<u>NEW ISSUE – BOOK-ENTRY ONLY</u> **Moody's: "Aa3"**
(See "MISCELLANEOUS – Ratings.")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$25,000,000
OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
General Obligation Bonds, Election of 2008, Series E

Dated: Date of Delivery **Due: As shown on the inside cover**

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Oceanside Unified School District General Obligation Bonds, Election of 2008, Series E (the "Bonds") are being issued by the District for the purpose of providing funds (i) to finance specific construction, acquisition and modernization projects approved by the voters (as described herein) and (ii) to pay costs of issuance. The Board of Supervisors of the County of San Diego, California (the "County") is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. The Bonds whose interest is tax-exempt for federal income tax purposes are herein referred to as the "Tax-Exempt Bonds." The Bonds whose interest is not tax-exempt for federal income tax purposes are herein referred to as the "Taxable Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are general obligation bonds of the District, secured and payable from *ad valorem* property taxes assessed on taxable properties within the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). The Bonds are not obligations of the County or of the general fund of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds will be issued as current interest bonds. The Bonds will be dated the date of their delivery, will mature in the principal amounts and will bear interest payable commencing on August 1, 2019, and thereafter on each February 1 and August 1 to maturity or upon earlier redemption, at the rates set forth on the inside cover page hereof. See "THE BONDS – Payment of Principal and Interest."

Payments of principal of the Bonds will be made by the Paying Agent (initially, the Treasurer-Tax Collector of the County of San Diego) to The Depository Trust Company, New York, New York ("DTC"), for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners (as defined in Appendix F) of the Bonds. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of a nominee of DTC. Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS – Payment of Principal and Interest" and APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

The Bonds are subject to redemption prior to maturity. See "THE BONDS – Redemption."

See Inside Cover for
Maturity Schedule

The Bonds will be offered when, as, and if issued by the District and received by the Underwriter, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and for the Underwriter by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about July 2, 2019.

RAYMOND JAMES

The date of this Official Statement is June 12, 2019.

MATURITY SCHEDULE

$25,000,000
OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2008, SERIES E

$6,585,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield[*]	CUSIP[†] (675383)
Federally Taxable Bonds				
2019	$1,450,000	2.370%	2.370%	RM7
Tax-Exempt Bonds				
2020	3,200,000	4.000	1.140	RE5
2030	135,000	4.000	1.830[C]	RF2
2031	460,000	4.000	1.970[C]	RG0
2032	660,000	4.000	2.090[C]	RH8
2033	680,000	4.000	2.190[C]	RJ4

$1,365,000 4.000% Term Bonds due August 1, 2045 – Yield[*] 2.930%[C] – CUSIP No.[†] 675383 RK1

$17,050,000 4.000% Term Bonds due August 1, 2048 – Yield[*] 2.970%[C] – CUSIP No.[†] 675383 RL9

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[*] Yields certified by the Underwriter. The District takes no responsibility for the accuracy therefor.
[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the County, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.
[C] Yield to call at par on August 1, 2027.

OCEANSIDE UNIFIED SCHOOL DISTRICT

Board of Education

Eleanor Juanita Evans
President

Mike Blessing *Vice President*	Eric Joyce *Clerk*
Raquel Alvarez *Member*	Stacy Begin *Member*

District Administration

Dr. Julie A. Vitale
Superintendent

Dr. Shannon Soto
Deputy Superintendent of Administrative Services

Dr. Todd McAteer
Associate Superintendent of Human Resources

Dr. Mercedes Lovie
Associate Superintendent of Educational Services

Bond Counsel
and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Municipal Advisor

PFM Financial Advisors LLC
San Francisco, California

Paying Agent

Treasurer-Tax Collector
of the County of San Diego, California
San Diego, California

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Bonds are exempted from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriter listed on the cover page hereof (the "Underwriter") have provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements are expressly qualified in their entirety by the foregoing and the other cautionary statements set forth in this Official Statement.

The District maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

TABLE OF CONTENTS

Page

INTRODUCTION 1
The District 1

THE BONDS 2
Authority for Issuance; Purpose 2
Form and Registration 2
Payment of Principal and Interest 2
Redemption 3
Defeasance of Bonds 4
Unclaimed Moneys 5

PLAN OF FINANCE 5
ESTIMATED SOURCES AND USES OF FUNDS 6
DEBT SERVICE 7
Semi-Annual Debt Service 7
Aggregate Annual Debt Service 8

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 10
General 10
Pledge of Tax Revenues 10
Statutory Lien on Taxes (Senate Bill 222) 10
Property Taxation System 10
Assessed Valuation of Property Within the District 11
Tax Rates 17
Tax Collections and Delinquencies 18

TAX MATTERS 20
Tax-Exempt Bonds 20
Taxable Bonds 22

OTHER LEGAL MATTERS 25
Possible Limitations on Remedies; Bankruptcy 25
Amounts Held in County Treasury Pool 26
Legal Opinion 27
Legality for Investment in California 27
Continuing Disclosure 27
Litigation 27

MISCELLANEOUS 27
Rating 27
Professionals Involved in the Offering 28
Underwriting 28
Additional Information 29

APPENDIX A INFORMATION RELATING TO THE DISTRICT A-1
APPENDIX B AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018 .... B-1
APPENDIX C PROPOSED FORM OF OPINION OF BOND COUNSEL C-1
APPENDIX D PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE D-1
APPENDIX E SAN DIEGO COUNTY INVESTMENT POOL E-1
APPENDIX F BOOK-ENTRY ONLY SYSTEM F-1

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$25,000,000
OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2008, SERIES E

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of the Oceanside Unified School District General Obligation Bonds, Election of 2008, Series E (the "Bonds"). The Bonds whose interest is tax-exempt for federal income tax purposes are herein referred to as the "Tax-Exempt Bonds." The Bonds whose interest is not tax-exempt for federal income tax purposes are herein referred to as the "Taxable Bonds."

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as set forth in the Continuing Disclosure Certificate to be executed by the Oceanside Unified School District (the "District"), the District has no obligation to update the information in this Official Statement. See "OTHER LEGAL MATTERS – Continuing Disclosure."

The Bonds are being issued pursuant to a resolution of the District adopted on March 12, 2019 (the "District Resolution"), a resolution of the County of San Diego (the "County") adopted on April 9, 2019, and a paying agent agreement (the "Paying Agent Agreement"), dated as of July 1, 2019, by and between the District and the County through the Office of the County Treasurer-Tax Collector of the County (the "County Treasurer"), as paying agent.

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the District Resolution and the Paying Agent Agreement providing for the issuance of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

Copies of documents referred to herein and information concerning the Bonds are available from the District upon request to the Superintendent, Oceanside Unified School District, 2111 Mission Avenue, Oceanside, California 92058. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District, a school district of the State, was established in 1970. It encompasses an area of about 63.5 square miles and is primarily located in the City of Oceanside but includes portions of unincorporated areas, including part of Marine Corps Base-Camp Pendleton. The District currently operates sixteen elementary schools, four middle schools, two comprehensive high schools and one continuation/alternative education high school. The Average Daily Attendance ("A.D.A.") of the District's students was 17,051 students in fiscal year 2017-18 and is projected to be 16,710 students in fiscal year 2018-19, a decrease of approximately 2.4%.

Taxable property in the District has a fiscal year 2018-19 assessed value of approximately $16.5 billion. For fiscal year 2018-19, the District has projected the employment of 944.1 full-time equivalent ("FTE") certificated employees (teaching staff), 708.3 FTE classified employees and 70.0 FTE management, supervisory and confidential personnel. The District operates under the jurisdiction of the San Diego County Superintendent of Schools.

As of June 1, 2019, the District has $219,220,865.35 principal amount of general obligation bonds outstanding and $65,005,673.65 remaining voter-approved authorization for future issuances prior to the sale of the Bonds. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT – DISTRICT FINANCIAL MATTERS – Outstanding General Obligation Bonds."

The District is governed by a Board of Education consisting of five members (the "Board"). The members are elected at-large to four-year terms in staggered years. Elections for positions to the Board are held every two years, alternating between two and three available positions. The day-to-day operations are managed by a board-appointed Superintendent. The current Superintendent is Dr. Julie Vitale.

The District is a Local Control Funding Formula ("LCFF") district, which means that it receives some financial support from the State of California (the "State"). For additional information about the District's operations and finances, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT" and APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

THE BONDS

Authority for Issuance; Purpose

The Bonds described herein are authorized to be issued pursuant to the Constitution and laws of the State, including the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and other applicable provisions of law, including applicable provisions of the Education Code of the State. The Bonds are authorized by the District Resolution adopted by the Board of Education on March 12, 2019 and the County Resolution adopted by the Board of Supervisors of the County on April 9, 2019, and are being issued pursuant to a paying agent agreement, dated as of July 1, 2019 (the "Paying Agent Agreement"), by and between the District and the Treasurer-Tax Collector of the County, as paying agent (the "Paying Agent").

The District received authorization to issue bonds of the District in an aggregate principal amount not to exceed $195,000,000 to finance specific school facility construction, repair and improvement projects pursuant to an election held on June 3, 2008 (the "2008 Authorization"). The measure required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of approximately 71.3%. Proceeds from the Bonds are expected to be used to (i) finance capital facility needs approved by the voters of the District, and (ii) pay costs of issuance of the Bonds. See "PLAN OF FINANCE."

Form and Registration

The Bonds will be issued in fully registered book-entry form only, in denominations of $5,000 or any integral multiple thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

The Bonds will be issued as current interest bonds, and shall mature in the amounts and on August 1 in each of the years as set forth on the inside front cover page hereof. The Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable commencing on August 1, 2019, and on February 1 and August 1 of each year thereafter (each, an "Interest Payment Date"), computed on the basis of a 360-day year consisting of twelve 30-day months. Each of the Bonds shall bear interest (payable to the owner thereof) from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any of the Bonds, interest is in default on any outstanding Bonds, such Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2020, are not subject to redemption prior to their stated maturity date. The Bonds maturing on and after August 1, 2030 shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2027, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The $1,365,000 Term Bond maturing on August 1, 2045, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to Be Redeemed
2041	$155,000
2042	165,000
2043	270,000
2044	380,000
2045†	395,000

† Maturity.

The $17,050,000 Term Bond maturing on August 1, 2048, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to Be Redeemed
2046	$5,505,000
2047	5,670,000
2048†	5,875,000

† Maturity.

The principal amount to be redeemed in each year shown in the table above will be reduced proportionately, in integral multiples of $5,000, by the amount of such Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds are subject to such redemption and are called for redemption, such Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District (or as otherwise set forth in the applicable bond purchase agreement relating to the purchase of the Bonds by the Underwriter), and if less than all of the Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed will be determined by lot (or as otherwise set forth in such bond purchase agreement or by DTC procedures).

Notice of Redemption. Notice of any redemption of the Bonds is required to be given by the Paying Agent, upon written request of the District, not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX D – "PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption shall state (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the series of Bonds and the dates of maturity or maturities of Bonds to be redeemed; (vi) if less than all of the Bonds of a series of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity of such series to be redeemed; (vii) in the case of Bonds of a series redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity of such series to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds of a series to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Neither the failure to receive the notice of redemption as provided in this paragraph, nor any defect in such notice will affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as provided for in the District Resolution, and when the redemption price of the Bonds called for redemption has been set aside for such purpose, the Bonds designated for redemption shall become due and payable on the specified redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at said redemption price out of the money provided therefor. The owners of such Bonds so called for redemption after such redemption date shall be entitled to payment thereof only from the interest and sinking fund of the District (the "Interest and Sinking Fund") or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Conditional Notice. Any notice of optional redemption delivered hereunder may be conditioned on any fact or circumstance stated therein, and if such condition shall not have been satisfied on or prior to the redemption date stated in such notice, said notice shall be of no force and effect on and as of the stated redemption date, the redemption shall be cancelled, and the District shall not be required to redeem the Bonds that were the subject of the notice. The Paying Agent shall give notice of such cancellation and the reason therefor in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such cancellation shall not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice shall not affect the validity of the cancellation.

Rescission of Notice of Redemption. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or Defeasance Securities (as defined below) in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the District Resolution (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the District shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the District Resolution, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with such provisions, (ii) there shall have been deposited with the Paying Agent (or an escrow agent) either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the principal of, premium, if any, and interest on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the District shall have given the Paying Agent in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bond that the deposit required by clause (ii) above has been made and that such Bond is deemed to have been paid in accordance with the District Resolution and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of, premium, if any, and interest on such Bond.

No Bond shall be deemed to have been paid pursuant to clause (ii)(B) above unless the District shall have caused to be delivered (i) an executed copy of a verification report with respect to such deemed payment, addressed to the District and the Paying Agent, in form and in substance acceptable to the District and the Paying Agent, and (ii) a copy of the direction or the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) above resulting in such deemed payment, which direction or escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new verification report, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original verification report or upon delivery of a new verification report.

The "Defeasance Securities" agreed to by the District for the Bonds is as follows: (i) direct, non-callable obligations of the United States Treasury; (ii) direct non-callable and non-prepayable obligations which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest; (iii) non-callable, non-prepayable coupons from the above securities which are stripped pursuant to United States Treasury programs; (iv) non-callable and non-prepayable (or irrevocably called to a specified redemption date) refunded municipal bonds that are backed by an escrow funded with obligations of or guaranteed by the United States of America; (v) Resolution Funding Corporation (REFCORP) securities consisting of interest components stripped by the Federal Reserve Bank of New York; (vi) non-callable, and non-prepayable fixed rate Israel Notes guaranteed as to principal and interest by the United States of America through the United Agency for International Development (provided that, such notes maintain a rating at the same level as obligations of the United States Treasury and mature at least four business days before funds are needed for refunded bond debt service payments); and (vii) United States State and Local Government Securities (SLGS).

Unclaimed Moneys

Any money held by the Paying Agent or an escrow agent in trust for the payment of the principal of, redemption premium, if any, or interest on any Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption), shall be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from the fund, or, if no such bonds of the District are at such time outstanding, they moneys shall be transferred to the general fund of the District as provided and to the extent permitted by law, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the District for the payment of such principal and interest.

PLAN OF FINANCE

The District received authorization under the 2008 Authorization to issue general obligation bonds in an amount not to exceed $195,000,000 to improve learning, assure local students access to comparable, modern classrooms, facilities and technology by replacing deteriorated plumbing/sewer/roofing systems; renovate student classrooms; improve school/playground safety/security; upgrade or replace outdated electrical heating/ventilation systems, and aging portable classrooms. The Bonds are the fifth issuance of general obligation bonds of the District under the 2008 Authorization.

A portion of the proceeds from the Bonds, exclusive of any premium and accrued interest received, if any, will be deposited in the County treasury to the credit of the building fund of the District (the "Building Fund"). Any premium or accrued interest received will be deposited in the Interest and Sinking Fund in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Bonds, will be invested at the sole discretion of the County Treasurer pursuant to law and the County's investment policy. See APPENDIX E – "SAN DIEGO COUNTY INVESTMENT POOL."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as shown in the following table:

Sources of Funds:	
Principal Amount of Bonds	$25,000,000.00
Net Original Issue Premium	1,730,629.00
Total Sources	$26,730,629.00
Uses of Funds:	
Deposit to Building Fund	$24,982,962.50
Deposit to Interest and Sinking Fund	1,452,768.29
Underwriter's Discount	93,750.00
Costs of Issuance[(1)]	201,148.21
Total Uses	$26,730,629.00

(1) Includes fees for the municipal advisor, Bond Counsel, Disclosure Counsel, rating agency, Paying Agent, fiscal agent, printing, and other miscellaneous expenses.

