,977	1,273	1,977	1,273
Total Expenses	\$ 209,834	\$ 208,564	\$ 118,417	\$ 110,289	\$ 328,251	\$ 318,853
Increase (decrease) in net position before transfers and gain on sale of assets	\$ 10,686	\$ 13,315	\$ 41,821	\$ 45,541	\$ 52,507	\$ 58,856
Transfers	13,752	17,149	(13,752)	(17,149)	-	-
Gain on sale of assets	-	-	-	-	-	-
Increase in net position	\$ 24,438	\$ 30,464	\$ 28,069	\$ 28,392	\$ 52,507	\$ 58,856
Beginning net position as restated	314,744	284,280	594,843	566,451	909,587	850,731
Ending net position	\$ 339,182	\$ 314,744	\$ 622,912	\$ 594,843	\$ 962,094	\$ 909,587

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)**

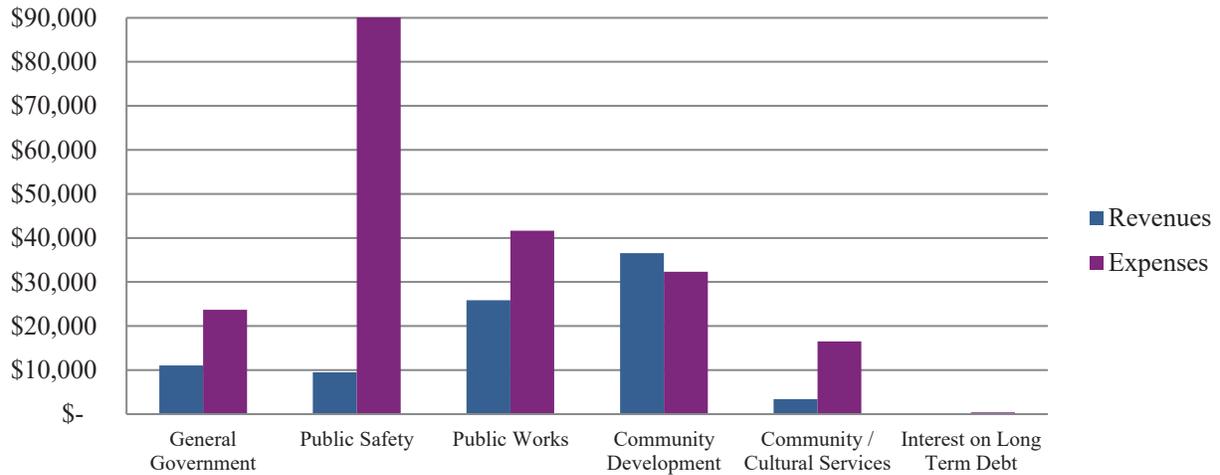
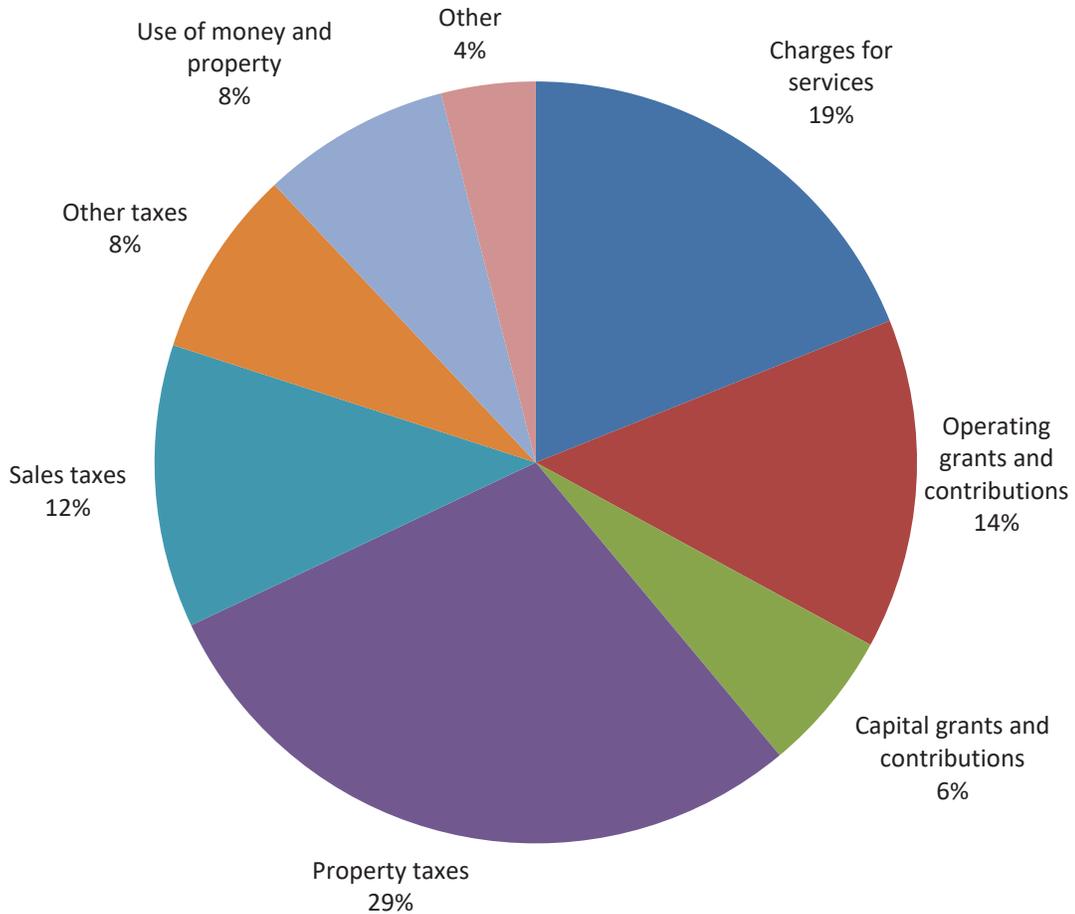


Chart 2 shows that Property Tax, Operating Grants and Contributions, Charges for Service and Sales Tax are the top four categories of revenue and comprise 74% of funding for Government activities. The Other category includes proceeds from the disposition of City real property, intergovernmental administrative fees, developer contributions, and miscellaneous revenues.

Chart 2

Governmental Revenues



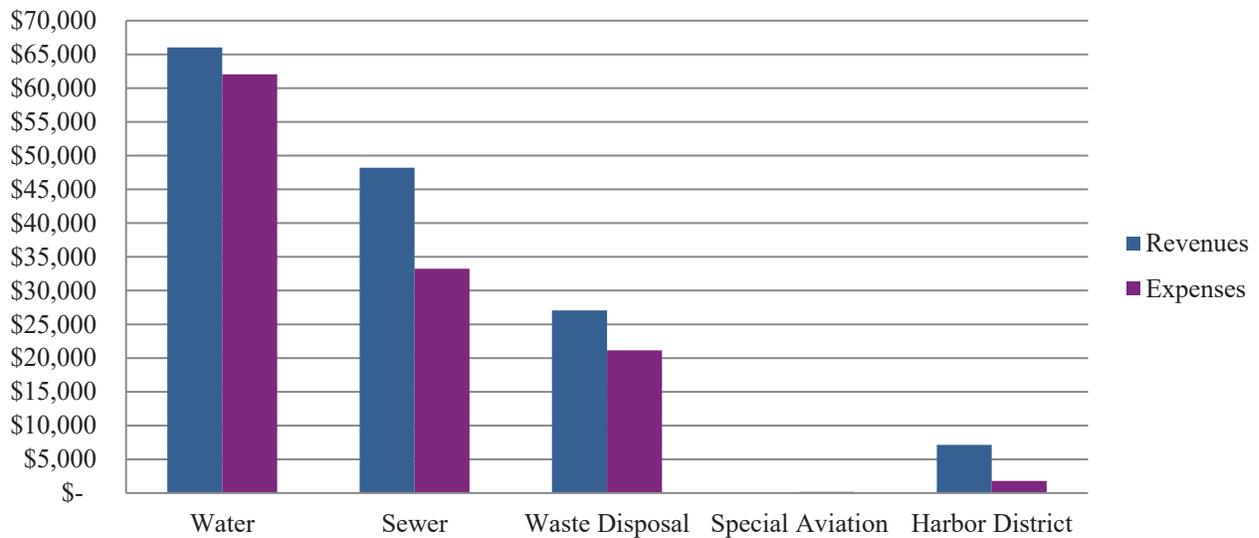
Business-Type Activities for the City of Oceanside include Water, Sewer, Solid Waste, Harbor, and Special Aviation. The Net Position (including transfers) increased \$28.0 million over last fiscal year as noted on Table 3. Revenues increased \$4.4 million due to increase in use of money and property. Expenses increased \$8.1 million compared to 2018. Transfers out to other funds (a deduction to Net Position) increased \$3.4 million as compared to the prior year.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for proprietary funds reflect a decrease of \$0.5 million in total operating revenues from the previous year. The Water operating revenue decreased \$5.5 million and Sewer operating revenue increased \$3.2 million. Harbor revenues increased \$0.5 million and Waste Disposal operating revenue increased \$1.2 million. Operating expenses for Water increased \$0.9 million and Sewer increased \$6.0 million. In Water, administrative costs increased slightly and the cost of purchased water decreased \$3.7 million from the prior year. Maintenance and operations costs increased by \$3.3 million. Sewer administrative costs increased \$0.7 million and maintenance and operations costs increased \$4.8 million. In Waste Disposal, maintenance and operations costs increased \$0.9 million. Harbor maintenance and operations costs increased \$0.6 million. 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 increased \$0.3 million from 2018.

Overall, the Business-Type activities operating revenue exceeded operating expenses (before transfers and contributions) for fiscal year 2018-19 with a total net operating income of \$37.8 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 \$79.6 million at year-end, as shown on the Balance Sheet. This is an increase of \$10.4 million from 2018 due to increases in property, sales, and other taxes and use of money and property. Of this total amount, \$2.5 million is nonspendable, \$10.5 million is restricted, \$20.4 million is committed, \$44.6 million is assigned, and \$1.5 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 \$10.4 million increase in the General Fund balance. General Fund revenues increased approximately \$12.3 million from 2018. General Fund expenditures increased overall \$6.7 million. Other Financing Sources includes a transfer in of \$15.6 million of which \$6.4 million came from the Harbor fund for harbor administrative, maintenance and police services, \$6.6 million from Water and Waste Disposal funds for administrative services. Other Financing uses also includes a transfer out of \$3.5 million for grants, general improvement capital projects, internal services, and other governmental funds.

The fund balance of the Grants Special Revenue Fund increased \$3.0 million. Revenues increased \$3.0 million due to increases in reimbursements for intergovernmental grants and increased developer participation. Expenditures increased \$1.1 million as compared to 2018 due to increased capital outlay expenditures.

The fund balance of the Housing Assistance Program Special Revenue Fund decreased \$3.6 million. Revenues increased \$1.0 million and expenditures increased \$1.2 million as compared to 2018. This increase of expenditures is due to increases in housing assistance program costs. For 2019, a special item was reported for \$4.3 due to the write off by the City of advances to the Successor Agency of the Former Redevelopment Agency that were determined to be unenforceable obligations by the California Department of Finance. More detail about the special item is presented in Note 17 and Note 19 to the financial statements.

Debt Administration

Governmental activities debt outstanding at year-end decreased \$19.2 million as noted in Table 4. The most significant decreases to long-term liabilities was the net pension liability for the pension plan which decreased due to increased employer and employee contributions and decreases due to actuarial changes of assumptions and differences between expected and actual experience. More detail about the City's long-term liabilities, including retirement plans is presented in Note 8, 9, 10, and 11 to the financial statements.

Table 4

City of Oceanside				
Governmental Debt Outstanding				
	Balance at June 30, 2018	Incurred or Issued	Satisfied or Matured	Balance at June 30, 2019
Governmental Activities				
Certificates of Participation	\$ 8,574,755	\$ -	\$ (1,940,374)	\$ 6,634,381
Capital Leases Payable	3,092,050	-	(381,801)	2,710,249
Notes Payable	2,528,009	2,213,000	(2,392,656)	2,348,353
Pension Obligation Bonds	26,660,000	-	(2,970,000)	23,690,000
Lease Revenue Bonds	4,285,000	-	(2,090,000)	2,195,000
Claims Payable	18,634,523	6,036,250	(5,034,561)	19,636,212
Compensated Absences	12,659,621	5,720,859	(5,046,278)	13,334,202
Net Pension Liability	223,508,611	-	(13,228,691)	210,279,920
Total OPEB Liability	5,730,327	58,941	-	5,789,268
Unamortized Bond Premiums	167,363	-	(151,987)	15,376
Total Governmental Activities	\$ 305,840,259	\$ 14,029,050	\$ (33,236,348)	\$ 286,632,961

Business-Type debt activities decreased in the fiscal year ending 2019 by \$7.9 million. As noted above in the Governmental Activities Debt, the net pension were the main reasons for the increase.

Table 5

City of Oceanside				
Business-Type Activities Debt Outstanding				
	Balance at June 30, 2018	Incurred or Issued	Satisfied, Adjusted or Matured	Balance at June 30, 2019
Business-Type Activities				
Bonds Payable	\$ 22,075,000	\$ -	\$ (2,375,000)	\$ 19,700,000
Notes Payable	21,675,178	-	(2,591,354)	19,083,824
Net Pension Liability	20,658,195	-	(2,737,250)	17,920,945
Compensated Absences	1,960,661	919,629	(913,664)	1,966,626
Unamortized Bond Premiums	2,843,549	-	(235,711)	2,607,838
Total Business-Type Activities	\$ 69,212,583	\$ 919,629	\$ (8,852,979)	\$ 61,279,233

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, 2019, net capital assets of the Governmental activities totaled \$304.4 million and the net capital assets of the Business-Type activities totaled \$483.0 million. Depreciation on capital assets is recognized in the Government-Wide financial statements.

Table 6

City of Oceanside				
Capital Assets				
Description	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Land	\$ 60,405,687	\$ 56,706,522	\$ 29,613,703	\$ 29,613,703
Buildings	108,161,903	107,040,901	213,336,725	211,992,694
Improvements	58,900,483	56,061,444	567,559,273	551,246,192
Equipment	68,585,526	66,967,878	28,166,173	13,147,565
Construction in Progress	34,778,925	26,127,263	55,472,619	60,388,052
Infrastructure	312,585,729	312,585,729	-	-
Capital Assets	\$ 643,418,253	\$ 625,489,737	\$ 894,148,493	\$ 866,388,206
Accumulated Depreciation	(339,021,022)	(324,878,366)	(411,162,280)	(395,475,867)
Total Capital Assets	\$ 304,397,231	\$ 300,611,371	\$ 482,986,213	\$ 470,912,339

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

Budgets and Budgetary Accounting

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

General Fund Budget – Table 7 is a comparison of actual revenues/expenditures versus the amended budget. It is inclusive of Fund 101 (General Fund), Fund 102 (Investment Clearing Fund), Fund 103 (Measure X Fund), and Fund 908 (Pension Stabilization Trust Fund). It is important to remember that the budget to actual variance of \$16.6 million shown in Table 7 does not represent available one-time funds. The actual excess of resources over charges of \$10.4 million is available as one-time funds and has been assigned by Council for specific uses as outlined on previously. Revenues received were approximately \$11.8 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 \$10.4 million which increased the General Fund balance. In accordance with the City’s Administrative Directive 20, approximately \$0.8 million was carried forward to FY 2019-20 for continued appropriation of incomplete projects and \$10.4 million was set aside for specific council directed projects.

Table 7

City of Oceanside			
General Fund Comparison – Actual and Budget Year Ended June 30, 2019			
	Amended Budget	Actual	Variance Pos/(Neg)
Resources (inflows)			
Taxes	\$ 101,126,098	\$ 109,043,334	\$ 7,917,236
Licenses and permits	2,878,620	3,920,075	1,041,455
Intergovernmental	250,000	421,221	171,221
Charges for services	17,198,729	16,953,946	(244,783)
Use of money and property	9,069,033	11,735,388	2,666,355
Fines and forfeitures	3,435,787	3,500,764	64,977
Administrative and in lieu charges	6,421,452	6,421,368	(84)
Miscellaneous	211,405	339,710	128,305
Transfers in	<u>15,579,906</u>	<u>15,642,097</u>	<u>62,191</u>
Amount Available for Appropriations	\$ 156,171,030	\$ 167,977,903	\$ 11,806,873
Charges to Appropriations (outflows)			
General Government	\$ 24,073,230	\$ 23,652,952	\$ 420,278
Public Safety	94,505,396	92,444,519	2,060,877
Community Development	9,568,237	9,084,235	484,002
Community/Cultural Services	14,734,664	13,605,891	1,128,773
Public Works	15,750,965	15,243,250	507,715
Capital Outlay	165,000	17,563	147,437
Debt Service	10,584	15,654	(5,070)
Transfers Out	<u>3,567,878</u>	<u>3,491,116</u>	<u>76,762</u>
Total Charges to Appropriations	\$ 162,375,954	\$ 157,555,180	\$ 4,820,774
Excess of Resources Over (Under)			
Charges to Appropriations as of June 30, 2019	<u>\$ (6,204,924)</u>	<u>\$ 10,422,723</u>	<u>\$ 16,627,647</u>

Table 8 compares the General Fund (inclusive of Fund 101 General Fund, Fund 102 Investment Clearing Fund, Fun 103 Measure X, and Fund 908 Pension Stabilization Trust Fund) original adopted budget of \$153.0 million to the final budget amount of \$162.4 million which shows an overall amended increase of \$9.4 million 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, 2019			
	<u>Adopted</u>	<u>Amended</u>	<u>Increase/ (Decrease)</u>
General Government			
Operational	\$ 13,086,882	\$ 13,276,265	\$ 189,383
Non-Departmental	8,233,514	10,796,965	2,563,451
Public Safety			
Police	58,626,637	59,987,768	1,361,131
Fire	31,877,784	34,517,628	2,639,844
Public Works	15,001,286	15,750,965	749,679
Community Development			
Planning	2,249,318	2,206,822	(42,496)
Building	2,629,429	2,811,143	181,714
Engineering	4,816,663	4,550,272	(266,391)
Community and Cultural Services			
Economic and Community Development	665,567	665,567	-
Library	5,465,202	5,547,636	82,434
Neighborhood Services	7,226,964	7,514,309	287,345
Property Management	961,636	1,007,152	45,516
Transfers/Capital Outlay/Debt	<u>2,115,546</u>	<u>3,743,462</u>	<u>1,627,916</u>
Total Budget	<u>\$ 152,956,428</u>	<u>\$ 162,375,954</u>	<u>\$ 9,419,526</u>

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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CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 176,105,207	\$ 197,461,714	\$ 373,566,921
Receivables:			
Accounts	5,399,195	12,939,144	18,338,339
Taxes	8,623,813	-	8,623,813
Notes and loans	88,939,850	-	88,939,850
Accrued interest	1,753,357	-	1,753,357
Other	2,527,786	-	2,527,786
Due from other governments	4,315,269	-	4,315,269
Internal balances	(4,191,256)	4,191,256	-
Prepaid costs	221,650	14,734	236,384
Inventories	294,891	292,229	587,120
Land held for resale	700,000	-	700,000
Restricted assets:			
Cash and investments	11,062,850	-	11,062,850
Cash and investments held with fiscal agents	9,419	291,718	301,137
Capital assets:			
Capital assets, not being depreciated	95,184,612	85,086,322	180,270,934
Capital assets, net of depreciation	209,212,619	397,899,891	607,112,510
Total Assets	600,159,262	698,177,008	1,298,336,270
Deferred Outflows of Resources:			
Deferred charge on refunding	-	124,792	124,792
Deferred pension-related items	51,854,348	3,744,018	55,598,366
Total Deferred Outflows of Resources	51,854,348	3,868,810	55,723,158
Liabilities:			
Accounts payable	7,208,419	14,638,814	21,847,233
Accrued liabilities	4,158,642	633,136	4,791,778
Accrued interest	389,647	300,372	690,019
Unearned revenue	2,095,318	36,272	2,131,590
Deposits payable	847,208	1,396,508	2,243,716
Due to other governments	116,391	-	116,391
Compensated absences, due within one year	5,315,173	911,968	6,227,141
Claims and judgments, due within one year	5,110,168	-	5,110,168
Capital leases, due within one year	393,924	-	393,924
Bonds and notes payable, due within one year	7,151,154	5,052,310	12,203,464
Noncurrent liabilities:			
Compensated absences	8,019,029	1,054,658	9,073,687
Claims and judgments	14,526,044	-	14,526,044
Capital leases	2,316,325	-	2,316,325
Bonds and notes payable	27,731,956	36,339,352	64,071,308
Net pension liability	210,279,920	17,920,945	228,200,865
Other post-employment benefits liability	5,789,268	-	5,789,268
Total Liabilities	301,448,586	78,284,335	379,732,921
Deferred Inflows of Resources:			
Deferred charge on refunding	286,181	-	286,181
Deferred pension-related items	10,890,141	849,339	11,739,480
Deferred other post-employment benefits-related items	207,045	-	207,045
Total Deferred Inflows of Resources	11,383,367	849,339	12,232,706
Net Position:			
Net investment in capital assets	292,804,444	441,719,343	734,523,787
Restricted:			
Community development	8,458,007	-	8,458,007
Public safety	1,341,123	-	1,341,123
Capital projects	40,657,178	90,962,906	131,620,084
Debt service	2,679,104	-	2,679,104
Lighting and landscape districts	1,502,415	-	1,502,415
Various grant programs	2,652,995	-	2,652,995
Highways	3,264,819	-	3,264,819
Housing program	3,970,656	-	3,970,656
Pension trust fund	10,537,671	-	10,537,671
Rate stabilization	-	3,093,211	3,093,211
Unrestricted	(28,686,755)	87,136,684	58,449,929
Total Net Position	\$ 339,181,657	\$ 622,912,144	\$ 962,093,801