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DEBT SERVICE

Semi-Annual Debt Service

Upon issuance of the Bonds, the semi-annual debt service on the Bonds, assuming no early redemptions, will be as follows:

Date	Principal	Interest	Semi-Annual Debt Service	Total Annual Debt Service
8/1/2019	$1,450,000.00	$ 78,651.62	$1,528,651.62	$1,528,651.62
2/1/2020	-	471,000.00	471,000.00	-
8/1/2020	3,200,000.00	471,000.00	3,671,000.00	4,142,000.00
2/1/2021	-	407,000.00	407,000.00	-
8/1/2021	-	407,000.00	407,000.00	814,000.00
2/1/2022	-	407,000.00	407,000.00	-
8/1/2022	-	407,000.00	407,000.00	814,000.00
2/1/2023	-	407,000.00	407,000.00	-
8/1/2023	-	407,000.00	407,000.00	814,000.00
2/1/2024	-	407,000.00	407,000.00	-
8/1/2024	-	407,000.00	407,000.00	814,000.00
2/1/2025	-	407,000.00	407,000.00	-
8/1/2025	-	407,000.00	407,000.00	814,000.00
2/1/2026	-	407,000.00	407,000.00	-
8/1/2026	-	407,000.00	407,000.00	814,000.00
2/1/2027	-	407,000.00	407,000.00	-
8/1/2027	-	407,000.00	407,000.00	814,000.00
2/1/2028	-	407,000.00	407,000.00	-
8/1/2028	-	407,000.00	407,000.00	814,000.00
2/1/2029	-	407,000.00	407,000.00	-
8/1/2029	-	407,000.00	407,000.00	814,000.00
2/1/2030	-	407,000.00	407,000.00	-
8/1/2030	135,000.00	407,000.00	542,000.00	949,000.00
2/1/2031	-	404,300.00	404,300.00	-
8/1/2031	460,000.00	404,300.00	864,300.00	1,268,600.00
2/1/2032	-	395,100.00	395,100.00	-
8/1/2032	660,000.00	395,100.00	1,055,100.00	1,450,200.00
2/1/2033	-	381,900.00	381,900.00	-
8/1/2033	680,000.00	381,900.00	1,061,900.00	1,443,800.00
2/1/2034	-	368,300.00	368,300.00	-
8/1/2034	-	368,300.00	368,300.00	736,600.00
2/1/2035	-	368,300.00	368,300.00	-
8/1/2035	-	368,300.00	368,300.00	736,600.00
2/1/2036	-	368,300.00	368,300.00	-
8/1/2036	-	368,300.00	368,300.00	736,600.00
2/1/2037	-	368,300.00	368,300.00	-
8/1/2037	-	368,300.00	368,300.00	736,600.00
2/1/2038	-	368,300.00	368,300.00	-
8/1/2038	-	368,300.00	368,300.00	736,600.00
2/1/2039	-	368,300.00	368,300.00	-
8/1/2039	-	368,300.00	368,300.00	736,600.00
2/1/2040	-	368,300.00	368,300.00	-
8/1/2040	-	368,300.00	368,300.00	736,600.00
2/1/2041	-	368,300.00	368,300.00	-
8/1/2041	155,000.00	368,300.00	523,300.00	891,600.00
2/1/2042	-	365,200.00	365,200.00	-
8/1/2042	165,000.00	365,200.00	530,200.00	895,400.00
2/1/2043	-	361,900.00	361,900.00	-
8/1/2043	270,000.00	361,900.00	631,900.00	993,800.00
2/1/2044	-	356,500.00	356,500.00	-
8/1/2044	380,000.00	356,500.00	736,500.00	1,093,000.00
2/1/2045	-	348,900.00	348,900.00	-
8/1/2045	395,000.00	348,900.00	743,900.00	1,092,800.00
2/1/2046	-	341,000.00	341,000.00	-
8/1/2046	5,505,000.00	341,000.00	5,846,000.00	6,187,000.00
2/1/2047	-	230,900.00	230,900.00	-
8/1/2047	5,670,000.00	230,900.00	5,900,900.00	6,131,800.00
2/1/2048	-	117,500.00	117,500.00	-
8/1/2048	5,875,000.00	117,500.00	5,992,500.00	6,110,000.00
TOTAL	$25,000,000.00	$21,659,851.62	$46,659,851.62	$46,659,851.62

Aggregate Annual Debt Service

The following table summarizes the annual aggregate debt service requirements of all outstanding general obligation bonds of the District assuming no early redemptions. For further information, see APPENDIX A – "DISTRICT FINANCIAL MATTERS – District Debt Structure."

Year ending (August 1)	2010 General Obligation Refunding Bonds (Proposition G)	2012 General Obligation Refunding Bonds (Proposition G)	2014 General Obligation Refunding Bonds (Proposition G)	2015 General Obligation Refunding Bonds (Proposition G)	2015 General Obligation Refunding Bonds (Proposition H)	2018 General Obligation Refunding Bonds (Proposition G)	2018 General Obligation Refunding Bonds (Proposition H)
2019	$ 805,850.00	$2,296,406.26	$2,974,756.26	$1,115,150.00	$ 786,600.00	$1,271,104	$ 1,304,505.93
2020	1,554,125.00	1,679,156.26	2,974,956.26	1,115,150.00	786,600.00	1,202,000	1,304,293.76
2021	1,570,800.00	1,668,906.26	2,977,206.66	1,115,150.00	786,600.00	1,666,200	1,302,293.76
2022	1,584,800.00	1,666,656.26	2,980,456.26	1,115,150.00	786,600.00	2,085,200	1,304,693.76
2023	606,400.00	2,396,906.26	2,979,456.26	1,115,150.00	786,600.00	-	1,306,293.76
2024	762,400.00	2,387,906.26	2,989,206.26	1,115,150.00	786,600.00	-	1,302,093.76
2025	1,199,900.00	1,324,656.26	4,038,956.26	1,115,150.00	786,600.00	-	1,302,293.76
2026	1,343,800.00	1,327,156.26	4,031,456.26	1,115,150.00	786,600.00	-	1,306,693.76
2027	1,969,125.00	1,317,225.00	4,031,706.26	1,115,150.00	786,600.00	-	745,093.76
2028	2,601,750.00	1,320,125.00	4,023,956.26	1,115,150.00	786,600.00	-	745,093.76
2029	-	1,313,875.00	2,818,206.26	2,110,150.00	786,600.00	-	745,093.76
2030	-	1,306,312.50	1,588,956.26	3,340,400.00	786,600.00	-	745,093.76
2031	-	1,307,437.50	1,575,656.26	3,341,650.00	786,600.00	-	745,093.76
2032	-	1,296,875.00	1,569,362.50	3,337,150.00	786,600.00	-	10,240,093.76
2033	-	-	1,561,437.50	3,331,900.00	786,600.00	-	11,886,187.50
2034	-	-	-	3,335,650.00	786,600.00	-	-
2035	-	-	-	1,777,650.00	786,600.00	-	-
2036	-	-	-	390,750.00	786,600.00	-	-
2037	-	-	-	390,750.00	786,600.00	-	-
2038	-	-	-	390,750.00	786,600.00	-	-
2039	-	-	-	390,750.00	786,600.00	-	-
2040	-	-	-	390,750.00	786,600.00	-	-
2041	-	-	-	390,750.00	786,600.00	-	-
2042	-	-	-	390,750.00	786,600.00	-	-
2043	-	-	-	390,750.00	786,600.00	-	-
2044	-	-	-	390,750.00	786,600.00	-	-
2045	-	-	-	390,750.00	786,600.00	-	-
2046	-	-	-	3,785,750.00	786,600.00	-	-
2047	-	-	-	4,641,000.00	786,600.00	-	-
2048	-	-	-	-	6,346,600.00	-	-
2049	-	-	-	-	7,298,600.00	-	-
2050	-	-	-	-	2,507,000.00	-	-
2051	-	-	-	-	3,801,200.00	-	-
TOTAL	$13,998,950.00	$22,609,600.08	$43,115,731.78	$44,060,300.00	$42,764,800.00	$6,224,503.89	$36,284,912.31

Year ending (August 1)	General Obligation Bonds, Election of 2008, Series A	General Obligation Bonds, Election of 2008, Series B	General Obligation Bonds, Election of 2008, Series C	General Obligation Bonds, Election of 2008, Series D	The Bonds	Combined Annual Debt Service
2019	$1,410,000.00	-	-	$1,216,100.00	$1,528,651.62	$14,709,123.96
2020	1,300,000.00	-	-	1,216,100.00	4,142,000.00	17,274,381.28
2021	1,555,000.00	-	-	1,216,100.00	814,000.00	14,672,256.68
2022	1,815,000.00	-	-	1,216,100.00	814,000.00	15,368,656.28
2023	4,915,000.00	-	-	1,216,100.00	814,000.00	16,135,906.28
2024	5,505,000.00	-	-	2,191,100.00	814,000.00	17,853,456.28
2025	6,110,000.00	-	-	2,052,350.00	814,000.00	18,743,906.28
2026	6,600,000.00	-	-	2,068,100.00	814,000.00	19,392,956.28
2027	7,760,000.00	-	-	2,170,850.00	814,000.00	20,709,750.02
2028	8,095,000.00	-	-	2,361,100.00	814,000.00	21,862,775.02
2029	8,440,000.00	-	-	2,749,100.00	814,000.00	19,777,025.02
2030	8,790,000.00	-	-	3,014,350.00	949,000.00	20,520,712.52
2031	8,210,000.00	-	-	3,288,350.00	1,268,600.00	20,523,387.52
2032	-	-	-	2,293,050.00	1,450,200.00	20,973,331.26
2033	-	-	-	1,415,350.00	1,443,800.00	20,425,275.00
2034	-	$ 8,140,000.00	$3,660,000.00	4,197,550.00	736,600.00	20,856,400.00
2035	-	10,015,000.00	3,910,000.00	2,920,600.00	736,600.00	20,146,450.00
2036	-	12,100,000.00	4,115,000.00	1,498,750.00	736,600.00	19,627,700.00
2037	-	12,585,000.00	4,335,000.00	1,627,400.00	736,600.00	20,461,350.00
2038	-	13,090,000.00	4,570,000.00	1,759,200.00	736,600.00	21,333,150.00
2039	-	13,610,000.00	4,815,000.00	1,903,800.00	736,600.00	22,242,750.00
2040	-	14,155,000.00	5,070,000.00	2,055,400.00	736,600.00	23,194,350.00
2041	-	14,720,000.00	5,340,000.00	2,213,400.00	891,600.00	24,342,350.00
2042	-	19,572,687.00	3,155,000.00	582,200.00	895,400.00	25,382,637.00
2043	-	20,468,050.20	3,290,000.00	638,000.00	993,800.00	26,567,200.20
2044	-	21,284,948.40	3,495,000.00	750,800.00	1,093,000.00	27,801,098.40
2045	-	22,140,000.00	3,714,930.10	863,200.00	1,092,800.00	28,988,280.10
2046	-	1,118,562.50	3,942,953.50	-	6,187,000.00	15,820,866.00
2047	-	1,163,372.40	4,190,000.00	-	6,131,800.00	16,912,772.40
2048	-	1,208,895.45	4,450,000.00	-	6,110,000.00	18,115,495.45
2049	-	1,255,000.00	4,720,000.00	-	-	13,273,600.00
2050	-	-	335,000.00	-	-	2,842,000.00
2051	-	-	130,000.00	-	-	3,931,200.00
TOTAL	$70,505,000.00	$186,626,515.95	$67,237,883.60	$50,694,500.00	$46,659,851.62	$630,782,549.23

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for payment of principal and interest on the Bonds when due, the Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of assessed value. When collected, the tax revenues levied to pay the Bonds will be deposited by the County Treasurer in the Interest and Sinking Fund, which is required by law to be maintained by the County and to be used solely for the payment of bonds of the District.

Pledge of Tax Revenues

Pursuant to the District Resolution, the District pledges all revenues from the property taxes collected from the levy by the County Board of Supervisors for the payment of the Bonds and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the Bonds. This pledge is valid and binding from the date of adoption of the District Resolution for the benefit of the owners of the Bonds and successors thereto. The property taxes and amounts held in the Interest and Sinking Fund are immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. "Bonds" for purpose of this pledge means all bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including refunding bonds of such bonds and the Bonds, as all such Bonds are required by State law to be paid from the Interest and Sinking Fund.

The pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist. The Bonds and each of the other bonds secured by the pledge are or were issued to finance or refinance one or more of the projects specified in the applicable voter-approved measure.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code of the State (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation in the State is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding general obligation bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school general obligation bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

Assessed Valuation of Property Within the District

Taxable property located in the District has a 2018-19 assessed value of $16,533,897,626. All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific, and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "– *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The State Board of Equalization also is required to assess pipelines, flumes, canals, and aqueducts lying within two or more counties. The value of property assessed by the State Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the State Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the State Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table sets forth the recent history of taxable property assessed valuation in the District.

OCEANSIDE UNIFIED SCHOOL DISTRICT
Summary of Taxable Assessed Valuation
Fiscal Years 2007-08 to 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2007-08	$12,353,947,820	$500,000	$282,371,413	$12,636,819,233	--
2008-09	12,654,531,987	600,000	291,456,596	12,946,588,583	2.45%
2009-10	11,875,517,889	600,000	305,088,876	12,181,206,765	(5.91)
2010-11	11,690,351,377	600,000	286,654,978	11,977,606,355	(1.67)
2011-12	11,749,202,767	600,000	303,622,857	12,053,425,624	0.63
2012-13	11,655,293,248	600,000	336,183,838	11,992,077,086	(0.51)
2013-14	11,909,281,939	--	329,310,515	12,238,592,454	2.06
2014-15	12,581,896,627	--	321,740,442	12,903,637,069	5.43
2015-16	13,170,587,322	--	330,095,636	13,500,682,958	4.63
2016-17	14,062,224,463	--	357,563,500	14,419,787,963	6.81
2017-18	15,073,592,388	--	429,294,485	15,502,886,873	7.51
2018-19	16,090,730,286	--	443,167,340	16,533,897,626	6.65

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, and drought, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also *"−Appeals of Assessed Valuation; Blanket Reductions of Assessed Values"* below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the State Board of Equalization and creates two new agencies: (a) the California Department of Tax and Fee Administration (the "Tax Administration Department") and (b) the Office of Tax Appeals. Under AB 102, the Tax Administration Department will take over programs previously in the State Board of Equalization's Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the State Board of Equalization will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the State Board of Equalization only hears appeals related to the programs that it constitutionally administers and the Office of Tax Appeals hears appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Offices of Tax Appeals to adopt regulations as necessary to carry out its duties, powers and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Risk of Decline in Property Values. Property values could be reduced by factors beyond the District's control, including an earthquake, or a depressed real estate market due to general economic conditions in the County, the region, and the State. Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable, or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

Risk of Sea Level Changes and Flooding. In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property in the State is at risk of flooding as a result of a 1.4 meter sea level rise. The paper further estimates that the replacement value of this property totals nearly $100 billion (in year 2000 dollars). The District may be particularly vulnerable to impacts associated with sea-level rise due to extensive development on its coastline. A wide range of critical infrastructure, such as roads, airports, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The District is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the financial condition of the District and the local economy.

Wildfire. In recent years, portions of California, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

Bonding Capacity. The District may not issue bonds in excess of 2.5% of the assessed valuation of taxable property within its boundaries. Prior to the issuance of the Bonds, the District's gross bonding capacity is estimated at approximately $413.3 million, and its net bonding capacity is approximately $194.1 million. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table provides a distribution of taxable property located in the District by jurisdiction.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Carlsbad	$ 693,688	0.00%	$33,222,405,443	0.00%
City of Oceanside	16,499,845,776	99.79	$23,696,755,046	69.63%
Unincorporated San Diego County	33,358,162	0.20	$73,971,590,424	0.05%
Total District	$16,533,897,626	100.00%		
San Diego County	$16,533,897,626	100.00%	$526,029,984,862	3.14%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use in 2018-19. Single-family residential properties comprise 51.32% of the assessed value of property in the District.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
2018-19 Assessed Valuation and Parcels by Land Use

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural	$ 7,949,448	0.05%	14	0.03%
Commercial	1,681,641,983	10.45	954	2.28
Vacant Commercial	109,212,423	0.68	110	0.26
Industrial	1,358,702,997	8.44	424	1.01
Vacant Industrial	65,844,230	0.41	82	0.20
Recreational/Marina	52,035,483	0.32	913	2.18
Government/Social/Institutional	24,111,771	0.15	90	0.22
Miscellaneous	4,302,782	0.03	74	0.18
Subtotal Non-Residential	$3,303,801,117	20.53%	2,661	6.36%
Residential:				
Single Family Residence	$ 8,257,311,696	51.32%	24,109	57.61%
Condominium/Townhouse	2,349,341,332	14.60	7,229	17.27
Timeshare	78,948,472	0.49	4,133	9.88
Mobile Home	137,229,833	0.85	1,492	3.56
Mobile Home Park	69,167,027	0.43	36	0.09
2-4 Residential Units	540,984,830	3.36	973	2.32
5+ Residential Units/Apartments	1,206,374,343	7.5	360	0.86
Miscellaneous Residential	8,233,341	0.05	192	0.46
Vacant Residential	139,338,295	0.87	667	1.59
Subtotal Residential	$12,786,929,169	79.47%	39,191	93.64%
Total	$16,090,730,286	100.00%	41,852	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Residential Properties. The following table shows the distribution of single family residential parcels by increments of assessed value in 2018-19. For the fiscal year 2018-19, the average assessed value of single-family homes is $342,499, and the median assessed value is $305,783.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Per Parcel 2018-19 Assessed Valuation of Single Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	24,109	$8,257,311,696	$342,499	$305,783

2018-19 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	477	1.979%	1.979%	$ 19,095,353	0.231%	0.231%
$50,000 - $99,999	1,419	5.886	7.864	102,979,113	1.247	1.478
$100,000 - $149,999	1,875	7.777	15.641	238,403,950	2.887	4.366
$150,000 - $199,999	2,431	10.083	25.725	424,870,647	5.145	9.511
$200,000 - $249,999	2,692	11.166	36.891	607,941,708	7.362	16.873
$250,000 - $299,999	2,791	11.577	48.467	765,525,011	9.271	26.144
$300,000 - $349,999	2,319	9.619	58.086	749,236,769	9.074	35.218
$350,000 - $399,999	2,056	8.528	66.614	769,541,817	9.320	44.537
$400,000 - $449,999	1,977	8.200	74.814	838,515,621	10.155	54.692
$450,000 - $499,999	1,763	7.313	82.127	836,309,287	10.128	64.820
$500,000 - $549,999	1,411	5.853	87.980	738,766,246	8.947	73.767
$550,000 - $599,999	1,002	4.156	92.136	571,109,269	6.916	80.684
$600,000 - $649,999	625	2.592	94.728	388,264,287	4.702	85.386
$650,000 - $699,999	392	1.626	96.354	262,571,418	3.180	88.566
$700,000 - $749,999	253	1.049	97.403	182,727,651	2.213	90.778
$750,000 - $799,999	155	0.643	98.046	119,556,097	1.448	92.226
$800,000 - $849,999	114	0.473	98.519	93,465,571	1.132	93.358
$850,000 - $899,999	76	0.315	98.834	66,432,640	0.805	94.163
$900,000 - $949,999	44	0.183	99.017	40,526,418	0.491	94.654
$950,000 - $999,999	35	0.145	99.162	33,901,257	0.411	95.064
$1,000,000 and greater	202	0.838	100.000	407,571,566	4.936	100.000
Total	24,109	100.000%		$8,257,311,696	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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Largest Taxpayers in District*.* The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2018-19 tax roll, and the assessed valuations thereof, are shown in the following table. In 2018-19, no single taxpayer accounted for more than 2.98% of the total taxable property in the District. Each taxpayer listed is a unique entity. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