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, 2019

Functions/Programs	Program Revenues			Expenses
	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Primary Government:				
Governmental Activities:				
General government	\$ 23,705,007	\$ 10,248,702	\$ 809,389	\$ -
Public safety	95,275,203	8,147,742	1,357,102	-
Community development	32,323,593	16,493,180	20,043,849	-
Community/cultural services	16,494,113	2,292,387	1,111,960	-
Public works	41,646,397	5,755,385	7,112,481	12,978,753
Interest on long-term debt	389,984	-	-	-
Total Governmental Activities	209,834,297	42,937,396	30,434,781	12,978,753
Business-Type Activities:				
Water	62,055,388	65,950,368	75,000	-
Sewer	33,235,157	48,212,072	-	-
Waste Disposal	21,150,326	27,066,874	-	-
Special Aviation	177,315	-	-	-
Oceanside Small Craft Harbor District	1,799,482	7,155,443	-	-
Total Business-Type Activities	118,417,668	148,384,757	75,000	-
Total Primary Government	\$ 328,251,965	\$ 191,322,153	\$ 30,509,781	\$ 12,978,753

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
 Special items
 Transfers
**Total General Revenues, Special items,
 and Transfers**
 Change in Net Position

Net Position at the Beginning of the Year

Net Position at the End of the Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (12,646,916)	\$ -	\$ (12,646,916)
(85,770,359)	-	(85,770,359)
4,213,436	-	4,213,436
(13,089,766)	-	(13,089,766)
(15,799,778)	-	(15,799,778)
(389,984)	-	(389,984)
(123,483,367)	-	(123,483,367)
-	3,969,980	3,969,980
-	14,976,915	14,976,915
-	5,916,548	5,916,548
-	(177,315)	(177,315)
-	5,355,961	5,355,961
-	30,042,089	30,042,089
(123,483,367)	30,042,089	(93,441,278)
64,970,213	-	64,970,213
8,509,768	-	8,509,768
26,892,609	-	26,892,609
4,271,304	-	4,271,304
3,212,961	-	3,212,961
1,186,479	-	1,186,479
17,273,746	6,508,995	23,782,741
5,980,529	5,270,739	11,251,268
1,870,967	-	1,870,967
13,752,317	(13,752,317)	-
147,920,893	(1,972,583)	145,948,310
24,437,526	28,069,506	52,507,032
314,744,131	594,842,638	909,586,769
\$ 339,181,657	\$ 622,912,144	\$ 962,093,801

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 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, 2019**

	<u>Special Revenue Funds</u>				Total Governmental Funds
	General	Grants	Housing Assistance Program	Other Governmental Funds	
Assets:					
Cash and investments	\$ 61,191,915	\$ 9,663,531	\$ 3,968,740	\$ 51,811,345	\$ 126,635,531
Receivables:					
Accounts	4,928,247	60,534	57,000	112,644	5,158,425
Taxes	8,303,011	-	-	320,802	8,623,813
Notes and loans	-	72,287,675	15,922,435	729,740	88,939,850
Accrued interest	1,753,357	-	-	-	1,753,357
Other	2,527,786	-	-	-	2,527,786
Prepaid costs	150,395	3,906	4,274	-	158,575
Due from other governments	-	1,666,576	123,129	2,525,564	4,315,269
Due from other funds	1,106,781	-	-	-	1,106,781
Advances to other funds	1,669,191	-	-	-	1,669,191
Inventories	20,890	-	-	-	20,890
Land held for resale	700,000	-	-	-	700,000
Restricted assets:					
Cash and investments	10,537,671	-	125,179	100,000	10,762,850
Cash and investments held with fiscal agents	-	-	-	9,419	9,419
Total Assets	\$ 92,889,244	\$ 83,682,222	\$ 20,200,757	\$ 55,609,514	\$ 252,381,737
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 2,588,368	\$ 368,943	\$ 36,888	\$ 2,829,425	\$ 5,823,624
Accrued liabilities	3,809,449	38,626	36,714	66,090	3,950,879
Unearned revenues	89,032	855,934	-	1,150,352	2,095,318
Deposits payable	689,657	-	110,723	46,828	847,208
Due to other governments	-	-	116,391	-	116,391
Due to other funds	-	895,586	2,676	208,519	1,106,781
Total Liabilities	7,176,506	2,159,089	303,392	4,301,214	13,940,201
Deferred Inflows of Resources:					
Unavailable revenues	6,093,582	73,432,572	15,979,235	2,058,308	97,563,697
Total Deferred Inflows of Resources	6,093,582	73,432,572	15,979,235	2,058,308	97,563,697
Fund Balances:					
Nonspendable	2,540,476	3,906	4,274	-	2,548,656
Restricted	10,537,671	8,086,655	3,913,856	49,265,781	71,803,963
Committed	20,413,909	-	-	-	20,413,909
Assigned	44,579,918	-	-	-	44,579,918
Unassigned	1,547,182	-	-	(15,789)	1,531,393
Total Fund Balances	79,619,156	8,090,561	3,918,130	49,249,992	140,877,839
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 92,889,244	\$ 83,682,222	\$ 20,200,757	\$ 55,609,514	\$ 252,381,737

CITY OF OCEANSIDE, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

Total fund balances - governmental funds		\$ 140,877,839
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		294,915,805
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	\$ (6,634,381)	
Capital Leases	(2,710,249)	
Notes Payable	(2,337,393)	
Pension Obligation Bonds	(23,690,000)	
Lease Revenue Bonds	(2,195,000)	
Compensated Absences	(12,533,722)	
Unamortized Gain on Defeasance	(286,181)	
Unamortized Bond Premiums	<u>(15,376)</u>	(50,402,302)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(389,647)
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.		(203,494,645)
Deferred outflows for pension-related items are as follows:		
Contributions made after the actuarial measurement date	27,210,007	
Difference between expected and actual experiences	2,338,041	
Changes in assumptions and other inputs	17,257,465	
Net difference between projected and actual earnings on pension plan investments	<u>4,070,819</u>	50,876,330
Deferred inflows for pension-related items are as follows:		
Differences between expected and actual experiences	(6,821,143)	
Changes of assumptions	<u>(3,745,767)</u>	(10,566,904)
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.		(5,996,313)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities.		97,563,697
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>25,797,797</u>
Net Position of Governmental Activities		<u>\$ 339,181,657</u>

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				Total Governmental Funds
	General	Grants	Housing Assistance Program	Other Governmental Funds	
Revenues:					
Taxes	\$ 109,043,334	\$ -	\$ -	\$ -	\$ 109,043,334
Licenses and permits	3,920,075	-	331,233	-	4,251,308
Intergovernmental	421,221	4,872,973	19,178,480	19,554,589	44,027,263
Charges for services	16,953,946	21,590	65,999	341,009	17,382,544
Use of money and property	11,735,388	738,048	1,169,456	3,733,834	17,376,726
Fines and forfeitures	3,500,764	-	-	-	3,500,764
Developer participation	-	2,180,605	-	4,198,662	6,379,267
Administrative and in lieu charges	6,421,368	-	-	2,501,412	8,922,780
Miscellaneous	339,710	229,131	279,205	6,459,863	7,307,909
Total Revenues	152,335,806	8,042,347	21,024,373	36,789,369	218,191,895
Expenditures:					
Current:					
General government	23,652,952	11,485	-	5,969	23,670,406
Public safety	92,444,519	1,685,900	-	15,024	94,145,443
Community development	9,084,235	1,976,400	20,319,398	266,685	31,646,718
Community/cultural services	13,605,891	161,934	-	858,912	14,626,737
Public works	15,243,250	86,434	-	11,407,009	26,736,693
Capital outlay	17,563	1,429,593	-	15,737,500	17,184,656
Debt service:					
Principal retirement	15,654	-	-	9,757,750	9,773,404
Interest and fiscal charges	-	-	-	684,032	684,032
Total Expenditures	154,064,064	5,351,746	20,319,398	38,732,881	218,468,089
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,728,258)	2,690,601	704,975	(1,943,512)	(276,194)
Other Financing Sources (Uses):					
Transfers in	15,642,097	338,254	38,136	4,825,175	20,843,662
Transfers out	(3,491,116)	-	-	(1,616,230)	(5,107,346)
Notes and loans issued	-	-	-	2,213,000	2,213,000
Total Other Financing Sources (Uses)	12,150,981	338,254	38,136	5,421,945	17,949,316
Special Items	-	-	(4,317,085)	-	(4,317,085)
Net Change in Fund Balances	10,422,723	3,028,855	(3,573,974)	3,478,433	13,356,037
Fund Balance at the Beginning of the Year	69,196,433	5,061,706	7,492,104	45,771,559	127,521,802
Fund Balance at the End of the Year	\$ 79,619,156	\$ 8,090,561	\$ 3,918,130	\$ 49,249,992	\$ 140,877,839

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, 2019**

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

Net change in fund balances - total governmental funds \$ 13,356,037

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	\$ 10,397,806	
Depreciation	(12,657,138)	
Capital assets transferred from Successor Agency	6,188,052	3,928,720

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	7,000,375	
Amortization of bond premiums/discounts	151,987	
Amortization of deferred charges on refunding	57,236	
Issuance of 2019 HUD Section 108 Loan	(2,213,000)	
Loan principal repayments	16,226	
Refunding of 2008 HUD Section 108 Loan	2,375,000	
Capital lease installment payments	381,801	7,769,625

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 84,827

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. (663,088)

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. (223,833)

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. (265,986)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. 345,511

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. 105,713

Change in Net Position of Governmental Activities \$ 24,437,526

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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, 2019

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Assets:				
Current Assets:				
Cash and investments	\$ 85,327,264	\$ 99,816,737	\$ 5,296,910	\$ 857,645
Restricted cash and investments	291,037	681	-	-
Accounts receivable	6,658,727	5,129,029	764,577	-
Prepaid costs	11,880	2,854	-	-
Due from other funds	-	-	-	-
Inventories	280,096	12,133	-	-
Total Current Assets	92,569,004	104,961,434	6,061,487	857,645
Noncurrent Assets:				
Advances to other funds	-	-	-	-
Capital assets, not being depreciated	53,420,819	26,293,322	1,536,783	3,835,398
Capital assets, being depreciated	342,672,711	430,741,806	1,425,692	2,105,525
Less accumulated depreciation	(175,916,385)	(209,996,833)	(253,675)	(1,272,466)
Total Noncurrent Assets	220,177,145	247,038,295	2,708,800	4,668,457
Total Assets	312,746,149	351,999,729	8,770,287	5,526,102
Deferred Outflows of Resources:				
Deferred charge on refunding	-	124,792	-	-
Deferred pension-related items	1,743,824	1,868,579	131,615	-
Total Deferred Outflows of Resources	1,743,824	1,993,371	131,615	-
Liabilities:				
Current Liabilities:				
Accounts payable	9,911,237	2,810,496	1,881,802	-
Accrued liabilities	306,079	313,568	13,489	-
Accrued interest	102,902	193,303	-	-
Unearned revenues	5,000	-	-	-
Deposits payable	1,034,024	-	-	-
Compensated absences	411,937	475,029	24,445	-
Accrued claims and judgments	-	-	-	-
Bonds and notes payable	1,160,000	3,797,310	-	-
Total Current Liabilities	12,931,179	7,589,706	1,919,736	-
Noncurrent Liabilities:				
Advances from other funds	-	-	-	1,669,191
Compensated absences	476,973	567,515	9,850	-
Accrued claims and judgments	-	-	-	-
Bonds and notes payable	12,489,002	23,445,350	-	-
Net pension liability	8,253,813	9,137,401	529,731	-
Total Noncurrent Liabilities	21,219,788	33,150,266	539,581	1,669,191
Total Liabilities	34,150,967	40,739,972	2,459,317	1,669,191
Deferred Inflows of Resources:				
Deferred pension-related items	399,734	426,575	23,030	-
Total Deferred Inflows of Resources	399,734	426,575	23,030	-
Net Position:				
Net investment in capital assets	206,528,143	219,920,427	2,708,800	4,668,457
Restricted for capital projects	70,807,394	19,537,968	617,544	-
Restricted for rate stabilization	-	-	3,093,211	-
Unrestricted	2,603,735	73,368,158	-	(811,546)
Total Net Position	\$ 279,939,272	\$ 312,826,553	\$ 6,419,555	\$ 3,856,911

Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds

Net Position of Business-Type Activities

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

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Oceanside Small Craft Harbor District	Totals	
Assets:			
Current Assets:			
Cash and investments	\$ 6,163,158	\$ 197,461,714	\$ 49,469,676
Restricted cash and investments	-	291,718	300,000
Accounts receivable	386,811	12,939,144	240,770
Prepaid costs	-	14,734	63,075
Due from other funds	-	-	-
Inventories	-	292,229	274,001
Total Current Assets	6,549,969	210,999,539	50,347,522
Noncurrent Assets:			
Advances to other funds	-	-	431,746
Capital assets, not being depreciated	-	85,086,322	277,814
Capital assets, being depreciated	32,116,437	809,062,171	30,087,310
Less accumulated depreciation	(23,722,921)	(411,162,280)	(20,883,698)
Total Noncurrent Assets	8,393,516	482,986,213	9,913,172
Total Assets	14,943,485	693,985,752	60,260,694
Deferred Outflows of Resources:			
Deferred charge on refunding	-	124,792	-
Deferred pension-related items	-	3,744,018	978,018
Total Deferred Outflows of Resources	-	3,868,810	978,018
Liabilities:			
Current Liabilities:			
Accounts payable	35,279	14,638,814	1,384,795
Accrued liabilities	-	633,136	207,763
Accrued interest	4,167	300,372	-
Unearned revenues	31,272	36,272	-
Deposits payable	362,484	1,396,508	-
Compensated absences	557	911,968	319,080
Accrued claims and judgments	-	-	5,110,168
Bonds and notes payable	95,000	5,052,310	1,430
Total Current Liabilities	528,759	22,969,380	7,023,236
Noncurrent Liabilities:			
Advances from other funds	431,746	2,100,937	-
Compensated absences	320	1,054,658	481,400
Accrued claims and judgments	-	-	14,526,044
Bonds and notes payable	405,000	36,339,352	9,530
Net pension liability	-	17,920,945	6,785,275
Total Noncurrent Liabilities	837,066	57,415,892	21,802,249
Total Liabilities	1,365,825	80,385,272	28,825,485
Deferred Inflows of Resources:			
Deferred pension-related items	-	849,339	323,237
Total Deferred Inflows of Resources	-	849,339	323,237
Net Position:			
Net investment in capital assets	7,893,516	441,719,343	9,481,426
Restricted for capital projects	-	90,962,906	-
Restricted for rate stabilization	-	3,093,211	-
Unrestricted	5,684,144	80,844,491	22,608,564
Total Net Position	\$ 13,577,660	616,619,951	\$ 32,089,990
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds		6,292,193	
Net Position of Business-Type Activities		\$ 622,912,144	

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, 2019

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Waste Disposal	Special Aviation
Operating Revenues:				
Sales and service charges	\$ 65,950,368	\$ 48,212,072	\$ 27,066,874	\$ -
Fines, forfeitures, and penalties	336,879	58,495	-	-
Developer fees	1,828,699	2,026,488	-	-
Slip rentals and other related fees	-	-	-	-
Parking	-	-	-	-
Miscellaneous	48,663	679,615	2,500	129,425
Total Operating Revenues	68,164,609	50,976,670	27,069,374	129,425
Operating Expenses:				
Administration and general	8,620,673	8,967,948	478,449	-
Maintenance and operations	14,878,725	14,654,811	20,522,222	12,049
Cost of purchased water	30,390,868	-	-	-
Depreciation expense	6,563,677	8,446,684	118,780	79,472
Pension expense	563,637	591,374	30,875	-
Total Operating Expenses	61,017,580	32,660,817	21,150,326	91,521
Operating Income	7,147,029	18,315,853	5,919,048	37,904
Nonoperating Revenues (Expenses):				
Intergovernmental	75,000	-	-	-
Investment income	2,560,211	2,862,090	-	29,410
Interest expense	(1,207,922)	(723,173)	-	(85,794)
Gain on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	1,427,289	2,138,917	-	(56,384)
Income before Transfers	8,574,318	20,454,770	5,919,048	(18,480)
Transfers in	1,189,518	56,841	3,774	-
Transfers out	(851,883)	(1,824,058)	(5,961,056)	(9,804)
Changes in Net Position	8,911,953	18,687,553	(38,234)	(28,284)
Net Position at the Beginning of the Year	271,027,319	294,139,000	6,457,789	3,885,195
Net Position at the End of the Year	\$ 279,939,272	\$ 312,826,553	\$ 6,419,555	\$ 3,856,911
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds				
Change in Net Position of Business-Type Activities				

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Oceanside Small Craft	Totals	
	Harbor District		
Operating Revenues:			
Sales and service charges	\$ 37,638	\$ 141,266,952	\$ 65,524,354
Fines, forfeitures, and penalties	116,762	512,136	-
Developer fees	-	3,855,187	-
Slip rentals and other related fees	7,024,358	7,024,358	-
Parking	967,014	967,014	-
Miscellaneous	42,413	902,616	1,388,370
Total Operating Revenues	8,188,185	154,528,263	66,912,724
Operating Expenses:			
Administration and general	-	18,067,070	44,576,585
Maintenance and operations	1,306,522	51,374,329	17,784,183
Cost of purchased water	-	30,390,868	-
Depreciation expense	477,800	15,686,413	2,254,430
Pension expense	-	1,185,886	-
Total Operating Expenses	1,784,322	116,704,566	64,615,198
Operating Income	6,403,863	37,823,697	2,297,526
Nonoperating Revenues (Expenses):			
Intergovernmental	-	75,000	-
Investment income	184,517	5,636,228	5,002
Interest expense	(15,160)	(2,032,049)	-
Gain on disposal of capital assets	-	-	106,131
Total Nonoperating Revenues (Expenses)	169,357	3,679,179	111,133
Income before Transfers	6,573,220	41,502,876	2,408,659
Transfers in	-	1,250,133	59,600
Transfers out	(6,355,649)	(15,002,450)	(2,043,599)
Changes in Net Position	217,571	27,750,559	424,660
Net Position at the Beginning of the Year	13,360,089		31,665,330
Net Position at the End of the Year	\$ 13,577,660		\$ 32,089,990
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds		318,947	
Change in Net Position of Business-Type Activities		\$ 28,069,506	

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Waste Disposal</u>	<u>Special Aviation</u>
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 68,610,018	\$ 49,975,416	\$ 26,904,052	\$ -
Receipts from interfund services and charges	-	-	-	-
Other receipts	48,663	679,615	2,500	128,097
Payments to suppliers and service providers	(32,117,541)	(13,410,228)	(20,257,560)	(12,049)
Payments to employees for salaries and benefits	(23,512,179)	(8,992,005)	(472,466)	-
Payments for claims and judgments	-	-	-	-
Net Cash Provided by Operating Activities	<u>13,028,961</u>	<u>28,252,798</u>	<u>6,176,526</u>	<u>116,048</u>
Cash Flows from Non-Capital Financing Activities:				
Cash transfers from other funds	1,189,518	56,841	3,774	-
Cash transfers to other funds	(851,883)	(1,824,058)	(5,961,056)	(9,804)
Receipts from state and local grants	75,000	-	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>412,635</u>	<u>(1,767,217)</u>	<u>(5,957,282)</u>	<u>(9,804)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(15,681,642)	(10,490,684)	(1,587,961)	-
Proceeds from disposal of capital assets	-	-	-	-
Repayment made on advances from other funds	-	-	-	-
Advance received from other funds	-	-	-	(4,558)
Principal paid on capital debt	(1,120,000)	(3,696,576)	-	(54,778)
Interest paid on capital debt	(1,320,477)	(866,459)	-	(87,411)
Net Cash Used For Capital and Related Financing Activities	<u>(18,122,119)</u>	<u>(15,053,719)</u>	<u>(1,587,961)</u>	<u>(146,747)</u>
Cash Flows from Investing Activities:				
Investment income	2,560,211	2,862,090	-	29,410
Net Cash Provided by Investing Activities	<u>2,560,211</u>	<u>2,862,090</u>	<u>-</u>	<u>29,410</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,120,312)	14,293,952	(1,368,717)	(11,093)
Cash and Cash Equivalents, July 1 (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
Cash and Cash Equivalents, June 30 (including \$291,037, \$681, and \$300,000 for the Water, Sewer, and Internal Service Funds, respectively, reported in restricted accounts)	<u>\$ 85,618,301</u>	<u>\$ 99,817,418</u>	<u>\$ 5,296,910</u>	<u>\$ 857,645</u>

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 7,724,680	\$ 153,214,166	\$ -
Receipts from interfund services and charges	-	-	65,510,243
Other receipts	42,413	901,288	1,388,370
Payments to suppliers and service providers	(1,277,490)	(67,074,868)	(17,687,707)
Payments to employees for salaries and benefits	(1,524)	(32,978,174)	(43,982,716)
Payments for claims and judgments	-	-	1,001,689
Net Cash Provided by Operating Activities	6,488,079	54,062,412	6,229,879
Cash Flows from Non-Capital Financing Activities:			
Cash transfers from other funds	-	1,250,133	59,600
Cash transfers to other funds	(6,355,649)	(15,002,450)	(2,043,599)
Receipts from state and local grants	-	75,000	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	(6,355,649)	(13,677,317)	(1,983,999)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(27,760,287)	(2,120,394)
Proceeds from disposal of capital assets	-	-	114,955
Repayment made on advances from other funds	(23,000)	(23,000)	-
Advance received from other funds	-	(4,558)	23,001
Principal paid on capital debt	(95,000)	(4,966,354)	(1,429)
Interest paid on capital debt	(15,951)	(2,290,298)	-
Net Cash Used For Capital and Related Financing Activities	(133,951)	(35,044,497)	(1,983,867)
Cash Flows from Investing Activities:			
Investment income	184,517	5,636,228	5,002
Net Cash Provided by Investing Activities	184,517	5,636,228	5,002
Net Increase (Decrease) in Cash and Cash Equivalents	182,996	10,976,826	2,267,015
Cash and Cash Equivalents, July 1 (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
Cash and Cash Equivalents, June 30 (including \$291,037, \$681, and \$300,000 for the Water, Sewer, and Internal Service Funds, respectively, reported in restricted accounts)	\$ 6,163,158	\$ 197,753,432	\$ 49,769,676

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Waste Disposal</u>	<u>Special Aviation</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 7,147,029	\$ 18,315,853	\$ 5,919,048	\$ 37,904
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	6,563,677	8,446,684	118,780	79,472
(Increase) decrease in accounts receivable	517,099	(321,639)	(162,822)	3,252
(Increase) decrease in prepaid costs	(4,331)	3,115	2,150	-
Decrease in inventories	17,770	-	-	-
Increase (decrease) in accounts payable	(1,740,112)	1,241,468	262,512	-
Increase (decrease) in accrued liabilities	18,948	18,490	(4,090)	-
Decrease in unearned revenues	-	-	-	-
Increase (decrease) in deposits payable	(23,027)	-	-	(4,580)
Increase (decrease) in compensated absences	33,869	(9,251)	(17,129)	-
Increase in accrued claims and judgments	-	-	-	-
Increase in net pension liability	498,039	558,078	58,077	-
Total Adjustments	<u>5,881,932</u>	<u>9,936,945</u>	<u>257,478</u>	<u>78,144</u>
Net Cash Provided by Operating Activities	<u>\$ 13,028,961</u>	<u>\$ 28,252,798</u>	<u>\$ 6,176,526</u>	<u>\$ 116,048</u>
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premium/discounts	\$ 105,087	\$ 130,623	\$ -	\$ -
Amortization of deferred charge on bond refundings	-	14,127	-	-
Unrealized gain on investments	1,161,051	1,304,370	-	13,923

CITY OF OCEANSIDE, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 6,403,863	\$ 37,823,697	\$ 2,297,526
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	477,800	15,686,413	2,254,430
(Increase) decrease in accounts receivable	(195,702)	(159,812)	(14,111)
(Increase) decrease in prepaid costs	-	934	110,657
Decrease in inventories	-	17,770	(16,599)
Increase (decrease) in accounts payable	29,032	(207,100)	2,418
Increase (decrease) in accrued liabilities	-	33,348	13,557
Decrease in unearned revenues	(257,598)	(257,598)	-
Increase (decrease) in deposits payable	32,208	4,601	-
Increase (decrease) in compensated absences	(1,524)	5,965	11,493
Increase in accrued claims and judgments	-	-	1,001,689
Increase in net pension liability	-	1,114,194	568,819
Total Adjustments	<u>84,216</u>	<u>16,238,715</u>	<u>3,932,353</u>
Net Cash Provided by Operating Activities	<u>\$ 6,488,079</u>	<u>\$ 54,062,412</u>	<u>\$ 6,229,879</u>
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of bond premium/discounts	\$ -	\$ 235,710	\$ -
Amortization of deferred charge on bond refundings	-	14,127	-
Unrealized gain on investments	87,897	2,567,241	-

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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, 2019

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund</u>
		<u>Successor Agency</u>
Assets:		
Cash and investments	\$ 5,932,708	\$ 3,098,671
Restricted cash and investments	9,709,516	1,501,875
Receivables:		
Accounts	31,832	-
Taxes	6,871	-
Accrued interest	26,142	-
Prepaid costs	-	137,757
Total Assets	\$ 15,707,069	4,738,303
Liabilities:		
Accounts payable	\$ 86,565	-
Accrued liabilities	12,293	224
Accrued interest payable	-	325,262
Deposits payable	5,758,009	-
Due to external parties/other agencies	9,850,202	-
Long-term liabilities:		
Bonds payable, due within one year	-	2,965,000
Bonds payable, due in more than one year	-	20,892,802
Total Liabilities	\$ 15,707,069	24,183,288
Net Position:		
Assets held in trust for the dissolution of the former Redevelopment Agency		(19,444,985)
Total Net Position		\$ (19,444,985)

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, 2019

	<u>Private- Purpose Trust Fund</u>
	<u>Successor Agency</u>
Additions:	
Taxes	\$ 3,870,814
Investment earnings:	
Interest	305,163
Net decrease in the fair value of investments	11,698
Miscellaneous income	1,533,000
Total Additions	<u>5,720,675</u>
Deductions:	
Administrative expenses	178,883
Interest expense	1,027,478
Total Deductions	<u>1,206,361</u>
Special Items	<u>(1,870,967)</u>
Change in Net Position	2,643,347
Net Position at the Beginning of the Year	<u>(22,088,332)</u>
Net Position at the End of the Year	<u>\$ (19,444,985)</u>

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 City's most significant 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 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.

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 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

Note 1: Summary of Significant Accounting Policies (Continued)

Eliminations have been made as prescribed by GASB Statement No. 34 regarding 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.

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 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 reports 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.

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 wastewater 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

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. The net pension liability is typically liquidated through the funds that the employees' benefits are charged, primarily the General, Water, Sewer, and Waste Disposal funds.

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	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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. The OPEB liability is liquidated through the City's General Fund.

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, for the net difference between projected and actual earnings on pension plan investments, for the differences between expected and actual experiences, 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. 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 and total OPEB obligations 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 and OPEB. These amounts are deferred and 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.

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.

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, 2019:

Nonmajor Funds:

Community Development Block Grant	\$15,789
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The Community Development Block Grant Fund deficit balance is due to timing of grant reimbursements.

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, 2019:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 176,105,207	\$ 197,461,714	\$ 9,031,379	\$ 382,598,300
Restricted cash and investments	11,072,269	291,718	11,211,391	22,575,378
Total cash and investments	<u>\$ 187,177,476</u>	<u>\$ 197,753,432</u>	<u>\$ 20,242,770</u>	<u>\$ 405,173,678</u>

Cash and investments at June 30, 2019, consisted of the following:

Demand deposits	\$ 2,639,077
Petty Cash	5,199
Pension stabilization trust	10,537,671
Investments	<u>391,991,731</u>
Total cash and investments	<u>\$ 405,173,678</u>

Demand Deposits

At June 30, 2019, the carrying amount of the City's deposits was \$2,639,077 and the bank balance was \$4,105,545. The \$1,466,468 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, 2019
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	N/A
County Pooled Investment Fund	N/A	15%	N/A

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 Obligations	5 years	None	None
Bankers' Acceptances	180 days	20%	5%
Certificates of Deposit	3 years	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Commercial Paper	270 days	25%	None
Investment Agreements	N/A	None	N/A
Money Market Mutual Funds	N/A	None	None
Municipal Bonds	5 years	None	None
Local Agency Investment Fund	N/A	None	None

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
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	\$ 2,995,740	\$ 1,987,180	\$ -	\$ -	\$ 4,982,920
United States Government Sponsored					
Enterprise Securities	64,732,189	97,177,023	19,612,310	18,045,020	199,566,542
Supranational Obligations	1,996,220	-	-	-	1,996,220
Commercial Paper	3,981,228	-	-	-	3,981,228
Municipal Bonds	1,309,727	3,541,155	-	-	4,850,882
Negotiable Certificates of Deposit	10,524,363	21,405,599	5,901,874	7,180,606	45,012,442
Medium Term Notes	1,999,840	-	-	-	1,999,840
Local Agency Investment Fund (LAIF)	108,079,694	-	-	-	108,079,694
County Pooled Investment Fund	10,009,429	-	-	-	10,009,429
Held by Fiscal Agents:					
Local Agency Investment Fund (LAIF)	4,090,975	-	-	-	4,090,975
Money Market Mutual Funds	7,131,270	-	-	-	7,131,270
Demand Deposits	290,289	-	-	-	290,289
	<u>\$ 217,140,964</u>	<u>\$ 124,110,957</u>	<u>\$ 25,514,184</u>	<u>\$ 25,225,626</u>	<u>\$ 391,991,731</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, 2019, is \$167,170,702 or 44.0% of the City's portfolio (excluding held by fiscal agents).

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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, 2019	Minimum Legal Rating	Exempt from Disclosure	AAA/Aaa	AA to AA-/Aa2 to Aa3	A+ to A/A2 to A3	Unrated
United States Treasury Obligations	\$ 4,982,920	N/A	\$ -	\$ 4,982,920	\$ -	\$ -	\$ -
United States Government Sponsored Enterprise Securities	199,566,542	N/A	-	199,566,542	-	-	-
Supranational Obligations	1,996,220	A	-	1,996,220	-	-	-
Commercial Paper	3,981,228	A	-	3,981,228	-	-	-
Municipal Bonds	4,850,882	A-1/P-1	-	299,727	4,551,155	-	-
Negotiable Certificates of Deposit	45,012,442	N/A	-	-	-	-	45,012,442
Medium Term Notes	1,999,840	A	-	-	-	1,999,840	-
Local Agency Investment Fund (LAIF)	108,079,694	N/A	108,079,694	-	-	-	-
County Pooled Investment Fund	10,009,429	N/A	10,009,429	-	-	-	-
Held by Fiscal Agents:							
Local Agency Investment Fund (LAIF)	4,090,975	AAA/Aaa	4,090,975	-	-	-	-
Money Market Mutual Funds	7,131,270	N/A	7,131,270	-	-	-	-
Demand Deposits	290,289	N/A	290,289	-	-	-	-
	<u>\$ 391,991,731</u>		<u>\$ 129,601,657</u>	<u>\$ 210,826,637</u>	<u>\$ 4,551,155</u>	<u>\$ 1,999,840</u>	<u>\$ 45,012,442</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	\$ 57,142,703	14.6%
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	52,095,272	13.3%
Federal Farm Credit Banks	United States Government Sponsored Enterprise Securities	41,230,756	10.5%
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	49,097,812	12.5%

Note 3: Cash and Investments (Continued)

Custodial Credit Risk

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

As of June 30, 2019, none of the City's deposits or investments were exposed to custodial credit risk.

Investment in State Investment Pool (LAIF)

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

During the period from April 5, 2018 to May 29, 2018, the City deposited a total of \$10,000,000 into an IRS Section 115 Trust for the purpose of setting funding aside for the unfunded pension liability. At June 30, 2019, the market value of the assets held in trust is \$10,537,671. 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.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 3: Cash and Investments (Continued)

The City has the following recurring fair market value measurements as of June 30, 2019:

Investment Type	Fair Value	Level		
		1	2	Uncategorized
United States Treasury Obligations	\$ 4,982,920	\$ 4,982,920	\$ -	\$ -
United States Government Sponsored				
Enterprise Securities	199,566,542	-	199,566,542	-
Supranational Obligations	1,996,220	-	1,996,220	-
Commercial Paper	3,981,228	-	3,981,228	-
Municipal Bonds	4,850,882	-	4,850,882	-
Negotiable Certificates of Deposit	45,012,442	-	45,012,442	-
Medium Term Notes	1,999,840	-	1,999,840	-
Local Agency Investment Fund (LAIF)	108,079,694	-	-	108,079,694
County Pooled Investment Fund	10,009,429	-	-	10,009,429
Held by Fiscal Agents:				
Local Agency Investment Fund (LAIF)	4,090,975	-	-	4,090,975
Money Market Mutual Funds	7,131,270	-	7,131,270	-
Demand Deposits	290,289	-	-	290,289
	<u>\$ 391,991,731</u>	<u>\$ 4,982,920</u>	<u>\$ 264,538,424</u>	<u>\$ 122,470,387</u>

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, 2019, the City had notes receivable reported in the following funds:

Grants Fund	\$ 72,287,675
Housing Assistance Program	15,922,435
Community Development Block Grant	573,070
General Improvement	156,670
	<u>\$ 88,939,850</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, 2019, the outstanding balance is \$72,287,675.

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, 2019, the outstanding balance is \$15,922,435.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 5: Notes Receivable (Continued)

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, 2019 is \$573,070.

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, 2019 is \$156,670.

Note 6: Interfund Transactions

a. Interfund Receivables and Payables

The purpose of the interfund transactions is to make short-term and long-term interfund loans from the General Fund to various funds. These interfund loans are to provide for negative cash balances at year-end and/or operating cash flow. Due to/from amounts are short-term financing, which are paid within one year, and the advances are for longer term financing.

Due to/from Other Funds:		
Receivable Fund	Payable Fund	Amount
General Fund	Grants	\$ 895,586
General Fund	Housing Assistance Program	2,676
General Fund	Other Governmental Funds	208,519
	Total	<u>\$ 1,106,781</u>

Loan to/from Other Funds		
Advances From	Advances To	Amount
General Fund	Special Aviation Fund	\$ 1,669,191
Internal Service Funds	Oceanside Small Craft Harbor District	431,746
	Total	<u>\$ 2,100,937</u>

The General Fund advanced funds to the Special Aviation Enterprise Fund for operational purposes. As of June 30, 2019, the outstanding balance of the loans were \$1,669,191. 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, 2019, the outstanding balance of the loan was \$431,746.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 6: Interfund Transactions (Continued)

b. Transfers In/Out

Transfers in and out for the year ended June 30, 2019, are as follows:

Transfers In	Transfers Out							Internal Service Funds	Total
	General Fund	Other Governmental Funds	Water	Sewer	Waste Disposal	Special Aviation	Oceanside Small Craft Harbor District		
General Fund	\$ -	\$ 1,205,730	\$ 765,377	\$ -	\$ 5,874,550	\$ -	\$ 6,355,649	\$ 1,440,791	\$ 15,642,097
Grants	328,450	-	-	-	-	9,804	-	-	338,254
Housing Assistance Program	38,136	-	-	-	-	-	-	-	38,136
Other Governmental Funds	3,124,530	390,000	86,506	751,656	86,506	-	-	385,977	4,825,175
Water	-	20,500	-	1,072,402	-	-	-	96,616	1,189,518
Sewer	-	-	-	-	-	-	-	56,841	56,841
Waste Disposal	-	-	-	-	-	-	-	3,774	3,774
Internal Service Funds	-	-	-	-	-	-	-	59,600	59,600
Total	\$ 3,491,116	\$ 1,616,230	\$ 851,883	\$ 1,824,058	\$ 5,961,056	\$ 9,804	\$ 6,355,649	\$ 2,043,599	\$ 22,153,395

The General Fund transferred \$3,124,530 to General Improvement Fund for maintenance and capital expenditures and transferred \$366,586 to other governmental funds to support costs associated with grants and housing assistance programs.

The Gas Tax and Transportation Fund transferred \$1,043,600 to the General Fund to support street light and traffic control operating costs.

The Water Fund transferred \$765,377 to the General Fund for maintenance of the City's flood control and storm drain systems.

The Sewer Fund transferred \$751,656 to General Improvement Fund and \$1,072,402 to Water Fund to support operating expenses and capital costs.

The Waste Disposal Fund transferred \$5,874,550 to the General Fund to support street sweeping, code enforcement, and related waste disposal costs.

The Oceanside Small Craft Harbor District transferred \$6,355,649 to the General Fund to provide for harbor administrative, maintenance, and police services.

The Internal Service Funds transferred \$1,431,965 to various City Funds, including \$1,316,449 to the General Fund, for reimbursement of payments made by the Funds towards the City's unfunded pension liability. The Internal Service Funds also transferred \$236,634 for costs related to the City's risk management and self-insurance programs and transferred \$375,000 to General Improvement Fund for maintenance costs.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 7: Capital Assets

a. Governmental Activities Capital Assets

A summary of changes in the governmental activities capital assets at June 30, 2019, is as follows:

Governmental Activities	Balance		CIP			Balance
	July 1, 2018	Special Item ¹	Transfers	Additions	Deletions	June 30, 2019
Capital assets, non-depreciable:						
Land	\$ 56,706,522	\$ 3,699,165	\$ -	\$ -	\$ -	\$ 60,405,687
Construction in progress	26,127,263	683,801	(2,644,166)	10,612,027	-	34,778,925
Total capital assets, non-depreciable	82,833,785	4,382,966	(2,644,166)	10,612,027	-	95,184,612
Capital assets, depreciable:						
Buildings and improvements	107,040,901	-	1,121,002	-	-	108,161,903
Improvements other than buildings	56,061,444	2,155,238	683,801	-	-	58,900,483
Machinery and equipment	66,967,878	-	839,363	1,906,173	(1,127,888)	68,585,526
Infrastructure	312,585,729	-	-	-	-	312,585,729
Total capital assets, depreciable	542,655,952	2,155,238	2,644,166	1,906,173	(1,127,888)	548,233,641
Less accumulated depreciation:						
Buildings and improvements	(47,634,834)	-	-	(2,905,182)	-	(50,540,016)
Improvements other than buildings	(22,305,937)	(350,152)	-	(3,469,814)	-	(26,125,903)
Machinery and equipment	(52,408,297)	-	-	(3,010,180)	1,119,064	(54,299,413)
Infrastructure	(202,529,298)	-	-	(5,526,392)	-	(208,055,690)
Total accumulated depreciation	(324,878,366)	(350,152)	-	(14,911,568)	1,119,064	(339,021,022)
Net capital assets, depreciable	217,777,586	1,805,086	2,644,166	(13,005,395)	(8,824)	209,212,619
Capital assets - governmental	\$ 300,611,371	\$ 6,188,052	\$ -	\$ (2,393,368)	\$ (8,824)	\$ 304,397,231

¹ During the year, the Successor Agency transferred all remaining assets to the City, as part of the long-range property management plan. Refer to Note 17 for more information.