OCEANSIDE UNIFIED SCHOOL DISTRICT
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total(1)
1.	Genentech Inc.	Industrial	$ 480,197,192	2.98%
2.	PK II El Camino North LP	Shopping Center	132,464,279	0.82
3.	Gilead Sciences Inc.	Industrial	122,170,883	0.76
4.	Guardian Piazza Doro LLC	Residential Properties	87,238,992	0.54
5.	FPA/W C Rancho Del Oro LLC	Apartments	85,620,925	0.53
6.	AGC Pacific Coast Plaza LLC	Shopping Center	69,950,223	0.43
7.	BRE CA Presidio at Rancho Del Oro LLC	Apartments	68,085,000	0.42
8.	Wyndham Vacation Resorts Inc.	Resort/Timeshare	62,719,972	0.39
9.	Essex Cal-WA LP	Apartments	60,272,141	0.37
10.	Prime Mesa LP	Apartments	58,450,778	0.36
11.	Scannell Properties No. 196 LLC	Industrial	57,856,816	0.36
12.	Sunterra Oceanside LLC	Apartments	56,181,599	0.35
13.	Wal Mart Stores East LP	Commercial	45,465,404	0.28
14.	GFP Oceanside Block 21 LLC	Hotel	40,030,799	0.25
15.	FPA5 Timbers LLC	Apartments	37,575,812	0.23
16.	Frank Mission Marketplace LLC	Shopping Center	37,317,345	0.23
17.	Lone Oak Oceanside LLC	Industrial	36,413,637	0.23
18.	Trendwest Leasing LLC	Hotel	36,206,471	0.23
19.	Prime Cassanna LP	Apartments	36,044,441	0.22
20.	Cole of Oceanside CA LP	Commercial	35,325,009	0.22
			$1,645,587,718	10.23%

(1) 2018-19 Local Secured Assessed Valuation: $16,090,730,286.
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "− *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property (determined in accordance with the State Constitution), and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (Unsecured property is taxed at the secured property tax rate from the prior year.) Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

The following table sets forth *ad valorem* property tax rates for fiscal years 2014-15 through 2018-19 in a typical Tax Rate Area of the District (TRA 7-000).

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Typical Total Tax Rates per $100 of Assessed Valuation: TRA 7-000
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19[1]
1% General Fund	$1.00000	$1.00000	$1.00000	$1.00000	$1.00000
Oceanside Unified School District	0.05835	0.08000	0.09600	0.09600	0.09600
Mira Costa Community College District	--	--	--	0.01443	0.01294
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Total	$1.06185	$1.08350	$1.09950	$1.11393	$1.11244

(1) 2018-19 Assessed Valuation of Tax Rate Area: $4,494,509,760.
Source: California Municipal Statistics, Inc.

Tax Collections and Delinquencies

A school district's share of the 1% countywide tax is based on the allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to statutory modifications enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments. The first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches. If taxes remain unpaid by June 30, the tax is deemed to be in default. Penalties then begin to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer.

Annual bills for property taxes on the unsecured roll are generally issued in July, are due in a single payment within 30 days, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table shows a recent history of secured property tax collections and delinquencies in the District for its general obligation bond debt service levy. The County uses the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest, and the County does not provide a breakdown of the delinquencies with respect to property located in the District. See "– *Teeter Plan*" below.

OCEANSIDE UNIFIED SCHOOL DISTRICT
Secured Tax Charges[1]
Fiscal Years 2012-13 to 2017-18

Fiscal Year	Secured Tax Charge[2]
2012-13	$41,295,225
2013-14	42,255,381
2014-15	44,500,351
2015-16	46,597,448
2016-17	49,993,812
2017-18	53,603,057

(1) 1% general fund apportionment.
(2) San Diego County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest.
Source: California Municipal Statistics, Inc.

Teeter Plan. The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the Revenue and Taxation Code of the State. Under the Teeter Plan, the County distributes to each participating local tax-levying agency, including school districts, the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency in the absence of the Teeter Plan.

The County's policy is that any new taxing entity that includes its levy on the County's secured and supplemental tax rolls is qualified to be included in the Teeter Plan. The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in that agency. The County of San Diego applies the Teeter Plan to taxes levied on the secured roll for repayment of school district bonds.

Direct and Overlapping Debt. The following table was prepared by California Municipal Statistics Inc., and is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which had outstanding debt as of May 1, 2019, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by the public agencies listed. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Direct and Overlapping Bonded Debt
(as of May 1, 2019)

2018-19 Assessed Valuation: $16,533,897,626

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/19
Metropolitan Water District	0.565%	$ 271,483
Mira Vista Community College District	15.288	13,124,748
Oceanside Unified School District	**100.000**	**222,457,302[1]**
City of Oceanside Community Facilities Districts	19.540-100.	31,014,953
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$266,868,486
OVERLAPPING GENERAL FUND DEBT:		
San Diego County General Fund Obligations	3.143%	$ 8,026,122
San Diego County Pension Obligation Bonds	3.143	15,990,484
San Diego County Superintendent of Schools Obligations	3.143	316,972
Mira Costa Community College District Certificates of Participation	15.288	22,932
City of Oceanside Certificates of Participation	69.629	6,147,810
City of Oceanside Pension Obligation Bonds	69.629	16,495,110
TOTAL OVERLAPPING GENERAL FUND DEBT		$46,999,430
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$22,155,000
COMBINED TOTAL DEBT		$336,022,916[2]

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($222,457,302).. 1.35%
Direct and Overlapping Tax and Assessment Debt 1.61%
Combined Total Debt 2.03%

Ratio to Redevelopment Incremental Valuation ($1,468,929,467):
Total Overlapping Tax Increment Debt................................ 1.51%

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(1) Excludes Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Taxable Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

OTHER LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing the District from becoming insolvent, the State Superintendent of Public Instruction (the "**State Superintendent**"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "**Bankruptcy Code**") on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District or the County (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair and equitable and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in the state in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to state law, all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Bonds may be prohibited from taking any action to require the District or the County to make payments on the Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds.

Bondholders may experience delays or reductions in payments on the Bonds, the Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

Possession of Tax Revenues; Remedies. If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Bonds, it is not entirely clear what procedures the Owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

Risk of Investment Losses. Pending delivery of *ad valorem* tax revenues to the Paying Agent, the County Treasurer may invest the *ad valorem* tax revenues in the Alameda County Investment Pool or in other investments. Should any of these investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of opinion of Bond Counsel, attached hereto as Appendix C, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Amounts Held in County Treasury Pool

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's Treasury Pool, as described in

APPENDIX E – "SAN DIEGO COUNTY INVESTMENT POOL." Should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in California

Under provisions of the Financial Code of the State, including Section 1510(d), the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of its depositors. Under provisions of the Government Code of the State, the Bonds are eligible securities for deposits of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for fiscal year 2018-19 (which is due no later than April 1, 2020), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board ("MSRB"). The notices of enumerated events will be filed by the District with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D – "PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The District has previously entered into a number of undertakings to provide continuing disclosure (the "Previous Undertakings"). During the five-year period preceding the offering of the Bonds, the District has generally filed its continuing disclosure reports on a timely basis. However, such reports did not always include required information. During the last five years, the District has also failed to file certain material event notices in a timely manner. This information has since been filed on EMMA. Since 2014, the District has engaged a Dissemination Agent to assist it in complying with all of its continuing disclosure undertakings and to compile and disseminate its annual reports and other required notices and information required under its continuing disclosure undertakings. Identification of the above-described events does not constitute a representation that any such late filings were material.

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District or County officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

MISCELLANEOUS

Rating

The Bonds have received the rating of "Aa3" by Moody's Investors Service ("Moody's"). A rating agency generally bases its rating on its own investigations, studies and assumptions. The District has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). Such rating reflects only the view of the rating agency, and any explanation of the significance of such rating may be obtained from Moody's at www.moodys.com. The information set forth on such website is not incorporated herein by reference. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel to the District and as Disclosure Counsel, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. PFM Financial Advisors LLC is acting as Municipal Advisor with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by their counsel, Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, which will receive compensation contingent upon sale and delivery of the Bonds.

Underwriting

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"), pursuant to the terms of a bond purchase agreement among the District, the County and the Underwriter, dated June 12, 2019. The Underwriter has agreed to purchase the Bonds from the District at a purchase price of $26,435,730.79. The Underwriter's discount is $93,750.00. Under the terms of the contract, the Underwriter will be obligated to purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions to be satisfied by the District.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

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Additional Information

Quotations from and summaries and explanations of the Bonds, the District Resolution and the Paying Agent Agreement providing for issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

The District has duly authorized the delivery of this Official Statement.

OCEANSIDE UNIFIED SCHOOL DISTRICT

By: /s/ Shannon Soto
Deputy Superintendent of
Administrative Services

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT

Any information in the following appendix that indicates it has been obtained from a third-party has been obtained from sources which are believed to be reliable, but the District makes no guarantee as to the accuracy or completeness thereof, and is not to be construed as a representation by the District, the Underwriter or the Municipal Advisor.

Prospective purchasers of the Bonds should be aware that the tables below, which demonstrate historical income, employment, sales and other figures, may not be accurate predictors of future trends, nor do they provide an entirely current report of economic circumstances as of the date of printing of this Official Statement. The historical data displayed in this section is derived from a number of third-party sources from data accumulated over time, and thus cannot be presented on a real-time basis.

The information in this Appendix A concerning the operations of the Oceanside Unified School District (the "**District**"), the District's finances and State of California (the "**State**") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an *ad valorem* tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of San Diego (the "**County**") on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

THE DISTRICT

Introduction

The Oceanside Unified School District was established in 1970 and provides educational (K-12) services to the residents of the City of Oceanside (the "**City**") and some portions of unincorporated areas, including part of Marine Corps Base-Camp Pendleton, in the County of San Diego in the State of California. The District is located on the San Diego coastline and is coterminous with the City.

The District currently operates sixteen elementary schools, four middle school, two comprehensive high schools and one continuation high school. The Average Daily Attendance ("**A.D.A.**") in fiscal year 2017-18 was 17,051 students and is projected to be approximately 16,710 students in fiscal year 2018-19, a decrease of approximately 2.4%. For fiscal year 2018-19, the District budgeted a total of 1,722.4 full-time equivalent ("**FTE**") employees, including 944.1. FTE certificated (non-management) staff, 708.3 FTE classified (non-management) staff, and 70.0 FTE management, supervisor and confidential FTE personnel. The District has budgeted general fund revenues of approximately $221.5 million and expenditures of approximately $223.5 million for fiscal year 2018-19. Total assessed valuation of taxable property in the District for the fiscal year 2018-19 is approximately $16.5 billion. The District operates under the jurisdiction of the San Diego County Superintendent of Schools.

Board of Education

The District is governed by a Board of Education consisting of five members. Members are elected to four-year terms. Elections for positions to the Board of Education are held in staggered years, alternating between two and three available positions. The day-to-day operations are managed by a board-appointed superintendent of schools. Dr. Julie Vitale was appointed as the District's Superintendent by the Board of Education on June 26, 2018. Dr. Vitale began her service as District Superintendent on July 1, 2018.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for most school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" below) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "– Local Sources of Education Funding" below). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District expects to receive approximately 58.7% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately $130.8 million in fiscal year 2018-19. Such amount includes both the State funding provided under the LCFF (as defined below) as well as other State revenues (see "– Allocation of State Funding to School Districts; Local Control Funding Formula – *Attendance and LCFF*" and "– Other District Revenues – *Other State Revenues*" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State revenues from personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local educational agencies therein implemented a new funding formula for school finance system called the Local Control Funding Formula (the "**Local Control Funding Formula**" or "**LCFF**"). Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" below for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2018-19 State budget on June 27, 2018.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact on Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov,** under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, **www.treasurer.ca.gov**. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Rainy Day Fund; SB 858. In connection with the 2014-15 State Budget, the Governor proposed certain constitutional amendments ("**Proposition 2**") to the rainy day fund (the "**Rainy Day Fund**") for the November 2014 Statewide election. Senate Bill 858 (2014) ("**SB 858**") amends the Education Code of the State to, among other things, limit the amount of reserves that may be maintained by a school district subject to certain State budget matters. Upon the approval of Proposition 2, SB 858 became operational. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

AB 1469. As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("**AB 1469**") which implements a new funding strategy for the California State Teachers' Retirement System ("**CalSTRS**"), increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See "– Retirement Benefits – *CalSTRS*" below for more information about CalSTRS and AB 1469.

2018-19 State Budget. The Governor signed the fiscal year 2018-19 State Budget (the "**2018-19 State Budget**") on June 27, 2018. The 2018-19 State Budget sets forth a balanced budget for fiscal year 2018-19 that projects approximately $133.33 billion in revenues, and $83.82 billion in non-Proposition 98 expenditures and $54.87 billion in Proposition 98 expenditures. The 2018-19 State Budget includes a $1.96 billion reserve in the Special Fund for Economic Uncertainties. The 2018-19 State Budget uses dedicated proceeds from Proposition 2 to pay down approximately $1.75 billion in past budgetary borrowing and State employee pension liabilities. The 2018-19 State Budget includes total funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for all K-12 education programs. The 2018-19 State Budget provides $3.7 billion in new funding for the LCFF, which fully implements the school district and charter school formula two years earlier than originally scheduled, including both a 2.71% cost of living adjustment and an additional $570 million above the cost of living adjustment as an ongoing increase to the formula. The 2018-19 State Budget also provides $300 million one-time Proposition 98 General Fund resources for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who perform at the lowest levels on the State's academic assessments and do not generate supplemental LCFF funds or State or federal special education resources.

Certain budgeted adjustments for K-12 education set forth in the 2018-19 State Budget include the following:

- Statewide System of Support. The 2018-19 State Budget includes $57.8 million in Proposition 98 General Fund resources for county offices of education to provide technical assistance to school districts, of which $4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.

- Multi-Tiered Systems of Support (MTSS). The 2018-19 State Budget includes $15 million one-time Proposition 98 General Fund resources to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.

- Community Engagement Initiative. The 2018-19 State Budget includes $13.3 million one-time Proposition 98 General Fund resources for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the LCAP process.

- California Collaborative for Educational Excellence. The 2018-19 State Budget includes $11.5 million Proposition 98 General Fund resources to support the California Collaborative for Educational Excellence in its role within the statewide system of support.

- Special Education Local Plan Area (SELPA) Technical Assistance. The 2018-19 State Budget includes $10 million Proposition 98 General Fund resources for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.

- Strong Workforce Program. The 2018-19 State Budget includes $164 million ongoing Proposition 98 General Fund resources to establish a K-12 specific component within the Strong Workforce Program designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program.

- Career Technical Education Incentive Grant Program. The 2018-19 State Budget includes $150 million ongoing Proposition 98 General Fund resources to make permanent the Career Technical Education Incentive Grant Program.

- Inclusive Early Education Expansion Program. The 2018-19 State Budget creates the Inclusive Early Education Expansion Program, providing $167.2 million one-time Proposition 98 General Fund resources through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care.

The complete 2018-19 State Budget is available from the California Department of Finance website at **www.dof.ca.gov.** The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the "**Proposed 2019-20 State Budget**") on January 10, 2019. The Proposed 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20. However, the Governor cautions that there are uncertainties that must be considered as the budget is revised, including the impact of the global political and economic climate, changes to federal policy, rising costs and risk of recession. The Proposed 2019-20 State Budget estimates that total resources available in fiscal year 2018-19 totaled approximately $149.3 billion (including a prior year balance of approximately $12.4 billion) and total expenditures in fiscal year 2018-19 totaled approximately $144.1 billion. The Proposed 2019-20 State Budget projects total resources available for fiscal year 2019-20 of approximately $147.9 billion, inclusive of revenues and transfers of approximately $142.6 billion and a prior year balance of $5.2 billion. The Proposed 2019-20 State Budget projects total expenditures of $144.2 billion, inclusive of non-Proposition 98 expenditures of approximately $88.9 billion and Proposition 98 expenditures of approximately $55.3 billion. The Proposed 2019-20 State Budget proposes to allocate approximately $1.4 billion of the general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $2.3 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of $15.3 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2019-20 State Budget include the following:

- Local Control Funding Formula. The Proposed 2019-20 State Budget includes an increase of $2 billion in Proposition 98 general fund resources for the LCFF.

- CalSTRS Pension Costs. The Proposed 2019-20 State Budget includes a $3 billion one-time payment of non-Proposition 98 general fund resources to CalSTRS to reduce long-term liabilities for local educational agencies and community colleges, of which $700 million will go towards buying down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion will be allocated to the employers' long-term unfunded liability.

- Statewide System of Support. The Proposed 2019-20 State Budget includes an increase of $20.2 million of Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, consistent with the formula adopted in the 2018-19 State Budget.

- Special Education. The Proposed 2019-20 State Budget includes $576 million of Proposition 98 general fund resources, of which $186 million is on a one-time basis, to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.

- Access to Full-Day Kindergarten Programs. The Proposed 2019-20 State Budget includes an increase of $750 million of one-time non-Proposition 98 general fund resources to increase participation in kindergarten programs by constructing new or retrofitting existing facilities for full-day kindergarten programs.

- Longitudinal Education Data. The Proposed 2019-20 State Budget includes an increase of $10 million of one-time non-Proposition 98 general fund resources for the development of a longitudinal data system to improve coordination across educational data systems and track the impact of State investments on achieving educational goals. This system will host student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. Stakeholder meetings will be held to consider data reliability and ways to improve data quality at each education segment.

- Proposition 98 Certification. The Proposed 2019-20 State Budget proposes to revise the Proposition 98 certification process to eliminate the cost allocation schedule and prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year in order to protect local educational agencies from unanticipated revenue drops in past fiscal years.

- School District Average Daily Attendance. The Proposed 2019-20 State Budget includes a decrease of $388 million of Proposition 98 general fund resources in 2018-19 for school districts as a result of a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of $187 million of Proposition 98 general fund resources in 2019-20 for school districts as a result of further projected decline in average daily attendance for 2019-20.

- Local Property Tax Adjustments. The Proposed 2019-20 State Budget includes a decrease of $283 million of Proposition 98 general fund resources for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion of Proposition 98 general fund resources for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes

- Cost-of-Living Adjustments. The Proposed 2019-20 State Budget includes an increase of $187 million of Proposition 98 general fund resources to support a 3.46% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- CalWORKs Stages 2 and 3 Child Care. The Proposed 2019-20 State Budget includes a net increase of $119.4 million of non-Proposition 98 general fund resources in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and Stage 3 child care are $597.0 million and $482.2 million, respectively.

- Full-Year Implementation of Prior Year State Preschool Slots. The Proposed 2019-20 State Budget includes an increase of $26.8 million of Proposition 98 general fund resources to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through fiscal year 2018-19.

- County Offices of Education. The Proposed 2019-20 State Budget includes an increase of $9 million of Proposition 98 general fund resources for county offices of education to reflect a 3.46% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- Emergency Readiness, Response and Recovery Grant. The Proposed 2019-20 State Budget includes an increase of $50 million of one-time non-Proposition 98 general fund resources to commence a comprehensive, statewide education campaign on disaster preparedness and safety.

The complete Proposed 2019-20 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2019-20 State Budget. The Legislative Analyst's Office ("**LAO**"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2019-20 State Budget entitled "The 2019-20 Budget: Overview of the Governor's Budget" on January 14, 2019 (the "**2019-20 Proposed Budget Overview**"). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2019-20 State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the Proposed 2019-20 State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the Proposed 2019-20 State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of $20.6 billion. The LAO explains that this is due to the administration's higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the Proposed 2019-20 State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be off-set by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the Proposed 2019-20 State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the Proposed 2019-20 State Budget.

The LAO summarizes that the Proposed 2019-20 State Budget allocates $20.6 billion in discretionary resources among a variety of priorities, including $9.7 billion for reducing debts and liabilities on a one-time basis, $5.1 billion for programmatic spending on a one-time basis, $2.7 billion for ongoing spending and $3 billion for reserves. The LAO points out that the Proposed 2019-20 State Budget uses a significant portion of discretionary resources for debt repayment and prioritizes one-time spending for programmatic expansions. The LAO finds this allocation prudent even though the Proposed 2019-20 State Budget apportions a smaller share of resources for reserves than recent budgets. The LAO explains that this approach benefits the budget in future years and in some cases reduces ongoing spending growth.

The LAO notes that the Proposed 2019-20 State Budget apportions $2.7 billion for ongoing spending, which will reach an estimated $3.5 billion under full implementation as costs grow over time. The LAO explains that these expenditure levels are in line with estimates of available ongoing resources. However, the LAO cautions that these costs could grow due to various uncertainties not captured in the spending proposals, such as increased costs for CalWORKs grants in case of recession and costs for disaster mitigation, response and recovery. The LAO further notes that while the Proposed 2019-20 State Budget includes mostly one-time spending for these purposes, they are more likely to be ongoing costs.

The LAO explains that the Proposed 2019-20 State Budget establishes a number of policy goals, including developing a plan for implementing universal preschool, negotiating existing state prescription drug prices and reviewing related negotiation and procurement practices, and expanding paid family leave. The LAO notes that these proposals are still in the process of development and, therefore, are not reflected in the administration's budget bottom line. The LAO finds that by proposing these policy goals at the beginning of the budget process, the Governor gives the State Legislature the opportunity to collaborate with the administration to shape these policies.

The 2019-20 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

May Revision to the 2019-20 Proposed State Budget. The Governor released the May Revision to the proposed fiscal year 2019-20 State budget (the "**2019-20 May Revision**") on May 9, 2019. The 2019-20 May Revision proposes a balanced budget for fiscal year 2019-20. The 2019-20 May Revision projects an increase of $3.2 billion in short-term general fund revenues as compared to the Proposed 2019-20 State Budget. However, most of the increased revenues are constitutionally obligated to reserves, debt repayments and schools. Therefore, the budget surplus remains relatively unchanged. The 2019-20 May Revision estimates that total resources available in fiscal year 2018-19 will be approximately $149.5 billion (including revenues and transfers of approximately $138.1 billion and a prior year balance of $11.4 billion) and total expenditures in fiscal year 2018-19 will be approximately $143.2 billion. The 2019-20 May Revision projects total resources available for fiscal year 2019-20 of approximately $150.1 billion, inclusive of revenues and transfers of approximately $143.8 billion and a prior year balance of approximately $6.2 billion. The 2019-20 May Revision projects total expenditures of approximately $147.0 billion, inclusive of non-Proposition 98 expenditures of $91.1 billion and Proposition 98 expenditures of $55.9 billion. The 2019-20 May Revision proposes to allocate approximately $1.4 billion of the State general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and approximately $1.7 billion of such fund balance to the State's special fund for economic uncertainties. In addition, the 2019-20 May Revision estimates that the State's Proposition 2 rainy day fund (the "**Rainy Day Fund**") will have a fund balance of approximately $16.5 billion.

The 2019-20 May Revision assumes slow economic expansion and a balanced budget through fiscal year 2019-20, although its forecasts are limited by growing uncertainty related to the global political and economic climate, federal policies, rising costs and the duration of the current economic expansion. The 2019-20 May Revision projects that the Rainy Day Fund will reach its maximum of 10% of general fund revenues in fiscal year 2020-21. By the end of fiscal year 2022-23, the 2019-20 May Revision projects that the Rainy Day Fund balance will have a balance of $18.7 billion.

The 2019-20 May Revision includes total funding of $101.8 billion for all K-12 education programs, including $58.9 billion from the general fund and $42.9 billion from other funds.

Certain adjustments and budgetary proposals for K-12 education set forth in the 2019-20 May Revision include the following:

- Proposition 98 Minimum Guarantee. The 2019-20 May Revision projects increased Proposition 98 funding by $78.4 million in fiscal year 2017-18, $278.8 million in fiscal year 2018-19 and $389.3 million in fiscal year 2019-20, due to an increase in general fund revenues, an increase in the minimum guarantee funding level in fiscal year 2017-18 and a slightly slower decline in A.D.A. than projected in the Proposed 2019-20 State Budget.

- Public School System Stabilization Account. For the first time, the 2019-20 May Revision projects that a deposit is required to the Public School System Stabilization Account in the amount of $389.3 million in Proposition 98 resources.

- Special Education. The 2019-20 May Revision proposes to allocate $696.2 million in ongoing Proposition 98 general fund resources to special education, $119.2 million more than set forth in the Proposed 2019-20 State Budget, to increase coordination between local general education and special education programs, and for program governance and accountability for special education student outcomes.

- Retaining Well-Prepared Educators. The 2019-20 May Revision includes $89.8 million in one-time non-Proposition 98 general fund resources for loan repayments of newly credentialed teachers to work in high-need schools. The 2019-20 May Revision also includes $44.8 million in one-time non-Proposition 98 general fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, and $13.9 million in ongoing federal funds for professional learning opportunities for public school administrators supporting diverse student populations in State public schools.

- Access to Computer Science Education. The 2019-20 May Revision includes $15 million in one-time Proposition 98 general fund resources for broadband infrastructure and $1 million in one-time non-Proposition 98 general fund resources for the State Board of Education to establish a State Computer Science Coordinator.

- CalSTRS Employer Contribution Rate. The 2019-20 May Revision includes $150 million in one-time non-Proposition 98 general fund resources to reduce the employer contribution rate to 16.7% in fiscal year 2019-20.

- Local Control Funding Formula Adjustments. The 2019-20 May Revision proposes an increase of $70 million in Proposition 98 general fund resources in fiscal year 2018-19 and a decrease of $63.9 million in Proposition 98 general fund resources in fiscal year 2019-20 for school districts, charter schools and county offices of education to reflect changes in A.D.A. and cost-of-living in fiscal year 2019-20 that affect the LCFF calculation.

- Classified School Employees Summer Assistance Program. The 2019-20 May Revision includes an increase of $36 million in one-time Proposition 98 general fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.

- Local Property Tax Adjustments. The 2019-20 May Revision proposes an increase of $146.6 million of Proposition 98 general fund resources in fiscal year 2018-19 and $142.1 million in fiscal year 2019-20 for school districts, special education local plan areas, and county offices of education as a result of lower offsetting property tax revenues in these years.

- Wildfire-Related Cost Adjustments. The 2019-20 May Revision proposes an increase of $2 million in one-time Proposition 98 general fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires in 2017 and 2018. The 2019-20 May Revision also proposes an increase of $727,000 in one-time Proposition 98 general fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses.

- Categorical Program Cost-of-Living Adjustments. The 2019-20 May Revision proposes to decrease the Proposition 98 general fund by $7.4 million for selected categorical programs during fiscal year 2019-20. Such decrease reflects a change in the cost-of-living set forth in the Proposed 2019-20 State Budget of 3.46% to 3.26% in the 2019-20 May Revision.

- Categorical Program Growth. The 2019-20 May Revision proposes to increase the Proposition 98 general fund by $7.6 million for selected categorical programs, based on updated estimates of A.D.A. growth.

The complete 2019-20 May Revision is available from the California Department of Finance website at **www.dof.ca.gov.** The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Analysis of the May Revision of 2019-20 Proposed State Budget Education Proposals. The LAO released its analyses of the education proposals included in the 2019-20 May Revision entitled, "Overview of the May Revision Proposition 98 Package" on May 13, 2019 and "The 2019-20 May Revision: Analysis of the May Revision Education Proposals" on May 15, 2019 (together, the "**May Revise Analysis**"). In the May Revise Analysis, the LAO notes that the 2019-20 May Revision contains many new policy proposals and major revisions to the Proposed 2019-20 State Budget. The LAO highlights large policy proposals in the 2019-20 May Revision, which include creating an emergency child care program, creating rapid re-housing programs for homeless college students and offering loan forgiveness to teachers working in shortage areas. The LAO also summarizes major modifications to the Proposed 2019-20 State Budget, which include reducing proposed funding for kindergarten facility grants and increasing ongoing funding for special education concentration grants.

The LAO explains that the 2019-20 May Revision calculations of the Proposition 98 minimum guarantee are reasonable. Compared to the 2019-20 May Revision, the LAO estimates general fund revenues to be $200 million lower in fiscal year 2017-18 and $400 million higher in fiscal years 2018-19 and 2019-20, primarily due to the availability of more recent data. The LAO estimates local property tax revenues to be comparable in fiscal year 2017-

18 and $134 million higher than the administration's estimates across fiscal years 2018-19 and 2019-20 combined. The LAO points out that these differences are minor. The LAO notes that its estimate of the Proposition 98 minimum guarantee is identical to the administration's estimates in fiscal year 2017-18 and only $250 million higher across fiscal years 2018-19 and 2019-20 combined. As a result, the LAO finds that the administration's estimates of the Proposition 98 minimum guarantee are reasonable and appropriate for budget deliberations.

The LAO notes that the 2019-20 May Revision contemplates a $389 million deposit in the Rainy Day Fund. The LAO finds this calculation to be consistent with the administration's estimate of the relevant factors. The LAO explains that although a $389 million deposit is relatively small compared to the Proposition 98 minimum guarantee, the reserve could provide fiscal relief during recessions and periods in which districts face greater difficulty balancing their local budgets.

The LAO notes that the Proposed 2019-20 State Budget created a deficit in the Proposition 98 minimum guarantee budget for fiscal year 2020-21 by allocating nearly $80 million in one-time funds to pay for ongoing programs. The LAO points out that the 2019-20 May Revision eliminates this deficit. The LAO explains that although the 2019-20 May Revision relies upon $250 million in one-time funds to pay for ongoing programs, it also contains $400 million in one-time allocations, mainly deposited in the Rainy Day Fund. The LAO calculates that these allocations provide the Proposition 98 minimum guarantee a net surplus of approximately $150 million in fiscal year 2020-2021. The LAO cautions, however, that the $150 million cushion is the smallest it has been in seven years. The LAO points out that over the past six years, the State has set aside an average of $700 million each year for one-time activities (excluding settle-up payments and repurposing unspent prior-year funds). The LAO warns that even a modest recession could reduce the Proposition 98 minimum guarantee by a few billion dollars and quickly deplete the $150 million cushion. As a result, the LAO suggests that the State Legislature shift even more funding toward one-time activities in its final budget package.

The LAO notes that the 2019-20 May Revision proposes to increase ongoing funding for special education grants. The LAO cautions that this proposal may conflict with its intended goal of reducing the number of students identified for special education services. The LAO points out that funding is based in part on the number of students identified with a disability and school districts with above-average identification rates would benefit, while school districts that successfully reduce identification rates would lose substantial funding. The LAO suggests that the State Legislature focus instead on equalizing existing special education funding rates or modifying the special education funding formula to allocate funding specifically for preschool special education, a service that schools are required to provide, but for which they currently receive no State funding.

According to the LAO, the 2019-20 May Revision proposes to limit eligibility for kindergarten facility grants to school districts that are converting their part-day program to a full-day program. The LAO finds this approach reasonable since the recipients of kindergarten facility grants in fiscal year 2018-19 were primarily school districts that already had full-day programs. The LAO explains that the 2019-20 May Revision also proposes to lower the required local match for kindergarten facility grants in order to encourage low-income school districts to apply. Although the LAO suggests that these policy modifications further the State's goal to increase full-day kindergarten programs, the LAO questions whether the proposed funding level of $600 million is too high and overestimates the number of eligible school districts interested in converting their programs.

The May Revise Analysis is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2019-20 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2019-20 State budget from the Proposed 2019-20 State Budget or the 2019-20 May Revision. Additionally, the District cannot predict the impact that the final fiscal year 2019-20 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2019-20 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2018-19 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("**ERAF**") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as "Proposition 1A" at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "**Proposition 22**."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "− *Dissolution of Redevelopment Agencies*" below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years – such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Dissolution of Redevelopment Agencies. The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("**AB1X 26**") and Assembly Bill No. 27 (First Extraordinary Session) ("**AB1X 27**"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the "**Court**") challenging the validity of AB1X 26 and AB1X 27 on various grounds *(California Redevelopment Association v. Matosantos).* On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 described below take into account the modifications made by the Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency, will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB1X 26 specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a "redevelopment property tax trust fund" created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to AB 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;

- To the former redevelopment agency's successor agency for payment of administrative costs; and

- Any remaining balance to school entities and local taxing agencies.

The District received $3,390,359 in pass-through payments in fiscal year 2017-18 and projects it will receive $3,856,843 in pass-through payments in fiscal year 2018-19.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District.

Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Allocation of State Funding to School Districts; Local Control Funding Formula

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 et seq. of the Education Code of the State, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts" which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts."

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue funding limit grant ("**Base Grant**") per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency. The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2013-14, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $6,845 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $6,947 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $7,154 per A.D.A. for grades 7 and 8; and (d) a Target Base Grant for each LEA equivalent to $8,289 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.

- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local educational agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local educational agency that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "**ERT**") that is intended to ensure that almost every local educational agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local educational agencies would receive the greater of the Base Grant or the ERT.

Under the new formula, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plan. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan ("**LCAP**"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "**Collaborative**"), a newly established body of educational specialists, was created to advise and assist local educational agencies in achieving the goals identified in their LCAPs. For local educational agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local educational agency's LCAP.