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

General Government	\$ 96,701
Public Safety	1,385,197
Public Works	8,479,523
Community Development	625,895
Community/Cultural Services	2,069,822
Internal Service Funds	2,254,430
Total Depreciation expense- governmental activities	<u>\$ 14,911,568</u>

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

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, 2019, is as follows:

<u>Business-Type Activities</u>	Balance July 1, 2018	CIP Transfers	Additions	Deletions	Balance June 30, 2019
Capital assets, non-depreciable:					
Land	\$ 29,613,703	\$ -	\$ -	\$ -	\$ 29,613,703
Construction in progress	60,388,052	(32,515,011)	27,599,578	-	55,472,619
Total capital assets, non-depreciable	<u>90,001,755</u>	<u>(32,515,011)</u>	<u>27,599,578</u>	<u>-</u>	<u>85,086,322</u>
Capital assets, depreciable:					
Buildings and improvements	211,992,692	1,344,033	-	-	213,336,725
Improvements other than buildings	551,246,194	16,313,079	-	-	567,559,273
Machinery and equipment	13,147,565	14,857,899	160,709	-	28,166,173
Total capital assets, depreciable	<u>776,386,451</u>	<u>32,515,011</u>	<u>160,709</u>	<u>-</u>	<u>809,062,171</u>
Less accumulated depreciation:					
Buildings and improvements	(67,988,992)	-	(4,360,485)	-	(72,349,477)
Improvements other than buildings	(316,755,257)	-	(10,606,605)	-	(327,361,862)
Machinery and equipment	(10,731,618)	-	(719,323)	-	(11,450,941)
Total accumulated depreciation	<u>(395,475,867)</u>	<u>-</u>	<u>(15,686,413)</u>	<u>-</u>	<u>(411,162,280)</u>
Net capital assets, depreciable	<u>380,910,584</u>	<u>32,515,011</u>	<u>(15,525,704)</u>	<u>-</u>	<u>397,899,891</u>
Capital assets - governmental	<u>\$ 470,912,339</u>	<u>\$ -</u>	<u>\$ 12,073,874</u>	<u>\$ -</u>	<u>\$ 482,986,213</u>

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

Water	\$ 6,563,677
Sewer	8,446,684
Waste Disposal	118,780
Special Aviation	79,472
Oceanside Small Craft Harbor District	477,800
Total depreciation expense-business type activities	<u>\$ 15,686,413</u>

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 8: Capital Lease Obligations

The following is a summary of changes in governmental activities' capital lease obligations for the year ended June 30, 2019:

Governmental Activities	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in More Than One Year
2013 Streetlight Retrofit Lease Agreement	\$ 3,092,050	\$ -	\$ 381,801	\$ 2,710,249	\$ 393,924	\$ 2,316,325

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, 2019, the outstanding balance of this lease was \$2,710,249.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30	Annual Payment
2020	\$ 476,219
2021	476,219
2022	476,219
2023	476,219
2024	476,219
2025-2026	629,574
	3,010,669
Less Interest	(300,420)
Total	\$ 2,710,249

Note 9: Compensated Absences

The following is a summary of changes in compensated absences for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in More Than One Year
Governmental Activities	\$ 12,659,621	\$ 5,720,859	\$ 5,046,278	\$ 13,334,202	\$ 5,315,173	\$ 8,019,029
Business-Type Activities	1,960,661	919,629	913,664	1,966,626	911,968	1,054,658
Total	\$ 14,620,282	\$ 6,640,488	\$ 5,959,942	\$ 15,300,828	\$ 6,227,141	\$ 9,073,687

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) amounts to \$15,300,828 at June 30, 2019. The liability is typically liquidated from the funds that the employees are charged to, primarily the General, Water, Sewer, and Waste Disposal funds. Compensated absences have no repayment schedule and are payable as employees utilize earned leave time.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10: Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year	Due in More Than One Year
<u>Governmental Activities</u>						
Bonds Payable:						
2011 Refunding COP	\$ 3,775,000	\$ -	\$ 675,000	\$ 3,100,000	\$ 715,000	\$ 2,385,000
2013 Refunding COP, Series A	4,799,755	-	1,265,374	3,534,381	857,498	2,676,883
2015 Taxable Pension Obligation Bond	26,660,000	-	2,970,000	23,690,000	3,195,000	20,495,000
2015 Lease Revenue Bond, Series A	4,285,000	-	2,090,000	2,195,000	2,195,000	-
Unamortized Bond Premium/(Discount)	167,363	-	151,987	15,376	-	15,376
Direct Borrowings and Direct Placements:						
2008 HUD Section 108 Loan	2,375,000	-	2,375,000	-	-	-
2016 San Diego Gas & Electric Loan	153,009	-	17,656	135,353	17,656	117,697
2019 HUD Section 108 Refunding Loan	-	2,213,000	-	2,213,000	171,000	2,042,000
Subtotal - Governmental Activities	42,215,127	2,213,000	9,545,017	34,883,110	7,151,154	27,731,956
<u>Business-Type Activities:</u>						
Bonds Payable:						
2013A Water Revenue Refunding Bonds	13,315,000	-	1,120,000	12,195,000	1,160,000	11,035,000
2013A Sewer Revenue Refunding Bonds	8,165,000	-	1,160,000	7,005,000	1,215,000	5,790,000
Unamortized Bond Premiums	2,843,549	-	235,711	2,607,838	-	2,607,838
Direct Borrowings and Direct Placements:						
2013 Gross Revenue Refunding Bonds	595,000	-	95,000	500,000	95,000	405,000
SWRCB Loan	21,620,400	-	2,536,576	19,083,824	2,582,310	16,501,514
California Airport Loan	54,778	-	54,778	-	-	-
Subtotal - Business-Type Activities	46,593,727	-	5,202,065	41,391,662	5,052,310	36,339,352
Total Long-Term Debt	\$ 88,808,854	\$ 2,213,000	\$ 14,747,082	\$ 76,274,772	\$ 12,203,464	\$ 64,071,308

a. Governmental Activities – Bonds Payable

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, 2019, the outstanding balance of these certificates was \$3,100,000.

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, 2019, the outstanding balance of these certificates was \$3,534,381.

Note 10: Long-Term Debt (Continued)

2015 Taxable Pension Obligation Refunding Bonds - Original Issuance \$32,020,000

On August 11, 2015, the City issued \$32,020,000 Taxable Pension Obligation Refunding Bonds, Series 2015 for the purpose of refunding the 2005 Taxable Pension Obligation Bonds. The bonds are due in annual installments of \$270,000 to \$4,700,000. Interest rates range from 1.406% to 4.275% and are payable semiannually on February 15 and August 15. At June 30, 2019, the outstanding balance of the bonds was \$23,690,000.

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, 2019, the outstanding balance of the bonds was \$2,195,000. The bonds are secured wholly from revenues pledged to pay the debt service. Should the City default, the bond trustee may terminate the lease agreement and recover certain damages from the City, or may retain the lease agreement and hold the City liable for all base rental payments thereunder on an annual basis, and will have the right to re-enter and re-let the property.

b. Governmental Activities – Direct Borrowings and Direct Placements

2008 HUD 108 Loans - Original Issue \$3,500,000

In June 2008, the City entered into a contract with the United States Department of Housing and Urban Development for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. Section 5308 for Series 2008-A Certificates. The loans are due in annual installments ranging from \$162,000 to \$279,000. Interest is payable quarterly at a rate of 4.8 percent. These loans were completed refunded by the issuance of the 2019 HUD 108 Refunding Loans, and the outstanding balance at June 30, 2019, was \$0.

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, 2019, the outstanding balance of the loans was \$135,353.

2019 HUD 108 Refunding Loans – Original Issue \$2,213,000

In January 2019, 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. The loans are due in annual installments ranging from \$171,000 to \$279,000. Interest is payable quarterly at a rate of 4.8 percent. The outstanding balance at June 30, 2019, was \$2,213,000. The City pledged grant allocations and program income as security for the loan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10: Long-Term Debt (Continued)**c. Governmental Activities – Debt Service Requirements to Maturity**

The annual debt service requirements to maturity on the governmental activities' long-term debts are as follows:

Year Ending June 30,	Governmental Activities					
	Bonds Payable		Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 6,962,498	\$ 1,059,028	\$ 188,656	\$ 48,443	\$ 7,151,154	\$ 1,107,471
2021	5,071,592	855,591	198,656	53,485	5,270,248	909,076
2022	5,408,153	688,892	208,656	48,723	5,616,809	737,615
2023	5,762,138	497,408	219,656	43,696	5,981,794	541,104
2024	4,345,000	300,345	230,656	38,335	4,575,656	338,680
2025-2027	4,970,000	117,776	1,302,073	94,606	6,272,073	212,382
	<u>\$ 32,519,381</u>	<u>\$ 3,519,040</u>	<u>\$ 2,348,353</u>	<u>\$ 327,288</u>	<u>\$ 34,867,734</u>	<u>\$ 3,846,328</u>

d. Business-Type Activities – Bonds Payable2013A 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, 2019, the outstanding balance was \$12,195,000 and unamortized bond premium was \$1,454,002.

If any event of default shall occur, then the Trustee may, and at the written direction of the bond owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding shall, upon notice in writing to the City, declare the principal of the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately.

Note 10: Long-Term Debt (Continued)

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

The bonds were issued by the City to (a) prepay all of City of Oceanside Revenue Certificates of Participation (1993 Wastewater System Refunding Project) Series 2003 and City of Oceanside Revenue Refunding Certificates of Participation, Series 2008; (b) prepay all amounts due under the 1993 State Loan; (c) finance certain improvements to the City's Sewer System; and (d) pay the costs of issuing the 2013A Bonds. The 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, 2019, the outstanding balance was \$7,005,000 and unamortized bond premium was \$1,153,836.

If any event of default shall occur, then the Trustee may, and at the written direction of the bond owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding shall, upon notice in writing to the Issuer, declare the principal of the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately.

e. Business-Type Activities – Direct Borrowings and Direct Placements

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, 2019, the outstanding balance of these bonds was \$500,000.

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, 2019, the outstanding balance of these notes was \$19,083,825.

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, 2019, this loan is completed repaid and the outstanding balance was \$0.

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 10: Long-Term Debt (Continued)

f. Business-Type Activities – Debt Service Requirements to Maturity

The annual debt service requirements to maturity on the business-type activities' long-term debts are as follows:

Year Ending June 30,	Business-Type Activities					
	Bonds Payable		Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,375,000	\$ 917,032	\$ 2,677,310	\$ 353,131	\$ 5,052,310	\$ 1,270,163
2021	2,470,000	810,432	2,728,869	304,622	5,198,869	1,115,054
2022	1,845,000	699,482	2,776,268	255,224	4,621,268	954,706
2023	1,195,000	607,232	2,824,521	204,971	4,019,521	812,203
2024	1,250,000	553,432	2,878,644	153,797	4,128,644	707,229
2025-2029	6,410,000	1,824,863	5,698,212	154,567	12,108,212	1,979,430
2030-2033	3,655,000	491,925	-	-	3,655,000	491,925
	<u>\$ 19,200,000</u>	<u>\$ 5,904,398</u>	<u>\$ 19,583,824</u>	<u>\$ 1,426,312</u>	<u>\$ 38,783,824</u>	<u>\$ 7,330,710</u>

Note 11: 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, 2019
CFD 2000-1 Ocean Ranch 2013 Refunding	June 13, 2013	\$ 11,175,000	\$ 9,700,000
CFD 2000-1 Ocean Ranch 2014 Refunding	June 4, 2014	11,755,000	10,910,000
CFD 2001-1 Morro Hills 2013 Refunding	June 13, 2013	6,710,000	4,700,000
CFD 2001-1 Morro Hills Refunding 2014A	February 14, 2014	10,885,000	8,235,000
CFD 2001-1 Morro Hills Imp Area 1 Refunding 2014A	February 14, 2014	7,025,000	5,400,000
CFD 2006-1 Pacific Coast Bus Park Refunding 2017	January 26, 2017	9,090,000	8,845,000
Villa Storia Multifamily Residential Housing Revenue Bonds	December 15, 2016	6,970,000	3,370,128

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 12: 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	\$ 20,890	\$ -	\$ -	\$ -	\$ 20,890
Prepaid costs	150,395	3,906	4,274	-	158,575
Land held for resale	700,000	-	-	-	700,000
Advances to other funds	1,669,191	-	-	-	1,669,191
Total nonspendable	2,540,476	3,906	4,274	-	2,548,656
Restricted:					
Community development projects	-	7,884,937	-	-	7,884,937
Public safety	-	201,718	-	1,139,405	1,341,123
Pension stabilization (Section 115 Trust)	10,537,671	-	-	-	10,537,671
Debt service	-	-	-	2,679,104	2,679,104
Street lighting and landscape maintenance	-	-	-	1,502,415	1,502,415
Highways	-	-	-	4,023,251	4,023,251
Housing assistance program	-	-	3,913,856	-	3,913,856
Capital projects	-	-	-	39,921,606	39,921,606
Total restricted	10,537,671	8,086,655	3,913,856	49,265,781	71,803,963
Committed:					
Community development projects	20,413,909	-	-	-	20,413,909
Total committed	20,413,909	-	-	-	20,413,909
Assigned:					
Public safety	511,913	-	-	-	511,913
Parks and recreation	76,441	-	-	-	76,441
Post employment leave	2,898,466	-	-	-	2,898,466
Employee compensation	500,000	-	-	-	500,000
Workers compensation	7,633,000	-	-	-	7,633,000
Infrastructure	13,789,720	-	-	-	13,789,720
Revenue/economic stabilization	9,228,477	-	-	-	9,228,477
Oceanside Museum of Art	50,000	-	-	-	50,000
PERS supplemental reserve	4,604,803	-	-	-	4,604,803
Measure X	2,739,000	-	-	-	2,739,000
General and long-term planning	1,578,686	-	-	-	1,578,686
Other	969,412	-	-	-	969,412
Total assigned	44,579,918	-	-	-	44,579,918
Unassigned	1,547,182	-	-	(15,789)	1,531,393
Total fund balances	\$ 79,619,156	\$ 8,090,561	\$ 3,918,130	\$ 49,249,992	\$ 140,877,839

Note 13: 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. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 13: Risk Management (Continued)

The workers' compensation and general/auto liability claims payable of \$16,914,000 and \$2,722,212, respectively, reported at June 30, 2019, 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
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
2019	18,634,523	6,036,250	5,034,561	19,636,212

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, 2019

Note 14: Retirement Plans

a. General Information about the Pension Plans

Plan Descriptions

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.

Benefits 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	21.862%	22.862%	23.112%
Total Contribution	29.862%	29.862%	29.862%

*Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14: Retirement Plans (Continued)

Safety Plan		
	Prior to January 1, 2013*	January 1, 2013 and after
Hire date		
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	32.699%	29.449%
Total Contribution	41.6990%	41.6990%

*Closed to new entrants

At June 30, 2017 (the valuation date), the following employees were covered by the benefit terms of the plan:

Description	Number of members	
	Miscellaneous Plan	Safety Plan
Active members	556	316
Transferred members	391	97
Terminated members	320	60
Retired members and beneficiaries	862	450
Total	<u>2,129</u>	<u>923</u>

b. Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the City to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2019, the employer contributions recognized as a reduction to the net pension liability for all the Miscellaneous Plan and Safety Plan were \$11,789,763 and \$20,124,316, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14: Retirement Plans (Continued)

c. 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived used CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 14: Retirement Plans (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class	Assumed	Real Return	Real Return
	Asset Allocation	Years 1-10 ¹	Years 11+ ²
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

¹ An expected inflation of 2.00% used for this period.

² An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

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

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14: Retirement Plans (Continued)

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Miscellaneous Plan			
Balance at: 06/30/2017	\$ 419,335,424	\$ 303,343,369	\$ 115,992,055
Changes Recognized for the Measurement Period:			
Service Cost	7,214,699	-	7,214,699
Interest on Total Pension Liability	29,093,082	-	29,093,082
Changes of Benefit Terms	-	-	-
Changes of Assumptions	(2,660,542)	-	(2,660,542)
Differences between Expected and Actual Experience	(3,191,600)	-	(3,191,600)
Net Plan to Plan Resource Movement	-	(747)	747
Contributions - Employer	-	11,789,763	(11,789,763)
Contributions - Employees	-	3,237,718	(3,237,718)
Net Investment Income	-	25,523,656	(25,523,656)
Benefit Payments, including Refunds of Employee Contributions	(20,388,752)	(20,388,752)	-
Administrative Expense	-	(472,693)	472,693
Other Miscellaneous Income/(Expense) ¹	-	(897,651)	897,651
Net Changes during 2017-18	\$ 10,066,887	\$ 18,791,294	\$ (8,724,407)
Balance at: 06/30/2018	\$ 429,402,311	\$ 322,134,663	\$ 107,267,648
Safety Plan			
Balance at: 06/30/2017	\$ 495,094,755	\$ 366,920,004	\$ 128,174,751
Changes Recognized for the Measurement Period:			
Service Cost	10,500,340	-	10,500,340
Interest on Total Pension Liability	34,962,160	-	34,962,160
Changes of Benefit Terms	-	-	-
Changes of Assumptions	(2,502,783)	-	(2,502,783)
Differences between Expected and Actual Experience	3,117,388	-	3,117,388
Net Plan to Plan Resource Movement	-	(922)	922
Contributions - Employer	-	20,124,316	(20,124,316)
Contributions - Employees	-	3,546,100	(3,546,100)
Net Investment Income	-	31,306,694	(31,306,694)
Benefit Payments, including Refunds of Employee Contributions	(23,956,522)	(23,956,522)	-
Administrative Expense	-	(571,762)	571,762
Other Miscellaneous Income/(Expense) ¹	-	(1,085,787)	1,085,787
Net Changes during 2017-18	\$ 22,120,583	\$ 29,362,117	\$ (7,241,534)
Balance at: 06/30/2018	\$ 517,215,338	\$ 396,282,121	\$ 120,933,217
Total Plans	\$ 946,617,649	\$ 718,416,784	\$ 228,200,865

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14: Retirement Plans (Continued)

¹ During Measurement Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

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	\$ 163,704,677	\$ 107,267,648	\$ 60,585,839
Safety Plan's Net Pension Liability	192,489,722	120,933,217	62,337,584
Total Net Pension Liability	<u>\$ 356,194,399</u>	<u>\$ 228,200,865</u>	<u>\$ 122,923,423</u>

d. 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.

e. 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 \$10,537,671. 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.

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

For the year ended June 30, 2019, the City recognized pension expense as follows:

Miscellaneous	Safety	Total Plans
\$ 17,732,344	\$ 17,587,334	\$ 35,319,678

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, 2019

Note 14: Retirement Plans (Continued)

At June 30, 2019, 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	\$ 12,914,623	\$ -
Difference between expected and actual experience	-	2,758,048
Change in assumptions	3,902,885	1,596,325
Net difference between projected and actual earnings on pension plan investments	555,570	-
Miscellaneous Plan Total	17,373,078	4,354,373
<u>Safety Plan</u>		
Contributions made after the measurement date	20,138,207	-
Difference between expected and actual experience	2,338,041	4,792,343
Change in assumptions	14,961,374	2,592,764
Net difference between projected and actual earnings on pension plan investments	787,666	-
Safety Plan Total	38,225,288	7,385,107
Total	\$ 55,598,366	\$ 11,739,480

Amortization of Deferred Outflows and Deferred Inflows of Resources

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:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14: Retirement Plans (Continued)

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, 2018 is 2.5 years and 4.0 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.

The \$33,052,830 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, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total Plans
2020	\$ 4,516,806	\$ 7,498,720	\$ 12,015,526
2021	(386,128)	6,769,106	6,382,978
2022	(3,197,196)	(2,534,631)	(5,731,827)
2023	(829,400)	(1,031,221)	(1,860,621)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 15: 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), though 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.

There are 13 OFA retirees participating in PERS Health as of June 30, 2018. These retirees were grandfathered on December 31, 2012 and receive the City's minimum contribution at that time (\$112/month) toward premium coverage.

The provisions and benefits of the City's other post-employment benefits plan, in effect June 30, 2019, 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

Note 15: Post-Employment Benefits Other Than Pensions (Continued)

Plan Membership

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

Inactive plan members or beneficiaries currently receiving benefit payments	67
Active plan members	755

Contributions

Contribution requirements are also negotiated between the City and the non-OFA employee associations. Eligible non-OFA retirees and their covered dependents receiving benefits contribute 100% of their premium costs. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

b. Net OPEB Liability

The City's Net OPEB Liability was measured as of June 30, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 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
Inflation rate	3.00 percent
Healthcare cost trend rate	5.00 percent for 2018; 5.00 percent for 2019; 5.00 percent for 2020; and 5.00 percent for 2022 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 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;

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 15: 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 projected fiduciary net position (if any) 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	4.00%	3.13%	3.13%
June 30, 2019	June 30, 2018	4.00%	3.62%	3.62%

The components of the net OPEB liability were as follows:

Total OPEB liability	\$ 5,789,268
Plan fiduciary net position	-
Net OPEB liability	<u>\$ 5,789,268</u>
Measurement date	June 30, 2018
Reporting date	June 30, 2019
Covered payroll	\$ 76,704,358
Net OPEB liability (asset) as a percentage of covered payroll	7.55%
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%

Schedule of Changes in the Total OPEB Liability

Total OPEB Liability	
Service cost	\$ 373,428
Interest	175,549
Changes of assumptions	(244,689)
Benefit payments ¹	(245,347)
Net change in total OPEB liability	<u>58,941</u>
Total OPEB liability - June 30, 2017 (a)	<u>\$ 5,730,327</u>
Total OPEB liability - June 30, 2018 (b)	<u>\$ 5,789,268</u>
Plan Fiduciary Net Position	
Contributions - employer ¹	\$ 245,347
Benefit payments ¹	(245,347)
Net change in plan fiduciary net position	-
Plan fiduciary net position - June 30, 2017 (c)	<u>\$ -</u>
Plan fiduciary net position - June 30, 2018 (d)	<u>\$ -</u>
Net OPEB liability - June 30, 2017 (a) - (c)	<u>\$ 5,730,327</u>
Net OPEB liability - June 30, 2018 (b) - (d)	<u>\$ 5,789,268</u>

¹ Includes value of implicit subsidy

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 15: Post-Employment Benefits Other Than Pensions (Continued)

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Net OPEB liability (asset)	\$6,302,614	\$5,789,268	\$5,328,345

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (5.00%)	1% Increase (5.00% increasing to 6.00%)
Net OPEB liability (asset)	\$5,214,112	\$5,789,268	\$6,455,469

c. Deferred Outflows of Resources and Deferred Inflows of Resource Related to OPEB

At June 30, 2019, the City's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	\$ -	\$ 207,045
Total	\$ -	\$ 207,045

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ -	\$ (37,644)
2021	-	(37,644)
2022	-	(37,644)
2023	-	(37,644)
2024	-	(37,644)
2025	-	(18,825)

d. OPEB Expense

For the year ended June 30, 2019, the City's OPEB expense was \$511,333.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 16: Commitments and Contingencies

Commitments

The following material construction commitments existed at June 30, 2019:

Project	Contract Amount	Expenditures to date as of June 30, 2019	Remaining Commitments
Coast Highway Bridge Replacement	\$ 5,393,910	\$ 1,135,390	\$ 4,258,520
Douglas Drive Bridge Seismic Retrofit Project	4,222,350	395,607	3,826,743
J Dock Replacement	3,089,484	-	3,089,484

Contingent Liabilities

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

Note 17: Special Item

The California Department of Finance determined that the Advances to the Successor Agency of the Former Redevelopment Agency (refer to Note 19 for more information) were unenforceable obligations and would not be repaid. As such, these Advances were written off by the City. Additionally, during the year, the City received all of the Successor Agency's remaining capital assets as part of the Successor Agency's wind down process, and in accordance with its long-range property management plan. Special items reported in the governmental statement of revenues, expenditures, and changes in fund balances were \$4,317,085. A reconciliation of the special item to the one reported in the government-wide statement of activities is as follows:

Transfer of capital assets	\$ 6,188,052
Write off of Advances to Successor Agency	<u>(4,317,085)</u>
Special Item Reported on the Government-Wide Statement of Activities	<u>\$ 1,870,967</u>

Note 18: 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, 2019, the amount of transient occupancy tax abated under this agreement amounts to \$0.

On November 28, 2018, the City entered into a sales tax abatement agreement with a local developer. This agreement allows for an abatement of new taxable gross retail sales tax above \$100,000, increasing by 3 percent per year, within each fiscal year up to an aggregate of \$5,000,000 or the 10-year term of the agreement, whichever comes first. New taxable gross sales tax excludes revenues generated by Measure X, the one-half percent transaction and use tax. This agreement expires November 28, 2028. For the fiscal year ended June 30, 2019, the amount of sales tax abated under this agreement amounts to \$0.

Note 19: 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.

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

CITY OF OCEANSIDE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

a. Cash and investments

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

Cash and investments pooled with the City	\$ 3,098,671
Cash and investments with fiscal agent	<u>1,501,875</u>
	<u>\$ 4,600,546</u>

b. Capital Assets

Capital assets of the Successor Agency as of June 30, 2019, were as follows:

	Balance at July 1, 2018	Special Item ¹	Additions	Deletions	Balance at June 30, 2019
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>(4,382,966)</u>	-	-	-
Capital assets being depreciated:					
Infrastructure	2,155,238	(2,155,238)	-	-	-
Total Capital Assets, Being Depreciated	<u>2,155,238</u>	<u>(2,155,238)</u>	-	-	-
Less accumulated depreciation for:					
Infrastructure	350,152	(350,152)	-	-	-
Total Accumulated Depreciation	<u>350,152</u>	<u>(350,152)</u>	-	-	-
Total Capital Assets, Being Depreciated, Net	<u>1,805,086</u>	<u>(1,805,086)</u>	-	-	-
Governmental Activities Capital Assets, Net	<u>\$ 6,188,052</u>	<u>\$ (6,188,052)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ During the year, the Successor Agency transferred all remaining assets to the City, as part of the long-range property management plan.

c. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2019, were as follows.

	Balance at July 1, 2018	Special Items ¹	Additions	Deletions	Balance at June 30, 2019	Due Within One Year	Due in More Than One Year
Bonds Payable:							
2015A Tax Allocation Refunding Bonds	\$ 16,740,000	\$ -	\$ -	\$ 1,885,000	\$ 14,855,000	\$ 2,005,000	\$ 12,850,000
2015B Tax Allocation Refunding Bonds	8,240,000	-	-	940,000	7,300,000	960,000	6,340,000
Unamortized Bond Premium	1,978,807	-	-	276,005	1,702,802	-	1,702,802
Direct Borrowings:							
Advances from the City of Oceanside	4,317,085	(4,317,085)	-	-	-	-	-
Total	<u>\$ 31,275,892</u>	<u>\$ (4,317,085)</u>	<u>\$ -</u>	<u>\$ 3,101,005</u>	<u>\$ 23,857,802</u>	<u>\$ 2,965,000</u>	<u>\$ 20,892,802</u>

¹ During the year, the California Department of Finance disallowed the advances from the City to the Successor Agency as an enforceable obligation.

Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Bonds Payable

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, 2019, the outstanding balance of the bonds is \$14,855,000. If an event of default has occurred, the bond trustee may declare the principal amount of the bonds, together with the accrued interest thereon, to be due and payable immediately.

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, 2019, the outstanding balance of the bonds is \$7,300,000. If an event of default has occurred, the bond trustee may declare the principal amount of the bonds, together with the accrued interest thereon, to be due and payable immediately.

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, 2019, is \$25,615,308 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,870,814 and the debt service obligation on the bonds was \$3,847,888.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)Debt Service Requirements to Maturity

On the following table are the debt service requirements on the Successor Agency's long-term debts to maturity:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,965,000	\$ 914,863	\$ 3,879,863
2021	3,085,000	788,450	3,873,450
2022	3,215,000	652,638	3,867,638
2023	3,355,000	507,494	3,862,494
2024	3,505,000	353,075	3,858,075
2025-2026	6,030,000	243,788	6,273,788
Totals	<u>\$ 22,155,000</u>	<u>\$ 3,460,308</u>	<u>\$ 25,615,308</u>

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.

During the fiscal year ended June 30, 2019, the California Department of Finance disallowed these borrowings as enforceable obligations. As such, they will not be repaid, and the City removed them as debt during the year. For more information, see the discussion on the Special Item below at Note 19(f).

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, 2019, 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 FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

f. Special Items

During the fiscal year, the Successor Agency engaged in two transactions which resulted in a Special Item being presented on the basic financial statements. First, the California Department of Finance determined that the Advances from the City of Oceanside (described above) were unenforceable obligations and would not be repaid. As such, these Advances were written off by the Successor Agency. Additionally, during the year, the Successor Agency transferred all of its remaining capital assets to the City, as part of the Successor Agency wind down process, and in accordance with the Successor Agency's long-range property management plan. Special items reported in the fiduciary fund statement of changes in fiduciary net position consists of the following transfers:

Transfer of capital assets	\$ (6,188,052)
Write off of Advances from City	<u>4,317,085</u>
Special Item Reported on the Fiduciary Fund Statement of Changes in Fiduciary Net Position	<u><u>\$ (1,870,967)</u></u>

Note 20: Subsequent Event

On November 1, 2019, the City issued the 2019 Lease Revenue Bonds (El Corazon Aquatics Center Project) in an amount of \$22,745,000. The net proceeds of the sale of the Series 2019 Bonds will be used to (i) finance the costs of the acquisition, construction, and installation of certain capital improvements constituting the El Corazon Aquatics Center and related improvements, facilities and equipment, and (ii) pay the costs incurred in connection with the issuance of the 2019 Bonds. The Series 2019 Bonds are equally and ratably payable from and secured by base rental payments and certain amounts on deposit in the funds and accounts established under the bond indenture. In the event of default, the bond trustee may terminate the lease agreement and recover certain damages from the City or may retain the lease agreement and hold the City liable for all base rental payments thereunder. There is no acceleration in the event of default. The bonds are payable commencing on November 1, 2023, in principal amounts ranging from \$455,000 to \$1,355,000 at interest rates ranging from 4 percent to 5 percent, and mature November 1, 2049.

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, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 69,196,433	\$ 69,196,433	\$ 69,196,433	\$ -
Resources (Inflows):				
Taxes	101,126,098	101,126,098	109,043,334	7,917,236
Licenses and permits	3,003,620	2,878,620	3,920,075	1,041,455
Intergovernmental	250,000	250,000	421,221	171,221
Charges for services	16,751,133	17,198,729	16,953,946	(244,783)
Use of money and property	8,706,298	9,069,033	11,735,388	2,666,355
Fines and forfeitures	3,307,000	3,435,787	3,500,764	64,977
Administrative and in lieu charges	6,421,452	6,421,452	6,421,368	(84)
Miscellaneous	146,000	211,405	339,710	128,305
Transfers in	14,359,603	15,579,906	15,642,097	62,191
Amounts Available for Appropriations	223,267,637	225,367,463	237,174,336	11,806,873
Charges to Appropriations (Outflows):				
General government				
City Council	974,475	1,117,701	1,024,628	93,073
City Clerk	1,394,361	1,410,843	1,181,465	229,378
City Treasurer	1,560,518	1,565,518	1,504,869	60,649
City Manager	834,259	678,973	552,642	126,331
City Attorney	1,801,080	1,801,080	1,771,199	29,881
Financial Services	5,831,377	6,011,338	5,658,120	353,218
Human Resources	690,812	690,812	632,755	58,057
Nondepartmental	8,233,514	10,796,965	11,327,274	(530,309)
Public safety				
Police	58,626,637	59,987,768	59,397,681	590,087
Fire	31,877,784	34,517,628	33,046,838	1,470,790
Community development				
Engineering	4,816,663	4,550,272	4,366,569	183,703
Planning	2,249,318	2,206,822	2,087,719	119,103
Building	2,629,429	2,811,143	2,629,947	181,196
Community/cultural services				
Library	5,465,202	5,547,636	5,370,715	176,921
Neighborhood Services Department	7,226,964	7,514,309	6,643,236	871,073
Economic and Community Development	665,567	665,567	662,121	3,446
Property Management	961,636	1,007,152	929,819	77,333
Public works				
Public Works	15,001,286	15,750,965	15,243,250	507,715
Capital outlay	-	165,000	17,563	147,437
Debt service:				
Principal retirement	40,593	10,584	15,654	(5,070)
Transfers out	2,074,953	3,567,878	3,491,116	76,762
Total Charges to Appropriations	152,956,428	162,375,954	157,555,180	4,820,774
Budgetary Fund Balance, June 30	\$ 70,311,209	\$ 62,991,509	\$ 79,619,156	\$ 16,627,647

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, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,061,706	\$ 5,061,706	\$ 5,061,706	\$ -
Resources (Inflows):				
Intergovernmental	3,340,949	7,558,827	4,872,973	(2,685,854)
Charges for services	11,300	11,300	21,590	10,290
Use of money and property	19,124	19,126	738,048	718,922
Developer participation	762,408	762,408	2,180,605	1,418,197
Miscellaneous	14,500	35,291	229,131	193,840
Transfers in	405,584	415,388	338,254	(77,134)
Amounts Available for Appropriations	9,615,571	13,864,046	13,442,307	(421,739)
Charges to Appropriations (Outflows):				
General government	-	135,432	11,485	123,947
Public safety	1,054,002	2,452,976	1,685,900	767,076
Community development	3,041,052	9,352,107	1,976,400	7,375,707
Parks and recreation	18,190	261,354	161,934	99,420
Community/cultural services	-	136,631	86,434	50,197
Capital outlay	90,000	2,323,241	1,429,593	893,648
Transfers out	103,000	196,496	-	196,496
Total Charges to Appropriations	4,306,244	14,858,237	5,351,746	9,506,491
Budgetary Fund Balance, June 30	\$ 5,309,327	\$ (994,191)	\$ 8,090,561	\$ 9,084,752

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, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,492,104	\$ 7,492,104	\$ 7,492,104	\$ -
Resources (Inflows):				
Licenses and permits	304,656	304,656	331,233	26,577
Intergovernmental	18,473,138	19,353,647	19,178,480	(175,167)
Charges for services	38,384	66,634	65,999	(635)
Use of money and property	420,230	576,281	1,169,456	593,175
Miscellaneous	488,871	507,543	279,205	(228,338)
Transfers in	60,000	60,000	38,136	(21,864)
Amounts Available for Appropriations	27,277,383	28,360,865	24,237,528	(4,123,337)
Charges to Appropriations (Outflows):				
Community development	20,046,333	21,278,588	20,319,398	959,190
Transfers out	60,000	60,000	-	60,000
Total Charges to Appropriations	20,106,333	21,338,588	20,319,398	1,019,190
Budgetary Fund Balance, June 30	\$ 7,171,050	\$ 7,022,277	\$ 3,918,130	\$ (3,104,147)

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⁾

	2019	2018	2017	2016	2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total Pension Liability:					
Service cost	\$ 7,214,699	\$ 7,296,794	\$ 6,246,675	\$ 6,352,501	\$ 6,739,488
Interest on total pension liability	29,093,082	28,371,378	27,718,396	26,777,993	25,673,047
Changes in assumptions	(2,660,542)	23,417,305	-	(6,534,185)	-
Difference between expected and actual experience	(3,191,600)	(5,058,524)	(3,305,967)	(1,673,895)	-
Benefit payments, including refunds of employee contributions	(20,388,752)	(18,973,677)	(17,783,125)	(17,174,366)	(15,383,934)
Net change in total pension liability	10,066,887	35,053,276	12,875,979	7,748,048	17,028,601
Total pension liability - beginning	419,335,424	384,282,148	371,406,169	363,658,121	346,629,520
Total pension liability - ending (a)	429,402,311	419,335,424	384,282,148	371,406,169	363,658,121
Plan Fiduciary Net Position:					
Contributions - employer	11,789,763	9,315,364	8,640,705	7,450,463	7,232,808
Contributions - employee	3,237,718	2,974,072	2,897,160	2,960,994	3,121,902
Net investment income	25,523,656	31,453,369	1,462,692	6,337,368	42,691,113
Benefit payments, including refunds of employee contributions	(20,388,752)	(18,973,677)	(17,783,125)	(17,174,366)	(15,383,934)
Net plan to plan resource movement	(747)	38,869	(1,431)	(255)	-
Administrative expense	(472,693)	(411,847)	(173,025)	(327,880)	-
Other miscellaneous expense	(897,651)	-	-	-	-
Net change in fiduciary net position	18,791,294	24,396,150	(4,957,024)	(753,676)	37,661,889
Plan fiduciary net position - beginning	303,343,369	278,947,219	283,904,243	284,657,919	246,996,030
Plan fiduciary net position - ending (b)	322,134,663	303,343,369	278,947,219	283,904,243	284,657,919
Net Pension Liability - Ending (a) - (b)	\$ 107,267,648	\$ 115,992,055	\$ 105,334,929	\$ 87,501,926	\$ 79,000,202
Plan fiduciary net position as a percentage of the total pension liability	75.0%	72.3%	72.6%	76.4%	78.3%
Covered payroll	\$ 38,280,356	\$ 37,729,027	\$ 35,805,773	\$ 35,092,814	\$ 35,409,488
Plan net pension liability as a percentage of covered payroll	280.2%	307.4%	294.2%	249.3%	223.1%

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, 2017 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 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2018, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015, amounts reported were based on the 7.5 percent discount rate.

⁽¹⁾ Fiscal Year 2015 was the first year of implementation; therefore, only five 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⁾**

	2019	2018	2017	2016	2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total Pension Liability:					
Service cost	\$ 10,500,340	\$ 10,249,556	\$ 9,035,445	\$ 9,471,721	\$ 10,028,996
Interest on total pension liability	34,962,160	33,447,072	32,392,557	31,362,885	30,432,000
Changes in assumptions	(2,502,783)	28,562,622	-	(7,872,461)	-
Difference between expected and actual experience	3,117,388	(4,296,754)	(6,539,562)	(8,658,602)	-
Benefit payments, including refunds of employee contributions	(23,956,522)	(22,536,630)	(21,347,011)	(19,887,274)	(18,990,595)
Net change in total pension liability	22,120,583	45,425,866	13,541,429	4,416,269	21,470,401
Total pension liability - beginning	495,094,755	449,668,889	436,127,460	431,711,191	410,240,790
Total pension liability - ending (a)	517,215,338	495,094,755	449,668,889	436,127,460	431,711,191
Plan Fiduciary Net Position:					
Contributions - employer	20,124,316	11,829,794	11,179,323	9,726,446	9,044,122
Contributions - employee	3,546,100	3,270,225	2,987,703	2,946,540	2,972,544
Net investment income	31,306,694	37,865,971	1,715,660	7,570,596	51,514,504
Benefit payments, including refunds of employee contributions	(23,956,522)	(22,536,630)	(21,347,011)	(19,887,274)	(18,990,595)
Net plan to plan resource movement	(922)	(38,869)	1,431	255	-
Administrative expense	(571,762)	(497,598)	(208,857)	(385,706)	-
Other miscellaneous expense	(1,085,787)	-	-	-	-
Net change in fiduciary net position	29,362,117	29,892,893	(5,671,751)	(29,143)	44,540,575
Plan fiduciary net position - beginning	366,920,004	337,027,111	342,698,862	342,728,005	298,187,430
Plan fiduciary net position - ending (b)	396,282,121	366,920,004	337,027,111	342,698,862	342,728,005
Plan net pension liability - ending (a) - (b)	\$ 120,933,217	\$ 128,174,751	\$ 112,641,778	\$ 93,428,598	\$ 88,983,186
Plan fiduciary net position as a percentage of the total pension liability	76.6%	74.1%	75.0%	78.6%	79.4%
Covered payroll	\$ 33,295,304	\$ 32,433,252	\$ 31,451,701	\$ 32,835,473	\$ 33,220,696
Plan net pension liability as a percentage of covered payroll	363.2%	395.2%	358.1%	284.5%	267.9%

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, 2017 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 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2018, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015, amounts reported were based on the 7.5 percent discount rate.