Attendance and Base Revenue Limit. The following table sets forth the District's actual A.D.A. enrollment and base revenue limit per unit of A.D.A. for fiscal years 2011-12 and 2012-13 for grades kindergarten through grade 12. The A.D.A. and enrollment numbers include special education in the table below. See "*– Attendance and LCFF*" below for information regarding the District's A.D.A. subsequent to fiscal year 2012-13.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Average Daily Attendance, Total Enrollment and Base Revenue Limit
Fiscal Years 2011-12 through 2012-13

Fiscal Year	Average Daily Attendance[(1)]	Total Enrollment[(2)]	Base Revenue Limit Per Unit of Average Daily Attendance
2011-12	18,658	19,754	$6,362.35
2012-13	18,711	19,847	6,505.35

(1) Based on the District's respective audited financial statements, except as otherwise noted.
(2) Actual based on the District's 2014-15 Adopted Budget.
Source: The District.

Attendance and LCFF. The following table sets forth the District's actual and projected A.D.A. enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "**EL/LI Students**")) and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2018-19. The A.D.A. and enrollment numbers include special education in the table below.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2018-19

		A.D.A./Base Grant					Enrollment[9]	
Fiscal Year		K-3	4-6	7-8	9-12	Total A.D.A.[2]	Total Enrollment	Unduplicated Percent of EL/LI Students
2013-14	A.D.A.[2]	6,578	4,328	2,632	5,130	18,668	19,760	66.65%
	Targeted Base Grant[3]	$6,952	$7,056	$7,266	$8,419	-	-	-
2014-15	A.D.A.[2]	6,262	4,547	2,623	4,975	18,407	19,271	67.80%
	Targeted Base Grant[3][4]	$7,011	$7,116	$7,328	$8,491	-	-	-
2015-16	A.D.A.[2]	6,126	4,239	2,611	4,980	17,956	19,000	63.11%
	Targeted Base Grant[3][5]	$7,083	$7,189	$7,403	$8,578	-	-	-
2016-17	A.D.A.[2]	5,829	4,178	2,599	4,824	17,430	18,438	63.39%
	Targeted Base Grant[3][6]	$7,083	$7,189	$7,403	$8,578	-	-	-
2017-18	A.D.A.[2]	5,676	3,962	2,555	4,858	17,051	18,055	64.33%
	Targeted Base Grant[3][7]	$7,193	$7,301	$7,518	$8,712	-	-	-
2018-19[1]	A.D.A.[2]	5,458	3,811	2,522	4,932	16,724	17,661	63.54%
	Targeted Base Grant[3][8]	$7,459	$7,571	$7,796	$9,034	-	-	-

(1) Figures are projections.
(2) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts are fully funded in fiscal year 2018-19.
(4) Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts.
(5) Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.
(6) Targeted fiscal year 2016-17 Base Grant amounts reflect a 0.00% cost of living adjustment from targeted fiscal year 2015-16 Base Grant amounts.
(7) Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.
(8) Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.
(9) Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students will be expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment will be based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI Students will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: The District.

The District received approximately $163.1 million in aggregate revenues reported under LCFF sources in fiscal year 2017-18, and has projected to receive approximately $170.4 million in aggregate revenues under the LCFF in fiscal year 2018-19 (or approximately 76.9% of its general fund revenues in fiscal year 2018-19). Such amount includes supplemental and concentration grants estimated to be approximately $23.7 million in fiscal year 2017-18, and projected to be approximately $24.0 million in fiscal year 2018-19.

Local Sources of Education Funding

General. The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 et seq. and Sections 95 et seq. of the Revenue and Taxation Code of the State. Section 42238(h) of the Education Code of the State itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "− Allocation of State Funding to School Districts; Local Control Funding Formula" above for more information.

Local property tax revenues are projected to account for approximately 36.3% of the District's aggregate revenues reported under LCFF sources and are projected to be approximately $61.7 million, or 27.7% of total general fund revenues in fiscal year 2018-19.

For information about the property taxation system in California and the District's property tax base, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Property Taxation System," "– Assessed Valuation of Property Within the District," and "– Tax Collections and Delinquencies."

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Effect of Changes in Enrollment. Changes in local property tax income and student enrollment (or A.D.A.) affect LCFF districts and community funded districts differently. In a LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth – and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the $120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the District to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2018-19 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 9.2% (or approximately $19.4 million) of the District's general fund projected revenues for fiscal year 2018-19.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 8.9% (or approximately $19.7 million) of the District's general fund projected revenues for fiscal year 2018-19. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected at approximately $3.4 million for fiscal year 2018-19.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from other local sources, such as interest earnings, which is projected to comprise approximately 5.7% (or approximately $12.7 million) of the District's general fund projected revenues for fiscal year 2018-19.

See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" and "– Article XIIIC and Article XIIID of the State Constitution."

Significant Accounting Policies and Audited Financial Reports

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the Education Code of the State. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Christy White Associates, A Professional Accountancy Corporation, San Diego, California, serves as independent auditor to the District and excerpts of its report for fiscal year ended June 30, 2018 are attached hereto as Appendix B. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of excerpts from the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to file its audit report for each fiscal year with the County Superintendent and State officials by December 15 and to review the report and any recommended changes following a public meeting to be conducted no later than January 31.

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The following table sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2013-14 through 2017-18.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
General Fund Revenues, Expenditures and Fund Balances
2013-14 through 2017-18[(1)]

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual
REVENUES					
LCFF/Revenue Limit Sources:	$124,842,328	$140,740,117	$156,448,798	$163,905,742	$163,133,716
Federal Revenue	17,697,131	20,062,264	19,544,198	19,064,662	18,064,118
Other State Revenue	13,678,038	12,024,644	23,017,592	20,293,326	18,660,624
Other Local Revenue	16,371,939	15,140,677	14,736,287	13,918,116	13,791,616
TOTAL	**$172,589,436**	**$187,967,702**	**$213,746,875**	**$217,181,846**	**$213,650,074**
EXPENDITURES					
Instruction	$116,578,717	$120,220,625	$132,199,683	$133,285,002	$133,700,133
Instruction-related services					
Instructional supervision and administration	4,696,686	5,150,241	6,174,057	7,631,199	7,232,373
Instructional library, media, and technology	2,263,669	2,350,281	2,514,675	2,541,728	2,642,519
School site administration	12,241,614	13,031,250	14,301,967	14,359,898	13,958,293
Pupil services					
Home-to-school transportation	5,296,003	5,554,472	6,282,968	5,798,317	5,749,324
Food services	2,079	35,00	55,640	33,237	12,937
All other pupil services	11,129,183	11,563,736	12,308,199	12,612,144	13,077,747
General administration					
Centralized data processing	2,104,849	3,018,086	2,238,368	2,569,786	2,849,088
All other general administration	7,144,377	6,709,530	7,769,834	8,692,728	9,023,772
Plant services	18,698,491	19,786,263	20,539,753	20,315,820	21,419,551
Facilities acquisition and maintenance	376,527	158,321	1,571,857	392,969	1,137,218
Ancillary services	176,735	224,870	203,927	126,469	140,515
Community services	136,560	151,828	170,680	53,675	39,044
Transfers to other agencies	1,949,631	2,231,083	2,172,041	2,064,983	1,743,192
Debt service					
Principal	-	-	-	-	-
Interest and other	18,652	-	-	-	-
TOTAL	**$182,813,773**	**$190,185,586**	**$208,503,649**	**$210,468,955**	**$212,725,706**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$(10,224,337)	$(2,217,884)	$5,243,235	$6,712,891	$924,367
OTHER FINANCING SOURCES (USES)					
Transfers In	-	$ 15,817	$9	-	-
Other sources	-	-	-	-	-
Transfers out	-	(416,722)	-	$(2)	-
Other uses	-	-	-	-	-
TOTAL NET FINANCING SOURCES (USES)	**-**	**$(400,905)**	**$9**	**$(2)**	**-**
NET CHANGE IN FUND BALANCE	$(10,224,337)	$(2,618,789)	$5,243,235	$6,712,889	$924,367
Fund Balance – Beginning	**$28,568,120**	**$18,343,783**	**$15,724,994**	**$20,968,229**	**$27,681,118**
Fund Balance – Ending	**$18,343,783**	**$15,724,994**	**$20,968,229**	**$27,681,118**	**$28,605,485**

(1) Totals may not add up due to rounding.
Source: Audited financial statements for fiscal years 2013-14 through 2017-18.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain unrestricted general fund reserves in the amount of 3% percent of its total general fund expenditures, the level of which is based on total student attendance below 30,000. For fiscal year 2018-19, the District projects an unrestricted general fund reserve of 10.2%, or approximately $22.7 million, compared to the fiscal year 2017-18 unrestricted general fund reserve of $22.3 million. Substantially all funds of the District are required by law to be deposited with and invested by the County Treasurer on behalf of the District, pursuant to law and the investment policy of the County. See APPENDIX E – "SAN DIEGO COUNTY INVESTMENT POOL."

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for fiscal year 2018-19. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Budgeted General Fund Summary for Fiscal Year 2018-19[(1)]

	2018-19 Budgeted
REVENUES	
LCFF/Revenue Limit Sources:	$169,911,940
Federal Revenue	20,565,698
Other State Revenue	19,731,133
Other Local Revenue	12,667,064
TOTAL	**$222,875,835**
EXPENDITURES	
Certificated Salaries	$90,801,430
Classified Salaries	32,314,521
Employee Benefits	63,862,097
Books and Supplies	7,615,508
Services/Other Operating Expenditures	26,277,339
Other Outgo – Excluding Transfers of Indirect Costs	1,524,644
Other Outgo – Transfers of Indirect Costs	(320,618)
Capital Outlay	2,364,144
TOTAL	**$224,439,065**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$(1,563,230)
OTHER FINANCING SOURCES (USES)	
Transfers In	-
Transfers Out	-
TOTAL OTHER FINANCING SOURCES (USES)	**-**
NET CHANGE IN FUND BALANCE	$(1,563,230)
Fund Balance – Beginning	**$28,605,485**
Fund Balance – Ending	**$27,042,455**

(1) Third interim budget, adopted as of May 14, 2019.
Source: The District.

District Budget Process and County Review

State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of San Diego Superintendent of Schools (the "**County Superintendent**").

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the Superintendent of Public Instruction and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the Superintendent of Public Instruction and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the Superintendent of Public Instruction and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as "**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 et. seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the last five years, the District has not received a negative or qualified certification for an interim financial report. The District has received a qualified certification in connection with its first and second interim reports for fiscal years 2017-18 and 2018-19.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from ad valorem property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State General Fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State General Fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State General Fund that must be repaid in 20 years. Each year, the Superintendent of Public Instruction will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State General Fund will be based upon the availability of funds within the State General Fund.

District Debt Structure

General Obligation Bonds. The District has bonds outstanding under one voter authorization. On June 3, 2008, the District's voters approved a measure, known as Proposition H, authorizing the District to issue up to $195 million in general obligation bonds. The District has issued four series of bonds, in 2009, 2010, 2012 and 2016, and $65,005,673.65 of authorization remains under Proposition H. In addition, the District has outstanding five series of refunding bonds used to pay prior outstanding bonds of the District. A summary of the District's general obligation bonds issued prior to the issuance of the Bonds is presented below:

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Summary of Outstanding General Obligation Bonds

Series	Issue Date	Original Principal Amount	Principal Amount Outstanding as of June 1, 2019(1)
Proposition H (2008)			
Series A	3/4/2009	$49,995,053.70	$21,967,916.20
Series B	5/19/2010	29,999,990.75	23,051,387.75
Series C	5/3/2012	14,999,281.90	11,486,561.40
Series D	4/7/2016	35,000,000.00	31,610,000.00
Refunding Bonds			
2010	5/19/2010	14,320,000.00	10,780,000.00
2012	5/3/2012	23,585,000.00	17,500,000.00
2014	7/15/2014	32,385,000.00	31,475,000.00
2015	11/19/2015	42,790,000.00	40,980,000.00
2018	8/14/2018	30,370,000.00	30,370,000.00

(1) Excludes accreted value on capital appreciation bonds.
Source: The District.

Tax and Revenue Anticipation Notes. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The District evaluates each year whether or not temporary borrowing will be necessary or economically beneficial. The District does not plan to issue tax and revenue anticipation notes in fiscal year 2018-19.

The Governmental Accounting Standards Board ("**GASB**") released its Statement Number 45 ("**GASB 45**"), which requires municipalities to account for other post-employment benefits (meaning other than pension benefits) ("**OPEB**") liabilities much like municipalities are required to account for pension benefits. The expense is generally accrued over the working career of employees, rather than on a pay-as-you-go basis, which has been the practice for most municipalities and public sector organizations. OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long-term care benefits. GASB 45 was phased in over a three-year period based upon the entity's revenues. GASB 45 became effective for the District beginning in fiscal year 2008-09. GASB Statement Number 75 ("**GASB 75**") replaced GASB 45 in fiscal year 2017-18. Under GASB 75, reporting of the OPEB liabilities changed, as described below.

For more information regarding the District's total OPEB liability as of June 30, 2018, as well as the basic assumptions upon which the actuarial valuation was based as of such date, see Note 10 to the District's financial statements attached hereto as APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Accrued Vacation. The long-term portion of accumulated and unpaid employee vacation for the District as of June 30, 2018, was $1,117,900. See APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Labor Relations

For fiscal year 2018-19, the District budgeted a total of 1,722.4 FTE employees, including 944.1 FTE certificated (non-management) staff, 708.3 FTE classified (non-management) staff, and 70.0 FTE management, supervisor and confidential FTE personnel. For fiscal year 2018-19, the total certificated and classified payrolls is budgeted at $90.6 million and $32.8 million, respectively.

The District's certificated and classified employees are represented by formal bargaining organizations as shown in the following table below.

OCEANSIDE UNIFIED SCHOOL DISTRICT
Labor Organizations

Labor Organization	Employees Represented	Contract Expiration
Oceanside Teachers Association (OTA)	944.1	June 30, 2019
California Schools Employees Association (CSEA)	708.3	June 30, 2020
	1,652.4	

Source: The District.

Retirement Benefits

The District participates in retirement plans with CalSTRS which covers all full-time certificated District employees, and the State Public Employees' Retirement System ("**CalPERS**"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to the California State Teachers' Retirement System ("CalSTRS") are fixed in statute. In fiscal year 2013-14, covered employees contributed 8% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As of June 30, 2017, an actuarial valuation (the "2017 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.3 billion, an increase of approximately $10.6 billion from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 63.9%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "− *California Public Employees' Pension Reform Act of 2013*" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor.

As indicated above, there was no required contribution from teachers, school districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation from June 30, 2016 noted that, as of June 30, 2017, the aggregate contribution rate, inclusive of an equivalent rate contribution of 10.219% from members, 8.00% from employers relating to the base rate, 0.25% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate equivalent to 34.467%.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate would increase by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. Member contributions also increased from 8.00% to a total of 10.25% for members hired on or before December 31, 2012 and 9.205% for members hired on or after January 1, 2013 effective July 1, 2016. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to Assembly Bill 1469, school districts' contribution rates will increase in accordance with the following schedule:

CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
School District Contribution Rate
Fiscal Years 2013-14 through 2019-20

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2012-13 through 2017-18, and the budgeted contribution for fiscal year 2018-19.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Contributions to CalSTRS for Fiscal Years 2012-13 through 2018-19

Fiscal Year	Contribution
2012-13	$ 6,664,235
2013-14	7,248,141
2014-15	7,727,385
2015-16	10,001,655
2016-17	11,715,177
2017-18	21,418,587(1)
2018-19(2)	22,558,302(1)

(1) Includes on-behalf payments.
(2) Estimated.
Source: The District.

With the implementation of AB1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

The districts are currently required to contribute to CalPERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17, and 2017-18, respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19. Plan participants enrolled in CalPERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19.

On April 17, 2013, the CalPERS board of administration (the "CalPERS Board") approved new actuarial policies aimed at returning CalPERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The CalPERS Board delayed the implementation of the new policies until fiscal year 2015-16 for the State, schools and all other public agencies. In December 2016, the CalPERS Board voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19 and 7.0% beginning in fiscal year 2019-20. The new discount rate for the State went into effect beginning July 1, 2017 and the new discount rate for school districts became effective July 1, 2018. With regards to districts that contract with CalPERS to administer their pension plans, the change in the assumed rate of return is expected to result in increases in such districts' normal costs and unfunded actuarial liabilities.

Also, on February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20 year period and related increases in public agency contribution rates shall be affected over a three year period, beginning in fiscal year 2014-15. The new demographic assumptions affect the State, school districts and all other public agencies.

The CalPERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the CalPERS Board approved new actuarial assumptions, including (i) lowering the inflation assumption rate from 2.75% to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, (iii) and certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the mortality, retirement, and disability retirement rates.

On February 14, 2018, the CalPERS Board approved modifying the CalPERS amortization policy for investment gains/losses from 30 years to 20 years, requiring that the amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, and eliminating the 5-year ramp-up/ramp-down policy for all gains/losses except for the ramp-up policy for investment gains/losses. Such policy changes will be reflected in actuarial valuations beginning June 30, 2019, and will be implemented starting with fiscal year 2021-22 contributions. Such policy applies only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities, with the exception that, with regards to the CalPERS Schools Pool Actuarial Valuation, the impact of the discount rate change from 7.25% to 7.00% in the June 30, 2019 valuation will be amortized under the old policy. Shortening the amortization period will increase employer contributions and help pay down the pension fund's unfunded liability faster, which may result in interest cost savings.

On April 18, 2018, the CalPERS Board established the employer contribution rates for fiscal year 2018-19 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017, ahead of its summer 2018 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution for fiscal year 2019-20 is projected to be 20.8%, with annual increases thereafter, resulting in a projected 25.7% employer contribution rate for fiscal year 2025-26.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18, and the budgeted contribution for fiscal year 2018-19.

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
Contributions to CalPERS for Fiscal Years 2012-13 through 2018-19

Fiscal Year	Contribution
2012-13	$3,069,521
2013-14	3,397,741
2014-15	3,483,635
2015-16	3,913,069
2016-17	4,647,290
2017-18	5,195,018
2018-19[1]	5,357,202

[1] Estimated.
Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "*– California Public Employees' Pension Reform Act of 2013*" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "**Reform Act**" or "**PEPRA**") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "**Implementation Date**"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("**GASB 67**"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("**GASB 68**"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. GASB 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and GASB 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. GASB 67 became effective beginning in fiscal year 2013-14, and GASB 68 became effective beginning in fiscal year 2014-15.

The District implemented the provisions of GASB 68 which required the District to recognize its proportionate share of its unfunded pension liabilities with CalPERS and CalSTRS. These amounts were presented as long-term liabilities and are funded as a component of the annual required contribution that District makes to CalPERS and CalSTRS on behalf of its employees. See APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with CalSTRS and CalPERS (see "– Retirement Benefits" above), the District provides medical, dental and vision benefits to retirees and their covered eligible dependents. The Postemployment Benefits Plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. As of June 30, 2018, membership of the Plan consisted of 82 retirees and beneficiaries receiving benefits and 1,600 active plan members. For a description of the District's Plan, see Note 10 to the District's financial statements attached hereto as APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. In 2017, the District implemented GASB 75 as a replacement to GASB 45. Under GASB 75, reporting of the OPEB liability changes from the Net OPEB obligation previously reported under GASB 45 to a Total OPEB obligation. This has the effect of recognizing the full OPEB liability instead of the net OPEB liability. As of June 30, 2018, the District has a total OPEB liability of $16,704,952. As of June 30, 2018, approximately 82 retirees and beneficiaries met the eligibility requirements to receive post-employment health benefits.

Participation in Joint Powers Authority

The District participates in one joint venture under joint powers authorities ("**JPAs**"), the San Diego County Schools Risk Management JPA ("**RM**"). RM arranges for and provides workers' compensation, health and property and liability insurance for its member school districts. For more information, see APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018," Note 13.

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the Education Code of the State (the "**Charter School Law**"). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability, and (c) provide competition within the public school system to stimulate improvements in all public schools.

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. However, independent charter schools that receive their funding directly from the State are generally not included in a school district's financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would generally be included in the school district's financial reports and audited financial statements.

There are currently three independent charter schools operating in the District: Coastal Academy, serving transitional kindergarten through grade twelve, Pacific View Charter, serving kindergarten through grade twelve, and Scholarship Prep – Oceanside, serving kindergarten through grade eight, with a combined total estimated enrollment of 2,483 in fiscal year 2017-18 and a projected enrollment of 2,474 in fiscal year 2018-19. The District can make no representation as to whether enrollment at such charter school may increase at the expense of District enrollment in future years, whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's A.D.A. or finances in future years.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds fall within the exceptions described in (ii) and (iii) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the Revenue and Taxation Code of the State permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the State Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution ("**Article XIIIB**"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Any proceeds of taxes received by the District in excess of its allowable appropriations limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the State Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID ("**Article**

XIIIC" and "**Article XIIID**," respectively), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "**K-14 districts**") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

The Accountability Act also changes how tax revenues in excess of the State Appropriations Limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 school Appropriations Limits for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the "**Education Protection Account**"), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("**Proposition 55**"), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding, see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process."

Proposition 2

Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "**Public School System Stabilization Account**") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858. SB 858 became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000 students, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code of the State, or (b) for school districts with an A.D.A. that is more than 400,000 students, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code of the State. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000 students, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("**SB 751**"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 55, 62, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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OCEANSIDE UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2018

San Diego

Los Angeles

San Francisco
Bay Area

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FINANCIAL SECTION

Independent Auditors' Report ... 1
Management's Discussion and Analysis ... 4
Basic Financial Statements
Government-wide Financial Statements
Statement of Net Position ... 11
Statement of Activities ... 12
Fund Financial Statements
Governmental Funds – Balance Sheet ... 13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position ... 14
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances ... 15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities ... 16
Proprietary Funds – Statement of Net Position ... 18
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position ... 19
Proprietary Funds – Statement of Cash Flows ... 20
Fiduciary Funds – Statement of Net Position ... 21
Fiduciary Funds – Statement of Changes in Net Position ... 22
Notes to Financial Statements ... 23

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule ... 62
Schedule of Changes in Total OPEB Liability and Related Ratios ... 63
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS ... 64
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS ... 65
Schedule of District Contributions - CalSTRS ... 66
Schedule of District Contributions - CalPERS ... 67
Notes to Required Supplementary Information ... 68

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards ... 70
Schedule of Average Daily Attendance ... 71
Schedule of Instructional Time ... 72
Schedule of Financial Trends and Analysis ... 73
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements ... 74
Schedule of Charter Schools ... 75
Combining Statements – Non-Major Governmental Funds
Combining Balance Sheet ... 76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances ... 77
Local Education Agency Organization Structure ... 78
Notes to Supplementary Information ... 79

OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 81
Report on Compliance For Each Major Federal Program; and
Report on Internal Control Over Compliance Required by the Uniform Guidance.............. 83
Report on State Compliance 85

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results 88
Financial Statement Findings 89
Federal Award Findings and Questioned Costs.............. 90
State Award Findings and Questioned Costs 91
Summary Schedule Of Prior Audit Findings 92

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Oceanside Unified School District
Oceanside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oceanside Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Oceanside Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oceanside Unified School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 10 to the financial statements, in 2018 Oceanside Unified School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oceanside Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018 on our consideration of Oceanside Unified School District'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 Oceanside Unified School District'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 Oceanside Unified School District's internal control over financial reporting and compliance.

Christy White Associates

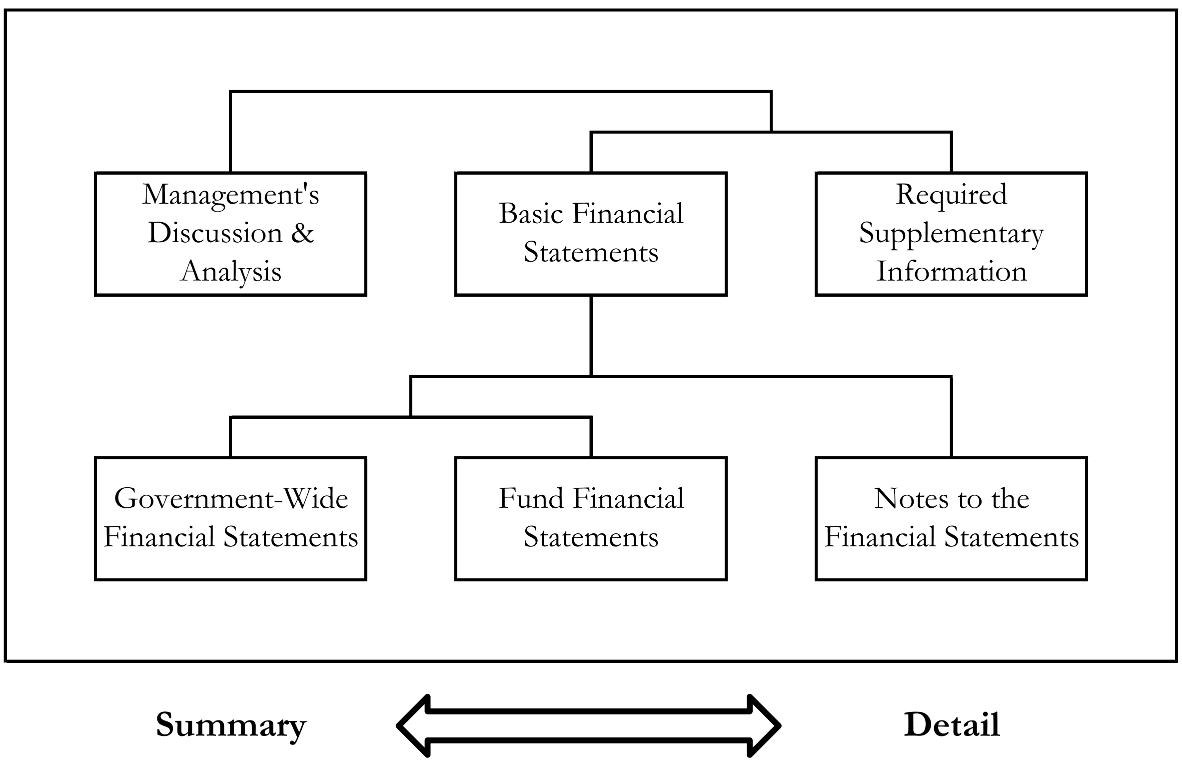
San Diego, California
November 16, 2018

INTRODUCTION

Our discussion and analysis of Oceanside Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was $(77,344,920) at June 30, 2018. This was a decrease of $3,167,279 from the prior year after restatement.
- Overall revenues were $238,274,447 which were exceeded by expenses of $241,441,726.



OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

  - **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

  - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $(77,344,920) at June 30, 2018, as reflected in the table below. Of this amount, $(207,182,503) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2018	2017	Net Change
ASSETS			
Current and other assets	$ 79,380,042	$ 75,558,148	$ 3,821,894
Capital assets	325,429,880	331,374,229	(5,944,349)
Total Assets	404,809,922	406,932,377	(2,122,455)
DEFERRED OUTFLOWS OF RESOURCES	74,320,296	49,919,384	24,400,912
LIABILITIES			
Current liabilities	20,052,884	24,044,186	(3,991,302)
Long-term liabilities	518,238,010	481,808,597	36,429,413
Total Liabilities	538,290,894	505,852,783	32,438,111
DEFERRED INFLOWS OF RESOURCES	18,184,244	11,752,843	6,431,401
NET POSITION			
Net investment in capital assets	99,590,342	100,770,176	(1,179,834)
Restricted	30,247,241	24,739,427	5,507,814
Unrestricted	(207,182,503)	(186,263,468)	(20,919,035)
Total Net Position	$ (77,344,920)	$ (60,753,865)	$ (16,591,055)

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see total revenues and expenses for the year.

As shown in the table below, the District's total revenues were $238,274,447. The total cost of all programs and services was $241,441,726. The District's expenses are predominately related to educating and caring for students (65%). Pupil Services (including transportation and food) account for 13% of expenses. Administrative activities accounted for just 7% of total costs. Plant services, which represent the facilities maintenance and operations costs, account for 9% of all costs. The remaining expenses were for ancillary services, community services, debt service, and other outgo.

	Governmental Activities		
	2018	**2017**	**Net Change**
REVENUES			
Program revenues			
Charges for services	$ 6,111,219	$ 6,118,518	$ (7,299)
Operating grants and contributions	33,923,655	42,681,263	(8,757,608)
General revenues			
Property taxes	80,530,582	74,844,215	5,686,367
Unrestricted federal and state aid	113,684,007	119,703,293	(6,019,286)
Other	4,024,984	9,538,687	(5,513,703)
Total Revenues	238,274,447	252,885,976	(14,611,529)
EXPENSES			
Instruction	132,381,194	141,308,340	(8,927,146)
Instruction-related services	24,656,414	26,813,517	(2,157,103)
Pupil services	31,665,546	32,531,696	(866,150)
General administration	15,993,541	15,888,411	105,130
Plant services	22,604,444	21,775,542	828,902
Ancillary and community services	185,497	186,187	(690)
Debt service	12,221,722	12,632,401	(410,679)
Other outgo	1,733,368	2,064,983	(331,615)
Total Expenses	241,441,726	253,201,077	(11,759,351)
Change in net position	(3,167,279)	(315,101)	(2,852,178)
Net Position - Beginning, as Restated*	(74,177,641)	(60,438,764)	(13,738,877)
Net Position - Ending	$ (77,344,920)	$ (60,753,865)	$ (16,591,055)

** Beginning Net Position was restated for the 2018 year only*

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2018	**2017**
Instruction	$ 107,934,809	$ 111,000,683
Instruction-related services	21,774,021	23,061,739
Pupil services	21,964,999	21,858,586
General administration	14,898,395	12,899,334
Plant services	21,486,056	21,692,426
Ancillary and community services	185,326	185,948
Debt service	12,221,722	12,632,401
Transfers to other agencies	941,524	1,070,179
Total Expenses	$ 201,406,852	$ 204,401,296

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of approximately $63.7 million, which is an increase from last year's ending fund balance of $60.2 million. The District's General Fund had $924 thousand more in operating revenues than expenditures for the year ended June 30, 2018. The District's Capital Facilities Fund had $2.9 million more in operating revenues than expenditures for the year ended June 30, 2018. The District's Bond Interest and Redemption Fund had $1.7 million more in operating revenues than expenditures for the year ended June 30, 2018

CURRENT YEAR BUDGET 2017-2018

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a frequent basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017-2018 the District had invested roughly $325.4 million in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2018	2017	Net Change
CAPITAL ASSETS			
Land	$ 16,837,847	$ 16,825,171	$ 12,676
Construction in progress	1,787,864	25,378,683	(23,590,819)
Land improvements	7,842,141	7,842,141	-
Buildings & improvements	410,725,623	382,968,125	27,757,498
Furniture & equipment	19,611,743	19,252,953	358,790
Accumulated depreciation	(131,375,338)	(120,892,844)	(10,482,494)
Total Capital Assets	$ 325,429,880	$ 331,374,229	$ (5,944,349)

Long-Term Debt

At year-end, the District had nearly $518.2 million in long-term debt, an increase of 7.56% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2018	2017	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 278,785,191	$ 281,794,777	$ (3,009,586)
Capital leases	-	301,955	(301,955)
Compensated absences	1,117,900	1,740,040	(622,140)
Total OPEB liability*	16,704,952	2,264,297	14,440,655
Net pension liability	226,209,508	203,991,513	22,217,995
Less: current portion of long-term debt	(4,579,541)	(8,283,985)	3,704,444
Total Long-term Liabilities	$ 518,238,010	$ 481,808,597	$ 36,429,413

**The beginning total OPEB liability for 2018 was restated in order to record the District's total OPEB liability in accordance with GASB Statement No. 75 which supersedes GASB Statement No. 45 for the year ended June 30, 2018.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

The State's economy continues to be strong but a new governor could change the fiscal policy for the funding of public education, within the boundaries of Proposition 98. Past fiscal allocations had included higher than expected funding but on-going funding may not be as strong. The UCLA Anderson Forecast (June 2018) noted that the "era of ultra-low interest rates has passed and the economy is at full employment," which creates difficulty sustaining continued growth at the rate recently experienced. And, according to the California Legislative Analyst's Office, there are concerns about a possible mild recession.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The 2018-19 adopted State Budget fully funded the LCFF funding gap two years ahead of schedule.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2018. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2018-19 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District Business Office at 2111 Mission Avenue; Oceanside, CA 92054-2326.