⁽¹⁾ Fiscal Year 2015 was the first year of implementation; therefore, only five 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⁾

	2019	2018	2017	2016	2015	2014
Miscellaneous Plan:						
Actuarially Determined Contribution	\$ 10,993,731	\$ 10,360,741	\$ 9,315,364	\$ 8,640,705	\$ 7,450,463	\$ 7,232,808
Contribution in Relation to the Actuarially Determined Contribution	(12,914,623)	(11,789,763)	(9,315,364)	(8,640,705)	(7,450,463)	(7,232,808)
Contribution Deficiency (Excess)	\$ (1,920,892)	\$ (1,429,022)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 38,955,215	\$ 38,280,356	\$ 37,729,027	\$ 35,805,773	\$ 35,092,814	\$ 35,409,488
Contributions as a Percentage of Covered Payroll	33.2%	30.8%	24.7%	24.1%	21.2%	20.4%
Safety Plan:						
Actuarially Determined Contribution	\$ 14,286,816	\$ 12,911,210	\$ 11,829,794	\$ 11,179,323	\$ 9,726,446	\$ 9,044,122
Contribution in Relation to the Actuarially Determined Contribution	(20,138,207)	(20,124,316)	(11,829,794)	(11,179,323)	(9,726,446)	(9,044,122)
Contribution Deficiency (Excess)	\$ (5,851,391)	\$ (7,213,106)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 35,025,358	\$ 33,295,304	\$ 32,433,252	\$ 31,451,701	\$ 32,835,473	\$ 33,220,696
Contributions as a Percentage of Covered Payroll	57.5%	60.4%	36.5%	35.5%	29.6%	27.2%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study from the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

⁽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 six 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⁾**

	2019	2018
	<u>6/30/2018</u>	<u>6/30/2017</u>
Measurement Date		
Total OPEB Liability:		
Service cost	\$ 373,428	\$ 362,551
Interest on the total OPEB liability	175,549	166,455
Changes in assumptions	(244,689)	-
Benefit payments ⁽²⁾	<u>(245,347)</u>	<u>(231,628)</u>
Net change in total OPEB liability	58,941	297,378
Total OPEB liability - beginning	<u>5,730,327</u>	<u>5,432,949</u>
Total OPEB liability - ending	<u>\$ 5,789,268</u>	<u>\$ 5,730,327</u>
Plan fiduciary net position as a percentage of the total OPEB liability ⁽³⁾	0.0%	0.0%
Covered-employee payroll	\$ 76,704,358	\$ 63,197,046
Net OPEB liability as a percentage of covered-employee payroll	7.5%	9.1%

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⁾ Includes value of 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 **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, 2019

	Special Revenue Funds			
	Asset Seizure	Gas Tax and Transportation	Community Development Block Grant	Maintenance Districts
Assets:				
Cash and investments	\$ 1,118,615	\$ 3,661,853	\$ -	\$ 1,503,118
Receivables:				
Accounts	-	-	-	-
Taxes receivable	-	304,921	-	15,881
Notes and loans receivable	-	-	573,070	-
Due from other governments	-	2,200,338	255,808	1,674
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,118,615	\$ 6,167,112	\$ 828,878	\$ 1,520,673
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):				
Liabilities:				
Accounts payable	\$ 3,150	\$ 1,353,861	\$ 49,980	\$ 18,258
Accrued liabilities	-	40,334	13,098	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	208,519	-
Total Liabilities	3,150	1,394,195	271,597	18,258
Deferred Inflows of Resources:				
Unavailable revenues	-	749,666	573,070	-
Total Deferred Inflows of Resources	-	749,666	573,070	-
Fund Balances (Deficits):				
Restricted:				
Public safety	1,115,465	-	-	-
Capital projects	-	-	-	-
Highways	-	4,023,251	-	-
Street lighting and landscape maintenance	-	-	-	1,502,415
Debt service	-	-	-	-
Unassigned	-	-	(15,789)	-
Total Fund Balances (Deficits)	1,115,465	4,023,251	(15,789)	1,502,415
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,118,615	\$ 6,167,112	\$ 828,878	\$ 1,520,673

CITY OF OCEANSIDE, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Fund	Capital Projects Fund	Debt Service Funds		
	State & Local Asset Seizure	General Improvement	General Debt Service	Oceanside Lighting District	Total Nonmajor Governmental Funds
Assets:					
Cash and investments	\$ 23,940	\$ 42,834,134	\$ 2,637,256	\$ 32,429	\$ 51,811,345
Receivables:					
Accounts	-	112,644	-	-	112,644
Taxes receivable	-	-	-	-	320,802
Notes and loans receivable	-	156,670	-	-	729,740
Due from other governments	-	67,744	-	-	2,525,564
Restricted assets:					
Cash and investments	-	100,000	-	-	100,000
Cash and investments with fiscal agents	-	-	9,419	-	9,419
Total Assets	\$ 23,940	\$ 43,271,192	\$ 2,646,675	\$ 32,429	\$ 55,609,514
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits):					
Liabilities:					
Accounts payable	\$ -	\$ 1,404,176	\$ -	\$ -	\$ 2,829,425
Accrued liabilities	-	12,658	-	-	66,090
Unearned revenues	-	1,150,352	-	-	1,150,352
Deposits payable	-	46,828	-	-	46,828
Due to other funds	-	-	-	-	208,519
Total Liabilities	-	2,614,014	-	-	4,301,214
Deferred Inflows of Resources:					
Unavailable revenues	-	735,572	-	-	2,058,308
Total Deferred Inflows of Resources	-	735,572	-	-	2,058,308
Fund Balances (Deficits):					
Restricted:					
Public safety	23,940	-	-	-	1,139,405
Capital projects	-	39,921,606	-	-	39,921,606
Highways	-	-	-	-	4,023,251
Street lighting and landscape maintenance	-	-	-	-	1,502,415
Debt service	-	-	2,646,675	32,429	2,679,104
Unassigned	-	-	-	-	(15,789)
Total Fund Balances (Deficits)	23,940	39,921,606	2,646,675	32,429	49,249,992
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 23,940	\$ 43,271,192	\$ 2,646,675	\$ 32,429	\$ 55,609,514

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Asset Seizure	Gas Tax and Transportation	Community Development Block Grant	Maintenance Districts
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ 2,501,412
Intergovernmental	107,719	18,335,298	1,102,484	-
Charges for services	-	-	-	-
Use of money and property	31,409	135,958	41,116	38,557
Developer participation	-	-	-	-
Miscellaneous	-	-	-	975
Total Revenues	139,128	18,471,256	1,143,600	2,540,944
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	15,024	-	-	-
Community development	-	15,286	-	-
Community/cultural services	-	-	858,912	-
Public works	-	5,930,730	-	2,237,099
Capital outlay	-	8,660,598	-	-
Debt service:				
Principal retirement	-	-	2,375,000	572
Interest and fiscal charges	-	-	119,159	-
Total Expenditures	15,024	14,606,614	3,353,071	2,237,671
Excess (Deficiency) of Revenues over (under) Expenditures	124,104	3,864,642	(2,209,471)	303,273
Other Financing Sources (Uses):				
Transfers in	-	3,569	-	397,408
Transfers out	-	(1,044,100)	-	(522,130)
Notes and loans issued	-	-	2,213,000	-
Total Other Financing Sources (Uses)	-	(1,040,531)	2,213,000	(124,722)
Net Change in Fund Balances	124,104	2,824,111	3,529	178,551
Fund Balances (Deficits) at the Beginning of the Year	991,361	1,199,140	(19,318)	1,323,864
Fund Balances (Deficits) at the End of the Year	\$ 1,115,465	\$ 4,023,251	\$ (15,789)	\$ 1,502,415

CITY OF OCEANSIDE, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Special	Capital Projects	Debt Service Funds		Total Nonmajor Governmental Funds
	Revenue Fund	Fund			
	State & Local Asset Seizure	General Improvement	General Debt Service	Oceanside Lighting District	
Revenues:					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 2,501,412
Intergovernmental	9,088	-	-	-	19,554,589
Charges for services	-	341,009	-	-	341,009
Use of money and property	558	1,156,961	2,329,275	-	3,733,834
Developer participation	-	4,198,662	-	-	4,198,662
Miscellaneous	-	758,976	5,223,693	476,219	6,459,863
Total Revenues	9,646	6,455,608	7,552,968	476,219	36,789,369
Expenditures:					
Current:					
General government	-	17	5,952	-	5,969
Public safety	-	-	-	-	15,024
Community development	-	251,399	-	-	266,685
Community/cultural services	-	-	-	-	858,912
Public works	-	3,239,180	-	-	11,407,009
Capital outlay	-	7,076,902	-	-	15,737,500
Debt service:					
Principal retirement	-	-	7,000,375	381,803	9,757,750
Interest and fiscal charges	-	-	470,457	94,416	684,032
Total Expenditures	-	10,567,498	7,476,784	476,219	38,732,881
Excess (Deficiency) of Revenues over (under) Expenditures	9,646	(4,111,890)	76,184	-	(1,943,512)
Other Financing Sources (Uses):					
Transfers in	-	4,424,198	-	-	4,825,175
Transfers out	-	(50,000)	-	-	(1,616,230)
Notes and loans issued	-	-	-	-	2,213,000
Total Other Financing Sources (Uses)	-	4,374,198	-	-	5,421,945
Net Change in Fund Balances	9,646	262,308	76,184	-	3,478,433
Fund Balances (Deficits) at the Beginning of the Year	14,294	39,659,298	2,570,491	32,429	45,771,559
Fund Balances (Deficits) at the End of the Year	\$ 23,940	\$ 39,921,606	\$ 2,646,675	\$ 32,429	\$ 49,249,992

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 ASSET SEIZURE
 FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 991,361	\$ 991,361	\$ 991,361	\$ -
Resources (Inflows):				
Intergovernmental	35,000	35,000	107,719	72,719
Use of money and property	4,500	4,500	31,409	26,909
Amounts Available for Appropriations	1,030,861	1,030,861	1,130,489	99,628
Charges to Appropriations (Outflows):				
Public safety	404,500	404,500	15,024	389,476
Total Charges to Appropriations	404,500	404,500	15,024	389,476
Budgetary Fund Balance, June 30	\$ 626,361	\$ 626,361	\$ 1,115,465	\$ 489,104

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 GAS TAX AND TRANSPORTATION
 FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,199,140	\$ 1,199,140	\$ 1,199,140	\$ -
Resources (Inflows):				
Intergovernmental	15,729,610	15,414,622	18,335,298	2,920,676
Use of money and property	22,526	22,526	135,958	113,432
Transfers in	-	9,476	3,569	(5,907)
Amounts Available for Appropriations	16,951,276	16,645,764	19,673,965	3,028,201
Charges to Appropriations (Outflows):				
Community development	-	-	15,286	(15,286)
Community/cultural services	6,272,182	8,786,948	5,930,730	2,856,218
Capital outlay	4,746,217	12,919,576	8,660,598	4,258,978
Transfers out	945,500	1,044,100	1,044,100	-
Total Charges to Appropriations	11,963,899	22,750,624	15,650,714	7,099,910
Budgetary Fund Balance, June 30	\$ 4,987,377	\$ (6,104,860)	\$ 4,023,251	\$ 10,128,111

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (19,318)	\$ (19,318)	\$ (19,318)	\$ -
Resources (Inflows):				
Intergovernmental	1,890,496	2,035,696	1,102,484	(933,212)
Use of money and property	41,001	41,001	41,116	115
Notes and loans issued	-	-	2,213,000	2,213,000
Amounts Available for Appropriations	1,912,179	2,057,379	3,337,282	1,279,903
Charges to Appropriations (Outflows):				
Community development	1,649,699	1,749,863	858,912	890,951
Debt service:				
Principal retirement	162,000	162,000	2,375,000	(2,213,000)
Interest and fiscal charges	119,159	119,159	119,159	-
Total Charges to Appropriations	1,930,858	2,031,022	3,353,071	(1,322,049)
Budgetary Fund Balance (Deficit), June 30	\$ (18,679)	\$ 26,357	\$ (15,789)	\$ (42,146)

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MAINTENANCE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,323,864	\$ 1,323,864	\$ 1,323,864	\$ -
Resources (Inflows):				
Assessments	2,461,454	2,461,454	2,501,412	39,958
Use of money and property	9,009	9,009	38,557	29,548
Miscellaneous	5,000	5,000	975	(4,025)
Transfers in	390,000	390,000	397,408	7,408
Amounts Available for Appropriations	4,189,327	4,189,327	4,262,216	72,889
Charges to Appropriations (Outflows):				
Community/cultural services	2,578,452	2,577,880	2,237,099	340,781
Debt service:				
Principal retirement	-	572	572	-
Transfers out	522,130	522,130	522,130	-
Total Charges to Appropriations	3,100,582	3,100,582	2,759,801	340,781
Budgetary Fund Balance, June 30	\$ 1,088,745	\$ 1,088,745	\$ 1,502,415	\$ 413,670

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 STATE & LOCAL ASSET SEIZURE
 FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,294	\$ 14,294	\$ 14,294	\$ -
Resources (Inflows):				
Intergovernmental	1,000	6,800	9,088	2,288
Use of money and property	-	-	558	558
Amounts Available for Appropriations	15,294	21,094	23,940	2,846
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	\$ 14,294	\$ 20,094	\$ 23,940	\$ 3,846

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL IMPROVEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 39,659,298	\$ 39,659,298	\$ 39,659,298	\$ -
Resources (Inflows):				
Charges for services	246,720	246,720	341,009	94,289
Use of money and property	-	-	1,156,961	1,156,961
Developer participation	5,338,586	5,567,609	4,198,662	(1,368,947)
Miscellaneous	500,000	500,000	758,976	258,976
Transfers in	3,648,967	6,402,815	4,424,198	(1,978,617)
Amounts Available for Appropriations	49,393,571	52,376,442	50,539,104	(1,837,338)
Charges to Appropriations (Outflows):				
General government	45,800	45,800	17	45,783
Community development	374,000	391,548	251,399	140,149
Public works	1,625,593	4,456,391	3,239,180	1,217,211
Capital outlay	15,156,832	25,415,570	7,076,902	18,338,668
Transfers out	2,046,032	2,979,567	50,000	2,929,567
Total Charges to Appropriations	19,248,257	33,288,876	10,617,498	22,671,378
Budgetary Fund Balance, June 30	\$ 30,145,314	\$ 19,087,566	\$ 39,921,606	\$ 20,834,040

CITY OF OCEANSIDE, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,570,491	\$ 2,570,491	\$ 2,570,491	\$ -
Resources (Inflows):				
Use of money and property	2,255,000	2,255,000	2,329,275	74,275
Miscellaneous	5,223,931	5,223,931	5,223,693	(238)
Amounts Available for Appropriations	10,049,422	10,049,422	10,123,459	74,037
Charges to Appropriations (Outflows):				
General government	6,600	6,600	5,952	648
Debt service:				
Principal retirement	7,000,375	7,000,375	7,000,375	-
Interest and fiscal charges	471,956	471,956	470,457	1,499
Total Charges to Appropriations	7,478,931	7,478,931	7,476,784	2,147
Budgetary Fund Balance, June 30	\$ 2,570,491	\$ 2,570,491	\$ 2,646,675	\$ 76,184

CITY OF OCEANSIDE, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 OCEANSIDE LIGHTING DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
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	381,803	381,803	381,803	-
Interest and fiscal charges	94,416	94,416	94,416	-
Total Charges to Appropriations	476,219	476,219	476,219	-
Budgetary Fund Balance, June 30	\$ 32,429	\$ 32,429	\$ 32,429	\$ -

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INTERNAL SERVICE FUNDS

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

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

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CITY OF OCEANSIDE, CALIFORNIA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019**

	Loss Prevention	General Services	Total
Assets:			
Current Assets:			
Cash and investments	\$ 24,968,495	\$ 24,501,181	\$ 49,469,676
Restricted cash and investments	300,000	-	300,000
Accounts receivable	129,783	110,987	240,770
Prepaid costs	27,339	35,736	63,075
Due from other funds	-	-	-
Inventories	-	274,001	274,001
Total Current Assets	25,425,617	24,921,905	50,347,522
Noncurrent Assets:			
Advances to other funds	-	431,746	431,746
Capital assets, not being depreciated	-	277,814	277,814
Capital assets, being depreciated	222,024	29,865,286	30,087,310
Less accumulated depreciation	(222,024)	(20,661,674)	(20,883,698)
Total Noncurrent Assets	-	9,913,172	9,913,172
Total Assets	25,425,617	34,835,077	60,260,694
Deferred Outflows of Resources:			
Deferred pension-related items	101,556	876,462	978,018
Total Deferred Outflows of Resources	101,556	876,462	978,018
Liabilities:			
Current Liabilities:			
Accounts payable	229,428	1,155,367	1,384,795
Accrued liabilities	14,258	193,505	207,763
Compensated absences	13,534	305,546	319,080
Accrued claims and judgments	5,110,168	-	5,110,168
Notes payable	-	1,430	1,430
Total Current Liabilities	5,367,388	1,655,848	7,023,236
Noncurrent Liabilities:			
Compensated absences	20,418	460,982	481,400
Accrued claims and judgments	14,526,044	-	14,526,044
Notes payable	-	9,530	9,530
Net pension liability	557,167	6,228,108	6,785,275
Total Noncurrent Liabilities	15,103,629	6,698,620	21,802,249
Total Liabilities	20,471,017	8,354,468	28,825,485
Deferred Inflows of Resources:			
Deferred pension-related items	28,817	294,420	323,237
Total Deferred Inflows of Resources	28,817	294,420	323,237
Net Position:			
Net investment in capital assets	-	9,481,426	9,481,426
Unrestricted	5,027,339	17,581,225	22,608,564
Total Net Position	\$ 5,027,339	\$ 27,062,651	\$ 32,089,990

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Loss Prevention	General Services	Total
Operating Revenues:			
Sales and service charges	\$ 7,479,897	\$ 58,044,457	\$ 65,524,354
Miscellaneous	1,030,769	357,601	1,388,370
Total Operating Revenues	8,510,666	58,402,058	66,912,724
Operating Expenses:			
Personnel services	584,908	43,991,677	44,576,585
Maintenance and operations	7,690,262	10,093,921	17,784,183
Depreciation expense	-	2,254,430	2,254,430
Total Operating Expenses	8,275,170	56,340,028	64,615,198
Operating Income	235,496	2,062,030	2,297,526
Nonoperating Revenues:			
Investment income	-	5,002	5,002
Gain on disposal of capital assets	-	106,131	106,131
Total Nonoperating Revenues	-	111,133	111,133
Income Before Transfers	235,496	2,173,163	2,408,659
Transfers in	-	59,600	59,600
Transfers out	(236,634)	(1,806,965)	(2,043,599)
Change in Net Position	(1,138)	425,798	424,660
Net Position at the Beginning of the Year	5,028,477	26,636,853	31,665,330
Net Position at the End of the Year	\$ 5,027,339	\$ 27,062,651	\$ 32,089,990

CITY OF OCEANSIDE, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Loss Prevention	General Services	Total
Cash Flows from Operating Activities:			
Receipts from interfund charges	\$ 7,509,361	\$ 58,000,882	\$ 65,510,243
Other receipts	1,030,769	357,601	1,388,370
Payments to suppliers and providers	(7,767,169)	(9,920,538)	(17,687,707)
Payments to employees for salaries and benefits	(531,441)	(43,451,275)	(43,982,716)
Payments for claims and judgments	1,001,689	-	1,001,689
Net Cash Provided by Operating Activities	1,243,209	4,986,670	6,229,879
Cash Flows from Non-Capital Financing Activities:			
Cash transfers from other funds	-	59,600	59,600
Cash transfers to other funds	(236,634)	(1,806,965)	(2,043,599)
Net Cash Used for Non-Capital Financing Activities	(236,634)	(1,747,365)	(1,983,999)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(2,120,394)	(2,120,394)
Proceeds from disposal of capital assets	-	114,955	114,955
Principal paid on capital debt	-	(1,429)	(1,429)
Repayment received on advance to other funds	-	23,001	23,001
Net Cash Used for Capital and Related Financing Activities	-	(1,983,867)	(1,983,867)
Cash Flows from Investing Activities:			
Investment income	-	5,002	5,002
Net Cash Provided by Investing Activities	-	5,002	5,002
Net Increase in Cash and Cash Equivalents	1,006,575	1,260,440	2,267,015
Cash and Cash Equivalents, July 1 (including \$300,000 for the Loss Prevention Fund reported in restricted accounts)	24,261,920	23,240,741	47,502,661
Cash and Cash Equivalents, June 30 (including \$300,000 for the Loss Prevention Fund reported in restricted accounts)	\$ 25,268,495	\$ 24,501,181	\$ 49,769,676
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 235,496	\$ 2,062,030	\$ 2,297,526
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	2,254,430	2,254,430
(Increase) Decrease in accounts receivable	29,464	(43,575)	(14,111)
Decrease in prepaid costs	626	110,031	110,657
(Increase) decrease in inventories	-	(16,599)	(16,599)
Increase (decrease) in accounts payable	(77,533)	79,951	2,418
Increase (decrease) in accrued liabilities	(313)	13,870	13,557
Increase in compensated absences	1,803	9,690	11,493
Increase in claims and judgments	1,001,689	-	1,001,689
Increase in pensions and related items	51,977	516,842	568,819
Total Adjustments	1,007,713	2,924,640	3,932,353
Net Cash Provided by Operating Activities	\$ 1,243,209	\$ 4,986,670	\$ 6,229,879

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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.

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CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Special Assessment District</u>	<u>Deposit</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 117,229	\$ 5,815,479	\$ 5,932,708
Restricted cash and investments	9,709,516	-	9,709,516
Accounts receivable	-	31,832	31,832
Taxes receivable	6,871	-	6,871
Accrued interest	26,142	-	26,142
Total Assets	<u>\$ 9,859,758</u>	<u>\$ 5,847,311</u>	<u>\$ 15,707,069</u>
Liabilities:			
Accounts payable	\$ 9,556	\$ 77,009	\$ 86,565
Accrued liabilities	-	12,293	12,293
Deposits payable	-	5,758,009	5,758,009
Due to bondholders	9,850,202	-	9,850,202
Total Liabilities	<u>\$ 9,859,758</u>	<u>\$ 5,847,311</u>	<u>\$ 15,707,069</u>

CITY OF OCEANSIDE, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Special Assessment District</u>				
Assets:				
Cash and investments	\$ 157,764	\$ 3,875,760	\$ 3,916,295	\$ 117,229
Restricted cash and investments	9,626,402	6,782,488	6,699,374	9,709,516
Taxes receivable	12,245	6,872	12,246	6,871
Accrued interest	16,819	26,142	16,819	26,142
Total Assets	\$ 9,813,230	\$ 10,691,262	\$ 10,644,734	\$ 9,859,758
Liabilities:				
Accounts payable	\$ 9,500	\$ 15,392	\$ 15,336	\$ 9,556
Due to bondholders	9,803,730	6,212,974	6,166,502	9,850,202
Total Liabilities	\$ 9,813,230	\$ 6,228,366	\$ 6,181,838	\$ 9,859,758
<u>Deposit</u>				
Assets:				
Cash and investments	\$ 6,099,512	\$ 25,932,460	\$ 26,216,493	\$ 5,815,479
Accounts receivable	-	31,832	-	31,832
Total Assets	\$ 6,099,512	\$ 25,964,292	\$ 26,216,493	\$ 5,847,311
Liabilities:				
Accounts payable	\$ 14,588	\$ 25,720,969	\$ 25,658,548	\$ 77,009
Accrued liabilities	12,227	24,643,798	24,643,732	12,293
Deposits payable	6,072,697	338,818	653,506	5,758,009
Total Liabilities	\$ 6,099,512	\$ 50,703,585	\$ 50,955,786	\$ 5,847,311
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 6,257,276	29,808,220	\$ 30,132,788	\$ 5,932,708
Restricted cash and investments	9,626,402	6,782,488	6,699,374	9,709,516
Accounts receivable	-	31,832	-	31,832
Taxes receivable	12,245	6,872	12,246	6,871
Accrued interest	16,819	26,142	16,819	26,142
Total Assets	\$ 15,912,742	\$ 36,655,554	\$ 36,861,227	\$ 15,707,069
Liabilities:				
Accounts payable	\$ 24,088	\$ 25,736,361	\$ 25,673,884	\$ 86,565
Accrued liabilities	12,227	24,643,798	24,643,732	12,293
Deposits payable	6,072,697	338,818	653,506	5,758,009
Due to bondholders	9,803,730	6,212,974	6,166,502	9,850,202
Total Liabilities	\$ 15,912,742	\$ 56,931,951	\$ 57,137,624	\$ 15,707,069

DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2019

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			
	2010	2011	2012	2013
Governmental Activities				
Net investment in capital assets	\$ 234,789,461	\$ 235,574,067	\$ 243,655,279	\$ 241,149,904
Restricted for:				
Debt Service	2,174,867	4,141,868	2,161,962	2,256,658
Capital Projects	40,191,226	58,506,353		28,708,355
Specific Projects and Programs	39,150,717	42,884,232	106,653,971	82,545,895
Total Restricted	81,516,810	105,532,453	108,815,933	113,510,908
Unrestricted	73,283,539	53,795,980	49,273,627	59,194,764
Total governmental activities net position	\$ 389,589,810	\$ 394,902,500	\$ 401,744,839	\$ 413,855,576
Business-type Activities				
Net investment in capital assets	\$ 400,340,807	\$ 395,086,570	\$ 385,375,753	\$ 380,748,031
Restricted for:				
Capital projects	27,552,284	32,998,023	38,054,343	23,556,608
Debt service	955,236	936,607	930,832	1,019,886
Rate stabilization		1,700,000	2,318,667	2,318,667
Unrestricted	21,602,927	28,535,592	44,681,865	79,945,483
Total business-type activities net position	\$ 450,451,254	\$ 459,256,792	\$ 471,361,460	\$ 487,588,675
Primary Government				
Net investment in capital assets	\$ 635,130,268	\$ 630,660,637	\$ 629,031,032	\$ 621,897,935
Restricted	110,024,330	141,167,083	150,119,775	140,406,069
Unrestricted	94,886,466	82,331,572	93,955,492	139,140,247
Total Primary Government net position	\$ 840,041,064	\$ 854,159,292	\$ 873,106,299	\$ 901,444,251

		Fiscal Year					
		2014	2015	2016	2017	2018	2019
\$	246,144,971	\$ 266,146,413	\$ 271,158,974	\$ 282,775,916	\$ 284,435,863	\$ 292,804,444	
	2,237,378	2,256,538	2,595,789	2,588,474	2,602,920	2,679,104	
	29,702,850	33,941,840	41,373,208	33,510,793	39,454,169	40,657,178	
	85,489,088	21,814,282	21,637,543	17,373,883	26,071,742	31,716,726	
	<u>117,429,316</u>	<u>58,012,660</u>	<u>65,606,540</u>	<u>53,473,150</u>	<u>68,128,831</u>	<u>75,053,008</u>	
	58,259,611	(82,447,190)	(73,967,078)	(50,292,346)	(37,820,563)	(28,675,795)	
\$	421,833,898	\$ 241,711,883	\$ 262,798,436	\$ 285,956,720	\$ 314,744,131	\$ 339,181,657	
\$	364,159,043	\$ 368,135,588	\$ 387,599,614	\$ 403,023,876	\$ 424,457,531	\$ 441,719,343	
	56,127,650	47,783,461	56,933,570	74,021,628	71,303,919	90,962,906	
	1,000,178	961,741	769,774	81,447			
	0	6,078,455	6,078,455	5,276,131	5,216,020	3,093,211	
	<u>86,994,807</u>	<u>92,909,730</u>	<u>85,997,831</u>	<u>84,047,668</u>	<u>93,865,168</u>	<u>87,136,684</u>	
\$	508,281,678	\$ 515,868,975	\$ 537,379,244	\$ 566,450,750	\$ 594,842,638	\$ 622,912,144	
\$	610,304,014	\$ 634,282,001	\$ 658,758,588	\$ 685,799,792	\$ 708,893,394	\$ 734,523,787	
	174,557,144	112,836,317	129,388,339	132,852,356	144,648,770	169,109,125	
	<u>145,254,418</u>	<u>10,462,540</u>	<u>12,030,753</u>	<u>33,755,322</u>	<u>56,044,605</u>	<u>58,460,889</u>	
\$	<u>930,115,576</u>	<u>\$ 757,580,858</u>	<u>\$ 800,177,680</u>	<u>\$ 852,407,470</u>	<u>\$ 909,586,769</u>	<u>\$ 962,093,801</u>	

City of Oceanside

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 13,967,349	\$ 14,899,107	\$ 16,101,719	\$ 14,830,050
Public safety	81,635,635	74,767,172	70,989,600	76,558,916
Community development	39,476,894	28,968,430	28,291,313	25,082,898
Community/cultural services	14,565,149	11,669,455	11,615,707	11,910,768
Public works	27,101,514	32,341,519	27,020,879	28,329,168
Interest on long-term debt	9,213,229	7,472,655	5,441,528	2,861,072
Total governmental activities	<u>\$ 185,959,770</u>	<u>\$ 170,118,338</u>	<u>\$ 159,460,746</u>	<u>\$ 159,572,872</u>
Business-type activities:				
Water	44,640,059	43,930,562	51,309,115	51,800,928
Sewer	29,744,119	29,272,281	33,251,371	31,340,700
Waste disposal	19,073,268	20,035,442	20,111,113	19,217,767
Special aviation	230,378	380,711	94,106	90,609
Oceanside Small Craft Harbor District	4,454,450	1,382,005	1,292,291	1,312,457
Total business-type activities	<u>98,142,274</u>	<u>95,001,001</u>	<u>106,057,996</u>	<u>103,762,461</u>
Total primary government expenses	<u>\$ 284,102,044</u>	<u>\$ 265,119,339</u>	<u>\$ 265,518,742</u>	<u>\$ 263,335,333</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,510,087	\$ 1,618,641	\$ 2,112,141	\$ 2,479,719
Public safety	8,123,510	6,116,702	5,005,344	6,514,143
Community development	5,180,697	6,127,879	6,073,887	6,864,969
Community/cultural services	1,111,571	1,203,242	897,301	974,234
Public works	6,721,474	8,424,047	6,978,316	6,984,599
Operating Grants and Contributions	38,057,394	45,593,539	36,121,277	31,216,913
Capital Grants and Contributions	4,824,134	7,479,535	7,490,018	5,593,000
Total governmental activities program revenues	<u>65,528,867</u>	<u>76,563,585</u>	<u>64,678,284</u>	<u>60,627,577</u>
Business-type activities:				
Charges for services:				
Water	41,865,765	45,307,197	53,176,890	57,469,143
Sewer	28,570,644	32,440,442	37,638,074	39,670,129
Waste disposal	20,795,455	23,119,454	22,756,966	23,568,208
Special aviation	144,269	97,633	100,865	102,084
Oceanside Small Craft Harbor District	5,028,536	5,003,985	5,792,048	6,099,713
Operating Grants and Contributions	1,787,839	384,697	1,881,956	586,367
Capital Grants and Contributions	238,500	-	-	-
Total business-type activities program revenues	<u>98,431,008</u>	<u>106,353,408</u>	<u>121,346,799</u>	<u>127,495,644</u>
Total primary government program revenues	<u>\$ 163,959,875</u>	<u>\$ 182,916,993</u>	<u>\$ 186,025,083</u>	<u>\$ 188,123,221</u>
Net (Expense)/Revenue				
Governmental activities	\$ (120,430,903)	\$ (93,554,753)	\$ (94,782,462)	\$ (98,945,295)
Business-type activities	288,734	11,352,407	15,288,803	23,733,183
Total primary government net expense	<u>\$ (120,142,169)</u>	<u>\$ (82,202,346)</u>	<u>\$ (79,493,659)</u>	<u>\$ (75,212,112)</u>

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 16,455,355	\$ 16,671,736	\$ 15,552,936	\$ 15,296,527	\$ 25,402,641	\$ 23,705,007	
76,486,996	80,525,772	83,064,936	84,872,862	88,194,832	95,275,203	
24,559,378	30,564,852	32,224,969	33,709,839	30,724,146	32,323,593	
14,051,321	12,941,427	13,545,812	14,776,797	18,330,643	16,494,113	
30,469,085	37,084,193	30,968,801	35,778,483	45,262,298	41,646,397	
2,151,302	2,078,438	1,645,159	802,656	649,868	389,984	
<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>	<u>\$ 209,834,297</u>	
56,800,583	56,314,612	55,292,508	55,915,076	61,368,335	62,055,388	
31,537,700	31,516,720	31,470,309	30,604,682	27,395,744	33,235,157	
18,745,866	19,323,265	19,240,727	19,684,911	20,251,509	21,150,326	
86,988	83,305	92,086	104,671	84,677	177,315	
1,372,653	1,366,092	1,363,913	1,210,663	1,188,233	1,799,482	
<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>118,417,668</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>	<u>\$ 328,251,965</u>	
62,320,181	59,703,297	58,870,606	65,750,944	70,911,470	65,950,368	
44,210,556	46,181,396	44,918,587	45,395,610	44,986,466	48,212,072	
23,706,070	24,473,562	25,093,298	25,505,957	25,901,726	27,066,874	
104,298	96,131	123,129	113,913	74,644	-	
6,095,895	6,267,995	6,339,274	6,627,547	6,653,343	7,155,443	
-	118,470	-	-	-	75,000	
-	939,000	-	-	-	-	
<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>148,459,757</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>	<u>\$ 234,810,687</u>	
\$ (101,780,738)	\$ (112,484,292)	\$ (88,371,951)	\$ (101,425,697)	\$ (107,331,101)	\$ (123,483,367)	
27,893,210	29,175,857	27,885,351	35,873,968	38,239,151	30,042,089	
<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>	<u>\$ (93,441,278)</u>	

City of Oceanside

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

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 55,979,593	\$ 54,923,310	\$ 51,774,298	\$ 49,143,021
Sales taxes	17,326,635	18,141,424	19,397,588	20,716,764
Other taxes	10,577,615	11,091,446	11,461,700	16,565,848
Total taxes	<u>83,883,843</u>	<u>84,156,180</u>	<u>82,633,586</u>	<u>86,425,633</u>
Intergovernmental unrestricted	504,448	830,682	90,581	-
Investment Earnings	8,380,289	9,585,836	-	-
Developer contributions	-	-	-	-
Miscellaneous	3,673,334	5,749,504	23,213,669	13,889,663
Loss on sale of assets	-	-	-	-
Extraordinary gain(loss)	-	-	(11,501,480)	-
Transfers	4,961,121	7,025,199	6,883,340	10,740,736
Total Governmental activities	<u>101,403,035</u>	<u>107,347,401</u>	<u>101,319,696</u>	<u>111,056,032</u>
Business-type activities:				
Investment Earnings	982,961	568,677	932,868	(536,263)
Miscellaneous	3,860,425	4,461,855	2,766,337	3,654,356
Loss on sale of assets	-	-	-	-
Transfers	(4,961,121)	(7,025,199)	(6,883,340)	(10,740,736)
Total business-type activities:	<u>(117,735)</u>	<u>(1,994,667)</u>	<u>(3,184,135)</u>	<u>(7,622,643)</u>
Total primary government	<u>\$ 101,285,300</u>	<u>\$ 105,352,734</u>	<u>\$ 98,135,561</u>	<u>\$ 103,433,389</u>
Change in Net Position				
Governmental activities	(19,027,868)	13,792,648	6,537,234	12,110,737
Business-type activities:	170,999	9,357,740	12,104,668	16,110,540
Total primary government	<u>\$ (18,856,869)</u>	<u>\$ 23,150,388</u>	<u>\$ 18,641,902</u>	<u>\$ 28,221,277</u>

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 49,142,577	\$ 51,170,308	\$ 54,205,419	\$ 57,600,747	\$ 61,606,355	\$ 64,970,213	
20,960,270	21,748,689	22,150,105	22,130,638	22,671,662	26,892,609	
12,405,237	14,344,548	14,928,000	15,261,245	16,412,384	17,180,512	
<u>82,508,084</u>	<u>87,263,545</u>	<u>91,283,524</u>	<u>94,992,630</u>	<u>100,690,401</u>	<u>109,043,334</u>	
-	-	-	-	-	-	
-	-	-	-	-	-	
15,946,986	14,949,969	14,856,503	16,737,491	19,955,645	25,125,242	
-	130,127	-	-	-	-	
104,999	33,177,247	-	165,162	-	-	
<u>11,286,667</u>	<u>10,910,791</u>	<u>12,218,129</u>	<u>13,403,896</u>	<u>17,149,010</u>	<u>13,752,317</u>	
<u>109,846,736</u>	<u>146,431,679</u>	<u>118,358,156</u>	<u>125,299,179</u>	<u>137,795,056</u>	<u>147,920,893</u>	
1,959,130	1,574,239	1,914,261	934,405	1,595,238	6,508,995	
2,024,680	2,966,379	3,928,786	5,667,029	5,706,509	5,270,739	
6,357	-	-	-	-	-	
<u>(11,286,667)</u>	<u>(10,910,791)</u>	<u>(12,218,129)</u>	<u>(13,403,896)</u>	<u>(17,149,010)</u>	<u>(13,752,317)</u>	
<u>(7,296,500)</u>	<u>(6,370,173)</u>	<u>(6,375,082)</u>	<u>(6,802,462)</u>	<u>(9,847,263)</u>	<u>(1,972,583)</u>	
<u>\$ 102,550,236</u>	<u>\$ 140,061,506</u>	<u>\$ 111,983,074</u>	<u>\$ 118,496,717</u>	<u>\$ 127,947,793</u>	<u>\$ 145,948,310</u>	
8,065,998	33,947,387	29,986,205	23,873,482	30,463,955	24,437,526	
20,596,710	22,805,684	21,510,269	29,071,506	28,391,888	28,069,506	
<u>\$ 28,662,708</u>	<u>\$ 56,753,071</u>	<u>\$ 51,496,474</u>	<u>\$ 52,944,988</u>	<u>\$ 58,855,843</u>	<u>\$ 52,507,032</u>	

City of Oceanside

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 11,693,612	\$ 13,378,851	\$ 11,255,881	\$ 11,280,586
Restricted	-	-	-	-
Committed	15,737,602	15,667,245	16,348,074	16,213,781
Assigned	9,051,338	5,806,222	7,472,057	12,712,663
Unassigned	1,008,053	-	1,997,735	8,490,329
Total General Fund	\$ 37,490,605	\$ 34,852,318	\$ 37,073,747	\$ 48,697,359
All Other Governmental Funds				
Nonspendable				
Special revenue funds	\$ 23,597,506	\$ 23,575,682	\$ 5,406,933	\$ 5,366,479
Debt service funds	-	-	-	-
Capital projects funds	18,949,270	335,047	-	-
Other Governmental Funds	4,051,048	24,176,027	-	4,449
Restricted				
Special revenue funds	7,354,557	7,889,448	7,493,591	7,469,221
Debt service funds	-	-	-	2,224,229
Capital projects funds	-	1,432,594	-	-
Other Governmental Funds	6,489,499	17,881,727	42,681,033	43,500,742
Committed				
Special revenue funds	-	-	-	-
Debt service funds	412,349	-	-	-
Capital projects funds	-	21,030	-	-
Other Governmental Funds	-	-	-	-
Assigned				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	56,242,413	46,908,822	-	-
Other Governmental Funds	2,821,010	1,967,025	4,019,757	909,617
Unassigned				
Special revenue funds	-	-	(90,115)	(744,030)
Debt service funds	(9,817,564)	(12,029,374)	-	-
Capital projects funds	-	-	-	-
Other Governmental Funds	(167,026)	(373,292)	(233,255)	(53,807)
Total all other Governmental Funds	\$ 109,933,062	\$ 111,784,736	\$ 59,277,944	\$ 58,676,900
All Governmental Funds	\$ 147,423,667	\$ 146,637,054	\$ 96,351,691	\$ 107,374,259