OCEANSIDE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

		Governmental Activities
ASSETS		
Cash and investments	$	69,535,253
Accounts receivable		9,485,644
Inventory		301,888
Prepaid expenses		57,257
Capital assets, not depreciated		18,625,711
Capital assets, net of accumulated depreciation		306,804,169
Total Assets		404,809,922
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		65,562,598
Deferred amount on refunding		8,757,698
Total Deferred Outflows of Resources		74,320,296
LIABILITIES		
Accrued liabilities		14,481,569
Unearned revenue		991,774
Long-term liabilities, current portion		4,579,541
Long-term liabilities, non-current portion		518,238,010
Total Liabilities		538,290,894
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		18,184,244
Total Deferred Inflows of Resources		18,184,244
NET POSITION		
Net investment in capital assets		99,590,342
Restricted:		
Capital projects		7,599,004
Debt service		14,952,236
Educational programs		5,356,268
All others		2,339,733
Unrestricted		(207,182,503)
Total Net Position	$	(77,344,920)

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues		Revenues and Changes in Net Position
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 132,381,194	$ 4,018,802	$ 20,427,583	$ (107,934,809)
Instruction-related services				
Instructional supervision and administration	7,278,208	609,366	1,794,293	(4,874,549)
Instructional library, media, and technology	3,367,047	2,701	14,044	(3,350,302)
School site administration	14,011,159	23,255	438,734	(13,549,170)
Pupil services				
Home-to-school transportation	8,065,744	-	-	(8,065,744)
Food services	10,495,644	1,289,518	6,401,846	(2,804,280)
All other pupil services	13,104,158	5,546	2,003,637	(11,094,975)
General administration				
Centralized data processing	6,353,001	-	-	(6,353,001)
All other general administration	9,640,540	144,867	950,279	(8,545,394)
Plant services	22,604,444	12,603	1,105,785	(21,486,056)
Ancillary services	145,902	-	171	(145,731)
Community services	39,595	-	-	(39,595)
Interest on long-term debt	12,221,722	-	-	(12,221,722)
Other outgo	1,733,368	4,561	787,283	(941,524)
Total Governmental Activities	$ 241,441,726	$ 6,111,219	$ 33,923,655	(201,406,852)
	General revenues			
	Taxes and subventions			
	Property taxes, levied for general purposes			63,032,355
	Property taxes, levied for debt service			16,786,711
	Property taxes, levied for other specific purposes			711,516
	Federal and state aid not restricted for specific purposes			113,684,007
	Interest and investment earnings			627,375
	Miscellaneous			3,397,609
	Subtotal, General Revenue			198,239,573
	CHANGE IN NET POSITION			(3,167,279)
	Net Position - Beginning, as Restated			(74,177,641)
	Net Position - Ending			$ (77,344,920)

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 31,664,460	$ 7,644,436	$ 18,812,568	$ 7,890,296	$ 66,011,760
Accounts receivable	8,093,143	33,086	-	1,344,221	9,470,450
Due from other funds	352,603	-	-	44,330	396,933
Stores inventory	82,391	-	-	219,497	301,888
Prepaid expenditures	57,257	-	-	-	57,257
Total Assets	$ 40,249,854	$ 7,677,522	$ 18,812,568	$ 9,498,344	$ 76,238,288
LIABILITIES					
Accrued liabilities	$ 10,118,213	$ -	$ -	$ 503,024	$ 10,621,237
Due to other funds	534,382	78,518	-	284,033	896,933
Unearned revenue	991,774	-	-	-	991,774
Total Liabilities	11,644,369	78,518	-	787,057	12,509,944
FUND BALANCES					
Nonspendable	429,648	-	-	229,497	659,145
Restricted	5,402,112	7,599,004	18,812,568	8,481,790	40,295,474
Committed	500,000	-	-	-	500,000
Assigned	11,637,440	-	-	-	11,637,440
Unassigned	10,636,285	-	-	-	10,636,285
Total Fund Balances	28,605,485	7,599,004	18,812,568	8,711,287	63,728,344
Total Liabilities and Fund Balances	$ 40,249,854	$ 7,677,522	$ 18,812,568	$ 9,498,344	$ 76,238,288

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds		$ 63,728,344
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 456,805,218	
Accumulated depreciation	(131,375,338)	325,429,880
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		8,687,698
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(3,860,332)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 278,785,191	
Compensated absences	1,117,900	
Total OPEB liability	16,704,952	
Net pension liability	226,209,508	(522,817,551)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 65,562,598	
Deferred inflows of resources related to pensions	(18,184,244)	47,378,354
Internal service funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		4,108,687
Total Net Position - Governmental Activities		$ (77,344,920)

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 163,133,716	$ -	$ -	$ -	$ 163,133,716
Federal sources	18,064,118	-	-	6,502,446	24,566,564
Other state sources	18,660,624	-	113,164	1,222,500	19,996,288
Other local sources	13,791,615	3,410,741	16,842,236	1,738,663	35,783,255
Total Revenues	213,650,073	3,410,741	16,955,400	9,463,609	243,479,823
EXPENDITURES					
Current					
Instruction	133,700,133	-	-	619,137	134,319,270
Instruction-related services					
Instructional supervision and administration	7,232,373	-	-	73,004	7,305,377
Instructional library, media, and technology	2,642,519	-	-	-	2,642,519
School site administration	13,958,293	-	-	-	13,958,293
Pupil services					
Home-to-school transportation	5,749,324	-	-	-	5,749,324
Food services	12,937	-	-	7,848,902	7,861,839
All other pupil services	13,077,747	-	-	1,891	13,079,638
General administration					
Centralized data processing	2,849,088	-	-	-	2,849,088
All other general administration	9,023,772	79,332	-	233,534	9,336,638
Plant services	21,419,551	16,396	-	46,080	21,482,027
Facilities acquisition and maintenance	1,137,218	368,730	-	2,728,181	4,234,129
Ancillary services	140,515	-	-	-	140,515
Community services	39,044	-	-	-	39,044
Transfers to other agencies	1,743,192	-	-	-	1,743,192
Debt service					
Principal	-	-	7,321,200	-	7,321,200
Interest and other	-	-	7,913,062	-	7,913,062
Total Expenditures	212,725,706	464,458	15,234,262	11,550,729	239,975,155
NET CHANGE IN FUND BALANCE	924,367	2,946,283	1,721,138	(2,087,120)	3,504,668
Fund Balance - Beginning	27,681,118	4,652,721	17,091,430	10,798,407	60,223,676
Fund Balance - Ending	$ 28,605,485	$ 7,599,004	$ 18,812,568	$ 8,711,287	$ 63,728,344

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Governmental Funds		$ 3,504,668
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 4,538,145	
Depreciation expense:	(10,482,494)	(5,944,349)
Debt service:		
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		7,623,155
Deferred amounts on refunding:		
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:		(295,860)
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		6,683
Accreted interest on long-term debt:		
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.		(4,321,438)
Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		622,140

(Continued on following page)

The accompanying notes are an integral part of these financial statements.

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(1,016,879)
Pensions: In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:		(3,952,624)
Amortization of debt issuance premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:		9,824
Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:		597,401
Change in Net Position of Governmental Activities	$	(3,167,279)

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
	Self-Insurance
ASSETS	
Current assets	
Cash and investments	$ 3,523,493
Accounts receivable	15,194
Due from other funds	500,000
Total current assets	4,038,687
Total Assets	4,038,687
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	70,000
Total Deferred Outflows	70,000
NET POSITION	
Restricted	4,108,687
Total Net Position	$ 4,108,687

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities Internal Service Fund Self-Insurance
OPERATING REVENUE	
Charges for services	$ 5,045,057
Other local revenues	188,575
Total operating revenues	5,233,632
OPERATING EXPENSE	
Professional services	4,681,056
Total operating expenses	4,681,056
Operating income	552,576
NON-OPERATING REVENUES	
Interest income	44,825
Total non-operating revenues	44,825
CHANGE IN NET POSITION	597,401
Net Position - Beginning	3,511,286
Net Position - Ending	$ 4,108,687

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities
	Internal Service Fund
	Self-Insurance
Cash flows from operating activities	
Cash received from user charges	$ 5,708,245
Cash paid from assessments made from other funds	(311,425)
Cash payments for payroll, insurance, and operating costs	(4,681,056)
Net cash provided by operating activities	715,764
Cash flows from investing activities	
Interest received	44,825
Net cash provided by investing activities	44,825
NET INCREASE IN CASH AND CASH EQUIVALENTS	760,589
CASH AND CASH EQUIVALENTS	
Beginning of year	2,762,904
End of year	$ 3,523,493
Reconciliation of operating income to cash provided by operating activities	
Operating income	$ 552,576
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	663,188
Increase in due from other funds	(500,000)
Net cash provided by operating activities	$ 715,764

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Trust Funds	Agency Funds
	Private-Purpose Trust Fund	Student Body Fund
ASSETS		
Cash and investments	$ 156	$ 924,063
Accounts receivable	1	824
Stores inventory	-	56,532
Total Assets	157	$ 981,419
LIABILITIES		
Due to student groups	-	$ 981,419
Unearned revenue	157	-
Total Liabilities	157	$ 981,419
NET POSITION		
Restricted	-	
Total Net Position	$ -	

The accompanying notes are an integral part of these financial statements.

OCEANSIDE UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Trust Funds
	Private-Purpose Trust Fund
ADDITIONS	
Contributions	$ -
Investment earnings	-
Grant income	-
Other	-
Interfund transfers in and other sources	-
Total Additions	-
DEDUCTIONS	
Benefits	-
Other trust activities	-
Interfund transfers out and other uses	-
Total Deductions	-
CHANGE IN NET POSITION	-
Net Position - Beginning	-
Net Position - Ending	$ -

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The School District was established in 1970, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K – 12 as mandated by the state. The District operates sixteen kindergarten through fifth grade schools, four middle schools, and three high schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Oceanside Unified School District, this includes general operations, food service, and student related activities of the District.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Other Related Entities

Joint Powers Authority (JPA). The District is exposed to various risk of loss related to: torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District participates in JPA to manage these risks. The relationship between the District and the JPA in which it is associated with is such that the JPA is not a component unit of the District for financial reporting purposes. The JPA is governed by the board consisting of representatives from the member agencies. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member district pays premiums commensurate with the level of coverage or service requested, and shares surpluses and deficits proportionate to its participation in the JPA.

D. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Government-Wide Statements, continued. The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Major Governmental Funds (continued)

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 *et seq*.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections* 38091 and 38100).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section* 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Presentation (continued)

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section* 17566).

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections* 48930–48938).

Private -Purpose Trust Fund: Private-purpose trust funds are used to report formal trust arrangements under which principal and interest benefit other individuals, private organizations, or other governments. Oceanside Unified School District received a grant from the College Access Foundation of California to be used to award 20 new need-based scholarships to low-income OUSD students graduating in 2014, and to provide the necessary guidance and assistance to all these students in accessing the public financial aid for which they are eligible.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Financial Statements
The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)
Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue
Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments
Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Inventories
Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets
The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and Improvements	25 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles	8 years

Interfund Balances
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences
Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 – June 30, 2018

Gains and losses related to changes in total OPEB liability 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 gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts
In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources.
This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Pensions
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 defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance
Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

J. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. New Accounting Pronouncements

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 75 for the year ended June 30, 2018.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This standard's primary objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 85 for the year ended June 30, 2018.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The District has not determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

A summary of balances for cash and investments at June 30, 2018 are as follows:

	Governmental Funds	Internal Service Funds	Governmental Activities	Fiduciary Funds
Investment in county treasury	$ 65,444,056	$ 3,523,493	$ 68,967,549	$ 156
Cash on hand and in banks	267,704	-	267,704	924,063
Cash in revolving fund	300,000	-	300,000	-
Total cash and investments	$ 66,011,760	$ 3,523,493	$ 69,535,253	$ 924,219

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The San Diego County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. 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. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $68,521,732 and an amortized book value of $68,967,705. The average weighted maturity for this pool is 345 days.

E. Credit Risk

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. The investments in the County Treasury are not required to be rated. As of June 30, 2018, the pooled investments in the County Treasury were rated AAAf/S1 by Standard & Poor's.

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the San Diego County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements at June 30, 2018 were as follows:

	Uncategorized
Investment in county treasury	$ 68,521,732
Total fair market value of investments	$ 68,521,732

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of the following:

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Internal Service Funds	Governmental Activities	Fiduciary Funds
Federal Government						
Categorical aid	$ 1,730,852	$ -	$ 1,153,700	$ -	$ 2,884,552	$ -
State Government						
Categorical aid	1,662,348	-	84,052	-	1,746,400	-
Lottery	763,289	-	-	-	763,289	-
Local Government						
Other local sources	3,936,654	33,086	106,469	15,194	4,091,403	1
Total	$ 8,093,143	$ 33,086	$ 1,344,221	$ 15,194	$ 9,485,644	$ 1

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	$ 16,825,171	$ 12,676	$ -	$ 16,837,847
Construction in progress	25,378,683	1,787,866	25,378,685	1,787,864
Total Capital Assets not Being Depreciated	42,203,854	1,800,542	25,378,685	18,625,711
Capital assets being depreciated				
Land improvements	7,842,141	-	-	7,842,141
Buildings & improvements	382,968,125	27,757,498	-	410,725,623
Furniture & equipment	19,252,953	358,790	-	19,611,743
Total Capital Assets Being Depreciated	410,063,219	28,116,288	-	438,179,507
Less Accumulated Depreciation				
Land improvements	6,402,925	613,070	-	7,015,995
Buildings & improvements	96,407,308	9,065,212	-	105,472,520
Furniture & equipment	18,082,611	804,212	-	18,886,823
Total Accumulated Depreciation	120,892,844	10,482,494	-	131,375,338
Governmental Activities				
Capital Assets, net	$ 331,374,229	$ 19,434,336	$ 25,378,685	$ 325,429,880

NOTE 4 – CAPITAL ASSETS (continued)

Depreciation expense is allocated among the following functions in the Statement of Activities:

Governmental Activities	
Instruction	$ 810,802
Instructional supervision and administration	26,709
Instructional library, media, and technology	610,513
Home-to-school transportation	2,028,920
Food services	2,411,381
Centralized data processing	3,435,202
All other general administration	441,431
Plant services	717,536
Total depreciation expense	$ 10,482,494

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2018 were as follows:

	Due From Other Funds			
Due To Other Funds	**General Fund**	**Non-Major Governmental Funds**	**Self-Insurance**	**Total**
General Fund	$ -	$ 34,382	$ 500,000	$ 534,382
Capital Facilities Fund	78,518	-	-	78,518
Non-Major Governmental Funds	274,085	9,948	-	284,033
Total Due From Other Funds	$ 352,603	$ 44,330	$ 500,000	$ 896,933

Due from the Child Development Fund to the General Fund for indirect costs, reclass workers compensation, move QPI expenses & payments, OPEB and Cal Card Purchases	$ 40,545
Due from the Cafeteria Special Revenue Fund to the General Fund for indirect costs, reclass workers compensation, OPEB and Cal Card Purchases	231,955
Due from the Building Fund to the General Fund for OPEB and to reclass workers' compensation	1,585
Due from the Capital Facilities Fund to the General Fund to move 3% administrative costs	78,518
Due from the General Fund to the Child Development Fund to correct indirect expenses, preschool classroom rent adjustment, correct payroll suspense and to move QPI expenses	25,278
Due from the Child Development Fund to the Cafeteria Special Revenue Fund for state preschool snacks	9,948
Due from the General Fund to the Building Fund to correct payroll charges	9,104
Due from the General Fund to the Self-Insurance Fund to correct health and welfare deposits	500,000
Total	$ 896,933

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2018 consisted of the following:

	General Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	$ 6,026,378	$ 162,200	$ -	$ 6,188,578
Construction	-	339,942	-	339,942
Vendors payable	2,865,797	882	-	2,866,679
Due to grantor government	1,206,769	-	-	1,206,769
Unmatured interest	-	-	3,860,332	3,860,332
Other liabilities	19,269	-	-	19,269
Total	$ 10,118,213	$ 503,024	$ 3,860,332	$ 14,481,569

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2018 consisted of the following:

	General Fund	Fiduciary Funds
Federal sources	$ 5,414	$ -
State categorical sources	582,203	-
Local sources	404,157	157
Total	$ 991,774	$ 157

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2018 consisted of the following:

	Restated Balance July 01, 2017	Adjustments/ Additions	Deductions	Balance June 30, 2018	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 234,822,525	$ -	$ 7,321,200	$ 227,501,325	$ 3,900,690
Unamortized premium	13,121,854	669,027	678,851	13,112,030	678,851
Accreted interest	33,850,398	4,321,438	-	38,171,836	-
Total general obligation bonds	281,794,777	4,990,465	8,000,051	278,785,191	4,579,541
Capital leases	301,955	-	301,955	-	-
Compensated absences	1,740,040	-	622,140	1,117,900	-
Total OPEB liability	15,688,073	1,016,879	-	16,704,952	-
Net pension liability	203,991,513	22,217,995	-	226,209,508	-
Total	$ 503,516,358	$ 28,225,339	$ 8,924,146	$ 522,817,551	$ 4,579,541

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for capital leases are made in the General Fund and Special Reserve Fund for Capital Outlay Projects.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds

A. Bonded Debt

The outstanding bonded debt as of June 30, 2018 consists of the following:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2017	Additions	Deductions	Bonds Outstanding June 30, 2018
2008 Election, Series A	3/4/2009	8/1/2031	3.8 - 8.0%	$49,995,054	$ 49,216,242	$ -	$ 391,200	$ 48,825,042
2009 GOB Refunding of 2000 Series A, B, C	3/4/2009	8/1/2035	3.0 - 4.25%	16,600,000	8,655,000	-	1,415,000	7,240,000
2008 Election, Series B	5/5/2010	8/1/2049	6.51 - 10.45%	29,999,991	23,051,388	-	-	23,051,388
2010 GOB Refunding of 2000 Series B, D, E, F	5/5/2010	8/1/2028	3.125 - 5.0%	14,320,000	11,060,000	-	-	11,060,000
2008 Election, Series C	4/11/2012	8/1/2051	5.82 - 6.98%	14,999,282	11,504,895	-	-	11,504,895
2012 GOB Refunding of Series C, D, E	4/11/2012	8/1/2027	2.0 - 3.5%	23,585,000	22,495,000	-	1,450,000	21,045,000
2014 GOB Refunding of Series D, E, F	8/1/2014	8/1/2034	3.0 - 5.0%	32,385,000	32,385,000	-	200,000	32,185,000
2015 GOB Refunding	11/3/2015	8/1/2051	2.0 - 5.0%	42,790,000	41,455,000	-	475,000	40,980,000
2008 Election, Series D	3/22/2016	8/1/2045	2.0 - 5.0%	35,000,000	35,000,000	-	3,390,000	31,610,000
					$ 234,822,525	$ -	$ 7,321,200	$ 227,501,325

NOTE 8 – LONG-TERM DEBT (continued)

A. Bonded Debt (continued)

Election of 2008 Proposition H General Obligation Bond Authorization

On June 3, 2008, the voters in the District passed by 71% Proposition H, a $195 million general obligation bond authorization. With the passing of Proposition H, the District will continue modernization plans for as many as 19 campuses district-wide. Bond funds will be supplemented with state matching funds and other funding sources to help complete the work. As of June 30, 2018, the District has issued $129,994,327 and the amount outstanding as of June 30, 2018 was $114,991,325, excluding accreted interest in the amount of $38,171,836.