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 11,168,901	\$ 11,113,123	\$ 2,317,462	\$ 2,389,107	\$ 2,657,521	\$ 2,546,455
-	-	-	-	9,993,649	10,537,671
17,526,258	17,160,366	19,516,594	19,765,583	22,303,807	20,413,909
15,679,811	18,835,653	33,527,796	42,489,683	33,134,264	44,579,611
8,352,469	11,844,123	2,129,908	2,099,212	1,107,192	1,541,510
<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>	<u>\$ 79,619,156</u>
\$ -	\$ -	\$ -	\$ 8,169	\$ 936	\$ 8,180
-	-	-	-	-	-
-	-	-	585,000	-	-
-	-	-	-	208,807	-
13,229,318	13,030,490	14,045,390	10,691,295	12,552,874	12,000,511
-	-	2,563,360	-	-	-
-	-	41,373,208	33,510,793	-	-
46,547,909	44,982,170	7,624,582	9,271,062	45,582,308	49,265,781
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,213,824	-	-	-	-	-
-	-	(2,718,367)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(93,079)	(60,012)	(100,689)	(139,423)	(19,556)	(15,789)
<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>\$ 61,258,683</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>	<u>\$ 140,877,839</u>

City of Oceanside

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues:				
Taxes	\$ 83,508,603	\$ 84,252,109	\$ 82,159,554	\$ 81,307,547
Licenses and permits	973,602	2,501,483	1,987,843	2,201,628
Intergovernmental	28,700,124	38,281,505	34,823,491	28,709,782
Charges for services	14,492,767	12,999,466	9,254,906	11,649,934
Interest and rentals	6,318,649	3,629,981	6,051,536	4,828,626
Fines and forfeitures	1,890,806	1,949,170	4,536,471	4,289,750
Lease revenue	2,342,583	2,348,728	1,234,704	-
Developer fees	2,744,171	2,782,358	2,191,048	2,775,907
Special assessments	-	-	-	-
Administrative and in lieu charges	16,537,589	10,911,973	8,798,042	8,872,886
Contribution from Successor Agency	-	-	-	-
Other	4,639,198	8,258,197	9,138,214	14,468,524
Total Revenues	162,148,092	167,914,970	160,175,809	159,104,584
Expenditures:				
General government	13,705,854	14,204,862	15,040,557	14,102,273
Public safety	76,616,881	72,109,425	71,220,254	74,771,213
Community development	38,432,800	27,655,390	27,968,667	25,064,042
Community/cultural services	14,881,758	10,843,234	9,591,839	9,847,644
Public works	18,664,638	17,130,401	15,999,867	16,715,563
Capital outlay	8,953,305	14,513,009	11,290,953	6,899,316
Debt service				
Principal	6,596,713	7,616,985	14,967,189	21,152,400
Interest	9,638,213	7,608,092	6,186,648	3,127,280
Bond issuance costs	-	-	-	-
Total Expenditures	187,490,162	171,681,398	172,265,974	171,679,731
Excess of Revenues over (under) expenditures	(25,342,070)	(3,766,428)	(12,090,165)	(12,575,147)
Other Financing Sources (Uses)				
Issuance of long-term debt	-	1,624,761	7,725,000	12,126,893
Issuance of refunding debt	-	-	-	-
Bond premium	-	-	-	-
Payment of unfunded pension liability	-	-	-	-
Redemption of refunded debt	-	-	-	-
Loan proceeds	-	-	-	-
Proceed from sale of real property	-	-	-	-
Transfers in	27,723,634	32,976,259	23,022,366	15,831,614
Transfers out	(22,306,443)	(28,437,187)	(14,530,805)	(4,360,792)
Total other financing sources (uses)	5,417,191	6,163,833	16,216,561	23,597,715
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	(19,505,666)	-
Special Items	-	-	-	-
Net change in fund balances	\$ (19,924,879)	\$ 2,397,405	\$ (15,379,270)	\$ 11,022,568
Debt Service as a percentage of noncapital expenditures.	9.1%	9.7%	13.1%	14.6%

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

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	82,818,776	\$	86,981,734	\$	92,398,458	\$	94,992,630	\$	100,690,401	\$	109,043,334
	2,171,960		2,205,931		3,002,897		4,131,518		4,191,893		4,251,308
	27,038,190		30,517,109		38,274,496		33,782,804		38,036,075		44,027,263
	15,145,486		15,745,425		16,484,313		19,128,674		16,801,185		17,382,544
	6,715,747		8,306,216		10,153,764		11,294,813		14,021,724		17,376,726
	4,211,163		3,947,380		3,636,224		3,582,534		3,880,292		3,500,764
	-		-		-		-		-		-
	2,498,169		2,068,849		3,278,143		8,315,056		6,402,849		6,379,267
	-		-		-		-		-		-
	9,197,686		9,273,016		9,402,106		9,329,520		9,224,128		8,922,780
	-		-		6,000,000		-		-		-
	8,652,117		9,155,313		9,551,724		6,409,469		6,749,932		7,307,909
	158,449,294		168,200,973		192,182,125		190,967,018		199,998,479		218,191,895
	15,557,074		15,770,645		15,743,065		15,154,065		23,831,381		23,670,406
	76,446,617		82,300,876		86,435,756		86,976,976		89,713,361		94,145,443
	24,700,043		28,324,390		32,366,663		31,859,013		28,957,273		31,646,718
	11,837,141		12,360,663		12,500,483		14,974,123		14,447,165		14,626,737
	19,123,912		20,150,010		21,905,999		23,753,492		28,200,906		26,736,693
	9,609,187		16,402,049		15,235,160		22,636,767		17,133,972		17,184,656
	5,533,197		5,978,373		46,762,743		7,058,009		7,379,072		9,773,404
	2,289,860		2,213,452		1,730,103		1,044,950		897,358		684,032
	-		-		494,230		-		-		-
	165,097,031		183,500,458		233,174,202		203,457,395		210,560,488		218,468,089
	(6,647,737)		(15,299,485)		(40,992,077)		(12,490,377)		(10,562,009)		(276,194)
	4,731,027		-		-		-		-		-
	-		-		40,355,000		-		-		-
	-		-		606,016		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		155,494		2,213,000
	-		786,000		-		-		-		-
	18,173,810		20,692,139		17,429,585		21,222,539		23,186,875		20,843,662
	(6,918,272)		(5,898,152)		(5,125,541)		(7,625,727)		(5,929,039)		(5,107,346)
	15,986,565		15,579,987		53,265,060		13,596,812		17,413,330		17,949,316
	-		-		-		-		-		-
	-		-		-		-		-		(4,317,085)
\$	9,338,828	\$	280,502	\$	12,272,983	\$	1,106,435	\$	6,851,321	\$	13,356,037
	4.9%		4.7%		22.1%		4.4%		4.1%		5.0%

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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
2010	41,072,836	17,045,656	664,486	3,184,613	3,912,710	2,590,262	68,470,562
2011	44,345,948	18,408,283	548,660	3,325,825	4,125,808	2,788,662	73,543,186
2012	45,631,731	18,923,556	627,729	3,817,155	4,041,626	2,557,232	75,599,029
2013	45,578,034	20,427,305	690,461	4,239,186	3,981,353	2,344,023	77,260,362
2014	47,167,486	21,251,247	875,716	4,707,473	4,112,292	2,449,210	80,563,424
2015	49,251,587	21,452,095	892,327	5,950,709	4,470,596	2,700,272	84,717,586
2016	51,874,767	23,265,039	1,000,623	6,574,179	4,493,687	2,706,109	89,914,404
2017	55,113,613	22,130,638	1,076,478	7,066,170	4,185,453	2,812,886	92,385,238
2018	58,496,100	22,671,661	1,190,591	7,944,470	4,241,056	3,022,177	97,566,055
2019	63,883,081	24,155,296	1,087,132	8,509,768	4,271,004	3,212,961	105,119,242
Change 2010-2019	55.5%	41.7%	63.6%	167.2%	9.2%	24.0%	53.5%

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
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
2019	11,469,470,694	11,805,171,159	364,425,781	23,639,067,634

Source: County of San Diego

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

* See Note 15: Dissolution of redevelopment agency

EXEMPTIONS

Homeowner's	Tax Increment	All Other	Net Taxable Value	Direct Tax Rate	Property Tax Revenue
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
194,799,231	*	467,492,508	22,976,775,895	0.271 %	62,197,067

City of Oceanside

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Education</u>	<u>Special Districts Improvements</u>	<u>City of Oceanside</u>	<u>Basic County/ City Rate</u>	<u>Total Tax Rate (1)</u>
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%
2019	0.26562%	0.03100%	0.18924%	1.00000%	1.48586%

(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	2019			2010		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Genentech Inc	\$ 480,197,192	1	2.03%			
P K II El Camino North LP	132,531,436	2	0.56%			
Gilead Sciences Inc	122,170,883	3	0.52%			
Guardian Piazza Doro LLC	89,458,473	4	0.38%			
FPA of WC Rancho Del Oro LLC	85,620,925	5	0.36%			
Walmart Real Estate Business Trust	79,423,095	6	0.34%			
AGC Pacific Coast Plaza LLC	74,576,671	7	0.31%			
GFP Oceanside Block 21 LLC	70,581,405	8	0.30%			
Lakeridge-Island Club Apts Ptnshp	69,976,059	9	0.30%			
BRE CA Presidio at Rancho Del Oro	68,128,340	10	0.29%			
Genentech Inc				\$ 493,663,172	1	2.82%
P K II El Camino North LP				116,016,483	2	0.66%
Daley Family Trust				101,235,214	3	0.58%
A M B D F S Pacific Coast LLC				75,139,602	4	0.43%
W2005 MRD Realty LLC				74,921,284	5	0.43%
Lakeridge-Island Club Apts Partners LP				61,278,048	6	0.35%
Essex C A A-WA LP				53,143,836	7	0.30%
Walmart Real Estate Business Trust				44,768,108	8	0.26%
Pacific Coast Plaza Investments LP				43,738,040	9	0.25%
Prime Mesa				43,250,081	10	0.25%
	<u>\$ 1,272,664,479</u>		<u>5.39%</u>	<u>\$ 1,107,153,868</u>		<u>6.33%</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
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%
2019	43,555,209	42,186,390	96.9%	94,605	42,280,995	97.1%	1,263,595	2.9%

Source: County of San Diego

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

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

City of Oceanside

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	Pension Obligation Bonds	Redevelopment Bonds	Capital Leases & Notes Payable	Certificates of Participation	Special Assessment Bonds
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	-
2019	23,690,000	*	4,543,353	6,649,757	-

¹ 2010 - 2012 ratios were calculated using the Price and Population received from the State of California Department of Finance.

² 2013 - 2019 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 ^{1,2}	Per Capita ¹
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
22,307,838	-	19,083,824	76,274,772	1.38 %	428

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					
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
2019	23,690,000	*	6,634,381	-	30,324,381	0.13%	170	23,698,960,502	178,021

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, 2019

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt		City's Share of Debt 6/30/19
	Debt 6/30/19	% Applicable (1)	
Metropolitan Water District	\$ 48,050,000	0.810%	\$ 389,205
Mira Costa Community College District	85,850,000	16.070%	13,796,095
Palomar Community College District	618,718,625	5.155%	31,894,945
Carlsbad Unified School District	240,948,680	1.832%	4,414,180
Oceanside Unified School District	222,457,302	99.794%	221,999,040
Vista Unified School District	141,249,882	32.960%	46,555,961
Fallbrook Union High School district	10,071,101	8.937%	900,054
Bonsall Unified School District	10,505,021	23.158%	2,432,753
City of Oceanside Community Facilities District No. 2000-1	20,610,000	100.000%	20,610,000
City of Oceanside Community Facilities District No. 2001-1	12,935,000	100.000%	12,935,000
City of Oceanside Community Facilities District No. 2001-1, Improvement Area No. 1	5,400,000	100.000%	5,400,000
City of Oceanside Community Facilities District No. 2006-1	8,845,000	100.000%	8,845,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 370,172,234
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Diego County General Fund Obligations	\$ 255,365,000	4.505%	\$ 11,504,193
San Diego County Pension Obligations	508,765,000	4.505%	22,919,863
San Diego County Superintendent of Schools Certificates of Participation	10,085,000	4.505%	454,329
Mira Costa Community College District Certificates of Participation	150,000	16.070%	24,105
Palomar Community College District Certificates of Participation	2,140,000	5.155%	110,317
Carlsbad Unified School District Certificates of Participation	42,315,000	1.832%	775,211
Vista Unified School District Certificates of Participation	1,895,000	32.960%	624,592
Bonsall Union School District Certificates of Participation	7,345,000	23.158%	1,700,955
City of Oceanside General Fund Obligations	8,829,382	100.000%	8,829,382
City of Oceanside Pension Obligations	23,690,000	100.000%	23,690,000
City of Oceanside Leases Obligations	0	100.000%	0
City of Oceanside Notes Obligations	2,348,353	100.000%	2,348,353
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 72,981,301
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		100.000%	22,155,000
 TOTAL DIRECT DEBT			34,867,735
TOTAL OVERLAPPING DEBT			\$ 430,440,800
 GROSS COMBINED TOTAL DEBT			\$ 465,308,535

(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 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.56%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$34,867,735) 0.14%

Combined Total Debt 1.95%

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

Total Overlapping Tax Increment Debt 1.51%

Source: California Municipal Statistics, Inc

City of Oceanside

Legal Debt Margin Information Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Assessed valuation	\$ 17,493,006,303	\$ 17,205,265,780	\$ 17,381,056,626	\$ 17,323,915,631
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	4,373,251,576	4,301,316,445	4,345,264,157	4,330,978,908
Debt limit percentage	15%	15%	15%	15%
Debt limit	655,987,736	645,197,467	651,789,623	649,646,836
Total net debt applicable to limit: General & Pension Obligation Bonds	40,325,000	39,345,000	38,195,000	36,860,000
Legal debt margin	615,662,736	605,852,467	613,594,623	612,786,836
Total debt applicable to the limit as a percentage of the debt limit	6.1%	6.1%	5.9%	5.7%

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						
2014	2015	2016	2017	2018	2019	
\$ 17,715,328,740	\$ 18,780,841,789	\$ 19,721,367,813	\$ 20,914,477,517	\$ 22,324,441,314	\$ 23,698,960,502	
25%	25%	25%	25%	25%	25%	25%
4,428,832,185	4,695,210,447	4,930,341,953	5,228,619,379	5,581,110,329	5,924,740,126	
15%	15%	15%	15%	15%	15%	15%
664,324,828	704,281,567	739,551,293	784,292,907	837,166,549	888,711,019	
35,325,000	33,580,000	32,020,000	29,435,000	26,660,000	23,690,000	
628,999,828	670,701,567	707,531,293	754,857,907	810,506,549	865,021,019	
5.3%	4.8%	4.3%	3.8%	3.2%	2.7%	

City of Oceanside

Pledged-Revenue Coverage Last Ten Years

Water Revenue Bonds							
Fiscal Year	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
**2019	68,164,609	61,017,580	7,147,029	1,120,000	662,213	1,782,213	4.01

Sewer Revenue Bonds							
Fiscal Year	Sewer Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
^2014	44,554,439	30,279,044	14,275,395	1,570,000	550,698	2,120,698	6.73
2015	47,048,104	30,448,939	16,599,165	1,590,000	530,219	2,120,219	7.83
2016	46,371,556	30,470,684	15,900,872	1,615,000	498,419	2,113,419	7.52
2017	47,599,766	29,796,336	17,803,430	1,075,000	433,819	1,508,819	11.80
2018	47,800,364	26,629,434	21,170,930	1,120,000	390,819	1,510,819	14.01
2019	61,017,580	32,660,817	28,356,763	1,160,000	346,019	1,506,019	18.83

*Debt coverage improved due to increase in water revenue.

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

^2013 Sewer Refunding Bond was issued by the City

City of Oceanside

Demographic and Economic Statistics Last Ten Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (Millions \$)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2019	178,021	10,385	58,335	3.4%

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	2019	2010
	Business Category	Business Category
7 Eleven	Service Stations	
Albertsons	Grocery Stores	
American Import Auto Group	Used Automotive Dealers	
Arco	Service Stations	
Arco AM PM	Service Stations	
Best Buy	Electronics/Appliance Stores	
Chevron	Service Stations	
Circle K	Service Stations	
G&M	Service Stations	
Home Depot	Building Materials	
Kohls	Department Stores	
Krannich Solar West	Energy/Utilities	
Lowe's	Building Materials	
McDonald's	Quick-Service Restaurants	
Mohsen Oil	Service Stations	
Mossy Nissan	New Motor Vehicle Dealers	
MWI Plumbers Supply	Plumbing/Electrical Supplies	
Ross	Family Apparel	
Stater Bros	Grocery Stores	
Superior Ready Mix Concrete	Contractors	
Symbotic	Heavy Industrial	
Target	Discount Dept Stores	
TJ Maxx	Family Apparel	
United Oil	Service Stations	
Walmart Supercenter	Discount Dept Stores	
Albertsons		Grocery Stores
Arco		Service Stations
Arco AM PM		Service Stations
Arco AM PM		Service Stations
Best Buy		Electronics/Appliance Stores
Chevron		Service Stations
CVS Pharmacy		Drug Stores
Discount Tire		Automotive Supply Stores
Home Depot		Building Materials
Kmart		Discount Dept Stores
Kohls		Department Stores
Lowe's		Building Materials
McDonald's		Quick-Service Restaurants
Mission Gas & Mini Mart		Service Stations
Mobil Oil		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
Ross		Family Apparel
Stater Bros		Grocery Stores
Target		Discount Dept Stores
Toys R Us		Specialty Stores
Walmart Supercenter		Discount Dept Stores
Percent of Fiscal Year Total Paid by Top 25 Accounts	41%	44%

* 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									
	2010	2011*	2012	2013	2014	2015	2016	2017	2018	2019
General Government	105	102	99	120	118	117	124	118	101	102
Public Safety										
Police	321	321	320	320	319	321	322	327	325	325
Fire	114	120	118	119	119	131	130	126	126	127
Public Works	109	121	110	91	88	88	88	93	113	113
Development Services	51	48	48	47	47	54	58	60	58	58
Neighborhood Services	71	69	63	59	55	56	57	58	60	60
Economic & Community Development	14	13	12	2	2	2	2	4	4	4
Library	35	32	27	26	26	26	27	27	27	27
Water Utilities	144	143	138	138	141	144	144	147	152	151
Harbor	26	0	0	0	0	0	0	0	0	0
Total	990	969	935	922	915	939	952	960	966	967

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Arrests	7,245	5,961	9,086	7,920	6,841	6,031	5,021	5,426	5,505	5,993
Citations	17,491	23,464	26,639	23,467	23,082	15,910	13,654	15,462	7,098	8,368
Fire										
Number of Emergency Calls	16,692	16,662	17,913	17,811	17,975	19,777	20,430	21,009	21,408	20,913
Inspections	2,000	1,765	1,741	2,225	2,321	3,155	2,491	3,057	4,002	3,642
Public Works										
Street Resurfacing (lane miles)	54	46	0	40	14	52	49	3	40	9
Water										
Average Daily Consumption (million gallons)	24	23	24	24	25	25	19	20	22	19
Wastewater										
Average Daily Sewage Treatment (million gallons)	12	12	12	12	11	11	11	12	10	10
Recreation										
Number of Recreation Classes (quarterly)	140	120	100	130	130	130	145	165	170	160
Library										
Total Volumes in Collection	305,346	274,289	274,097	261,999	250,331	259,442	200,211	197,529	196,732	194,443
Total Volumes Loaned	561,182	497,563	501,410	489,361	478,695	491,451	453,213	398,206	405,474	412,925

Source: Various City Departments

City of Oceanside

Capital Asset Statistics by Function Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
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	475	475	480
Number of Street Lights (City Owned):	a 8,345	8,345	8,345	8,445
Utilities:				
Miles of Lines and Mains	600	580	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)	33	33	33	33
Area of Parks (In Acres)	b 810	810	810	810
Recreation & Senior Centers	6	6	6	6
Pools	2	2	2	2
Number of Libraries	2	2	2	2
Number of Library Outlets	4	3	3	3
Number of Bookmobiles	1	1	1	1
Computer Terminals for Internet Access (Public)	76	85	85	85
Number of Visitors to Library	576,223	469,610	472,617	485,035

Source: Various City Departments

^a Estimated

^b Does not include El Corazon

Fiscal Year					
2014	2015	2016	2017	2018	2019
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	5	5	5	5
480	480	480	480	480	480
8,546	8,546	8,546	8,546	8,546	8,377
580	580	593	591	591	591
2	2	2	2	2	2
450	450	460	480	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
2	2	2	2	2	2
87	87	75	66	60	60
396,597	483,521	476,019	434,489	519,859	511,244

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