2015 General Obligation Refunding Bonds

On November 3, 2015, the District issued 2015 General Obligation Refunding Bonds in the amount of $42,790,000. The net proceeds received for the bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2000, Election of 2008, 2009 Refunding, and 2010 Refunding General Obligation Bonds that were refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. This refunding reduced total debt service payments by $1,116,896 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $20,065,345.

Debt Service Requirements to Maturity – Bonds

The annual requirements to amortize debt related to the general obligation bonds payable outstanding as of June 30, 2018 are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	$ 4,610,690	$ 7,966,522	$ 12,577,212
2020	5,291,908	7,932,292	13,224,200
2021	6,137,792	7,729,108	13,866,900
2022	6,926,789	7,649,398	14,576,187
2023	7,706,608	7,548,292	15,254,900
2024 - 2028	41,393,690	50,380,100	91,773,790
2029 -2033	55,147,564	47,696,214	102,843,778
2034 - 2038	38,972,807	58,648,650	97,621,457
2039 - 2043	22,532,857	90,690,581	113,223,438
2044 - 2048	19,165,102	81,711,341	100,876,443
2049 - 2052	19,615,517	12,273,478	31,888,995
Accretion	38,171,837	(38,171,836)	1
Total	$ 265,673,161	$ 342,054,140	$ 607,727,301

NOTE 8 – LONG-TERM DEBT (continued)

B. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2018 amounted to $1,117,900. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Capital Leases

The District entered into a capital lease during the year ended June 30, 2014 for computers and equipment. As of June 30, 2018, the capital lease balance has been paid in full.

D. Other Postemployment Benefits

The District's restated beginning total OPEB liability was $15,688,073 and increased by $1,016,879 during the year ended June 30, 2018. The ending total OPEB liability at June 30, 2018 was $16,704,952. See Note 10 for additional information regarding the total OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was $203,991,513 and increased by $22,217,995 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018was $226,209,508. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2018:

	General Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	$ 290,000	$ -	$ -	$ 10,000	$ 300,000
Stores inventory	82,391	-	-	219,497	301,888
Prepaid expenditures	57,257	-	-	-	57,257
Total non-spendable	429,648	-	-	229,497	659,145
Restricted					
Educational programs	5,402,112	-	-	125,938	5,528,050
Capital projects	-	7,599,004	-	6,016,119	13,615,123
Debt service	-	-	18,812,568	-	18,812,568
All others	-	-	-	2,339,733	2,339,733
Total restricted	5,402,112	7,599,004	18,812,568	8,481,790	40,295,474
Committed					
Post retirement benefit reserve	500,000	-	-	-	500,000
Total committed	500,000	-	-	-	500,000
Assigned					
High school turf (ECHS and OHS)	2,000,000	-	-	-	2,000,000
High school bleachers (ECHS)	1,000,000	-	-	-	1,000,000
Textbook adoption and training	2,500,000	-	-	-	2,500,000
Digital position control system	600,000	-	-	-	600,000
Partial SERP liability	3,220,661	-	-	-	3,220,661
Digital facility use and work order system	500,000	-	-	-	500,000
1x funds carryover	667,775	-	-	-	667,775
Site carryover	149,004	-	-	-	149,004
Potential litigation	1,000,000	-	-	-	1,000,000
Total assigned	11,637,440	-	-	-	11,637,440
Unassigned					
Reserve for economic uncertainties	10,636,285	-	-	-	10,636,285
Total unassigned	10,636,285	-	-	-	10,636,285
Total	$ 28,605,485	$ 7,599,004	$ 18,812,568	$ 8,711,287	$ 63,728,344

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 5% of General Fund expenditures and other financing uses. If a fund balance drops below 5 percent, it shall be recovered at a rate of one percent minimally, each year. In the event of unanticipated changes in revenues or expenditures, it is the responsibility of the chief business official to report the projections to the District's Board when they become known.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Oceanside Unified School District's poste employment benefit plan is a single-employer defined benefit plan (the "Plan") administered by the District.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	Certificated	Classified	Management
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65	To age 65	To age 65
Required Service	20 years	20 years	20 years
Minimum Age	55	55	55
Dependent Coverage	No	No	No
District Contribution %	100%	100%	100%
District Cap	$1,800 per year	$1,800 per year	$1,800 per year

C. Contributions

The contribution requirements of Plan members and the Oceanside Unified School District are established and may be amended by the Oceanside Unified School District and the bargaining units. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	82
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	1,600
Total number of participants**	1,682

*Information not provided

**As of the June 30, 2018 valuation date

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The Oceanside Unified School District's total OPEB liability of $16,704,952 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Inflation	2.75%
Salary increases	2.75%
Investment rate of return	3.80%
Healthcare cost trend rates	4.00%

Non-economic assumptions:

Mortality:	
Certificated	2009 CalSTRS Mortality Table
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees Table
Miscellaneous	2014 CalPERS Active Mortality for Miscellaneous Employees Table
Retirement rates:	
Certificated	2009 CalSTRS Retirement Rates Table
Classified	Hired before 1/1/2013: 2009 CalPERS Retirement Rates for School Employees Hired after 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2%@60 adjusted to minimum retirement age of 52
Service Requirements::	
Certificated	100% at 20 Years of Service
Classified	100% at 20 Years of Service
Miscellaneous	100% at 20 Years of Service

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	June 30, 2018
Total OPEB Liability	
Service Cost	$ 1,058,990
Interest on total OPEB liability	603,449
Benefits payments	(645,560)
Net change in total OPEB liability	1,016,879
Total OPEB liability - beginning	15,688,073
Total OPEB liability - ending	$ 16,704,952
Covered payroll	$ 123,237,566
District's total OPEB liability as a percentage of covered payroll	13.56%

The Oceanside Unified School District has invoked Paragraph 244 of GASB Statement 75 for the transition due to cost constraints. Consequently, in order to determine the beginning total OPEB liability, a "roll-back" technique has been used.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

The following presents the total OPEB liability of the Oceanside Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.80 percent) or one percentage point higher (4.80 percent) than the current discount rate:

	1% Decrease (2.8%)	Valuation Discount Rate (3.8%)	1% Increase (4.8%)
Total OPEB liability	$ 17,793,977	$ 16,704,952	$ 15,691,741

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Oceanside Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current healthcare cost trend rate:

	1% Decrease (3.0%)	Valuation Trend Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	$ 16,113,516	$ 16,704,952	$ 17,158,043

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the Oceanside Unified School District recognized OPEB expense of $1,662,439. At June 30, 2018, the Oceanside Unified School District reported no deferred outflows or deferred inflows of resources related to OPEB.

Prior periods of deferred outflows and deferred inflows of resources were not restated due to the fact that prior valuations were not rerun in accordance with Paragraph 244 of GASB Statement 75. It was determined the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified. In the future, gains and losses related to changes in total OPEB liability will be 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 gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 163,579,928	$ 44,341,843	$ 16,854,626	$ 14,615,596
PERS Pension	62,629,580	21,220,755	1,329,618	7,963,862
Total	$ 226,209,508	$ 65,562,598	$ 18,184,244	$ 22,579,458

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2018, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $13,431,816 for the year ended June 30, 2018.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $7,986,771 to CalSTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	163,579,928
State's proportionate share of the net pension liability associated with the District		96,773,292
Total	$	260,353,220

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.177 percent, which was a decrease of 0.008 percent from its proportion measured as of June 30, 2016.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2018, the District recognized pension expense of $14,615,596. In addition, the District recognized pension expense and revenue of $2,781,395 for support provided by the State. At June 30, 2018, the District 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
Differences between projected and actual earnings on plan investments	$ -	$ 4,356,589
Differences between expected and actual experience	604,935	2,853,097
Changes in assumptions	30,305,092	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	9,644,940
District contributions subsequent to the measurement date	13,431,816	-
	$ 44,341,843	$ 16,854,626

The $13,431,816 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 5,151,671	$ 6,109,005
2020	5,151,671	(257,266)
2021	5,151,671	2,092,692
2022	5,151,671	6,361,057
2023	5,151,671	1,652,727
2024	5,151,672	896,411
	$ 30,910,027	$ 16,854,626

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%
	100%	

*20-year geometric average

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 240,187,267	$ 163,579,928	$ 101,407,881

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2018 was 15.531% of annual payroll. Contributions to the plan from the District were $5,195,018 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of $62,629,580 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.262 percent, which was a decrease of 0.013 percent from its proportion measured as of June 30, 2016.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2018, the District recognized pension expense of $7,963,862. At June 30, 2018, the District 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
Differences between projected and actual earnings on plan investments	$ 2,166,555	$ -
Differences between expected and actual experience	2,243,760	-
Changes in assumptions	9,148,035	737,386
Changes in proportion and differences between District contributions and proportionate share of contributions	2,467,387	592,232
District contributions subsequent to the measurement date	5,195,018	-
	$ 21,220,755	$ 1,329,618

The $5,195,018 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 5,500,704	$ 1,329,618
2020	6,977,536	-
2021	4,733,902	-
2022	(1,186,405)	-
	$ 16,025,737	$ 1,329,618

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	100.0%		

*An expected inflation of 2.50% used for this period.
**An expected inflation of 3.00% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of 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:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 92,148,182	$ 62,629,580	$ 38,141,428

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

C. Construction Commitments

As of June 30, 2018, the District had $1,293,130 in commitments with respect to unfinished Proposition H capital projects.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in one joint venture under a joint-powers agreement (JPA), the San Diego County Schools Risk Management JPA (RM). The JPA arranges for and provides workers' compensation, health, and property and liability insurance for its member school districts.

There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past two years. Copies of the annual financial report for RM can be obtained from the Risk Management Department of the San Diego County Office of Education, 6401 Linda Vista Road, San Diego, California, 92111.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2018, total deferred outflows related to pensions was $65,562,598 and total deferred inflows related to pensions was $18,184,244.

B. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2018, the deferred amount on refunding was $8,757,698.

NOTE 15 – SUBSEQUENT EVENTS

A. General Obligation Bonds

On July 26, 2018, the District issued $30,370,000 of 2018 General Obligation Refunding Bonds to refund a portion of the District's outstanding bonds and to pay costs of issuance. The bonds are current interest bonds and are scheduled to fully mature on August 1, 2033.

B. Early Retirement Incentive

On September 26, 2017, the Board approved a five (5) year Supplemental Employee Retirement Plan (SERP) with Keenan and Associates. Each installment will be $2,488,440, which does not include a 5% commission per installment. The SERP went into effect July 1, 2018, with participants retiring or resigning on, or before, June 30, 2018, and the first installment was issued August 2018.

NOTE 16 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to record the District's total OPEB liability in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ (60,753,865)
Restatement	(13,423,776)
Net Position - Beginning, as Restated	$ (74,177,641)

REQUIRED SUPPLEMENTARY INFORMATION

OCEANSIDE UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 162,755,346	$ 162,812,903	$ 163,133,716	$ 320,813
Federal sources	15,847,186	19,492,986	18,064,118	(1,428,868)
Other state sources	13,165,540	18,199,303	18,660,624	461,321
Other local sources	11,710,016	13,582,787	13,791,616	208,829
Total Revenues	203,478,088	214,087,979	213,650,074	(437,905)
EXPENDITURES				
Certificated salaries	94,578,676	95,375,492	93,870,162	1,505,330
Classified salaries	33,978,692	34,774,520	33,430,476	1,344,044
Employee benefits	61,512,112	60,258,575	58,675,870	1,582,705
Books and supplies	5,675,945	8,138,964	5,902,516	2,236,448
Services and other operating expenditures	18,926,063	21,149,666	17,954,627	3,195,039
Capital outlay	58,900	3,314,093	1,382,397	1,931,696
Other outgo				
Excluding transfers of indirect costs	1,650,549	1,688,711	1,743,192	(54,481)
Transfers of indirect costs	(365,679)	(258,840)	(233,534)	(25,306)
Total Expenditures	216,015,258	224,441,181	212,725,706	11,715,475
NET CHANGE IN FUND BALANCE	(12,537,170)	(10,353,202)	924,368	11,277,570
Fund Balance - Beginning	27,681,118	27,681,118	27,681,118	-
Fund Balance - Ending	$ 15,143,948	$ 17,327,916	$ 28,605,486	$ 11,277,570

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

		June 30, 2018
Total OPEB Liability		
Service Cost	$	1,058,990
Interest on total OPEB liability		603,449
Benefits payments		(645,560)
Net change in total OPEB liability		1,016,879
Total OPEB liability - beginning		15,688,073
Total OPEB liability - ending	$	16,704,952
Covered payroll	$	123,237,566
District's total OPEB liability as a percentage of covered payroll		13.56%

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.177%	0.185%	0.190%	0.194%
District's proportionate share of the net pension liability	$ 163,579,928	$ 149,651,338	$ 127,591,187	$ 113,507,163
State's proportionate share of the net pension liability associated with the District	96,773,292	85,206,379	67,481,492	68,316,977
Total	$ 260,353,220	$ 234,857,717	$ 195,072,679	$ 181,824,140
District's covered payroll	$ 92,888,107	$ 93,104,876	$ 87,020,090	$ 86,514,376
District's proportionate share of the net pension liability as a percentage of its covered payroll	176.1%	160.7%	146.6%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.262%	0.275%	0.265%	0.282%
District's proportionate share of the net pension liability	$ 62,629,580	$ 54,340,175	$ 39,028,960	$ 31,982,217
District's covered payroll	$ 33,618,277	$ 32,909,499	$ 29,597,587	$ 29,573,702
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.3%	165.1%	131.9%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 13,431,816	$ 11,715,177	$ 10,001,655	$ 7,727,385
Contributions in relation to the contractually required contribution*	(13,431,816)	(11,715,177)	(10,001,655)	(7,727,385)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 93,212,643	$ 92,888,107	$ 93,104,876	$ 87,020,090
Contributions as a percentage of covered payroll	14.41%	12.61%	10.74%	8.88%

*Amounts do not include on-behalf contributions

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 5,195,018	$ 4,647,290	$ 3,913,069	$ 3,483,635
Contributions in relation to the contractually required contribution	(5,195,018)	(4,647,290)	(3,913,069)	(3,483,635)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 33,418,192	$ 33,618,277	$ 32,909,499	$ 29,597,587
Contributions as a percentage of covered payroll	15.55%	13.82%	11.89%	11.77%

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios. including the total OPEB liability as a percentage of covered-employee payroll.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions
This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2018, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Other outgo			
Excluding transfers of indirect costs	$ 1,688,711	$ 1,743,192	$ 54,481

SUPPLEMENTARY INFORMATION

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 3,721,331
Title I, Part G, Advanced Placement Test Fee Reimbursement	84.330B	14831	13,465
Title I, Part C, Migrant Education	84.011	14838	335,028
Title II, Part A, Teacher Quality	84.367	14341	581,433
Title III			
Title III, English Learner Student Program	84.365	14346	277,085
Title III, Immigrant Education Program	84.365	15146	17,616
Subtotal Title III			294,701
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	618,231
Title VIII, Impact Aid	84.041	10015	5,480,558
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,183,535
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	13,069
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	208,212
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	101,401
IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	84.027A	13682	313,486
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,073
Subtotal Special Education Cluster			3,820,776
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	137,329
Total U. S. Department of Education			15,002,852
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster **[1]**			
School Breakfast Program - Basic	10.553	13525	1,634
School Breakfast Program - Needy	10.553	13526	1,054,849
National School Lunch Program	10.555	13391	3,890,854
Meal Supplements	10.555	*	97,417
USDA Commodities **[2]**	10.555	*	413,117
Summer Food Service Program for Children	10.559	13004	225,271
Subtotal Child Nutrition Cluster			5,683,142
CACFP Claims - Centers and Family Day Care	10.558	13393	743,064
NSLP Equipment Assistance Grants	10.579	14906	33,624
Fresh Fruit and Vegetable Program	10.582	14968	42,616
Total U. S. Department of Agriculture			6,502,446
U. S. DEPARTMENT OF DEFENSE			
Passed through California Department of Defense:			
Promoting K-12 Student Achievement at Military-Connected Schools	12.556	*	583,201
Project OPTIME	12.557	*	43,456
Total U. S. Department of Defense			626,657
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medicaid **[1]**			
Medi-Cal Billing Option	93.778	10013	645,221
Medi-Cal Administrative Activities	93.778	10060	1,073,320
Subtotal Medicaid			1,718,541
Total U. S. Department of Health & Human Services			1,718,541
Total Federal Expenditures			$ 23,850,496

[1] - Major Program
[2] - In-Kind Contribution
* - Pass-Through Entity Identifying Number not available or not applicable

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2018

	Second Period Report	Annual Report
	762C2ECA	**551E51B2**
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	5,660.74	5,645.20
Extended Year Special Education	11.63	11.63
Special Education - Nonpublic Schools	1.38	1.23
Extended Year Special Education - Nonpublic Schools	0.31	0.31
Total TK/K through Third	5,674.06	5,658.37
Fourth through Sixth		
Regular ADA	3,955.79	3,943.27
Extended Year Special Education	5.15	5.15
Special Education - Nonpublic Schools	0.95	0.96
Extended Year Special Education - Nonpublic Schools	0.34	0.34
Total Fourth through Sixth	3,962.23	3,949.72
Seventh through Eighth		
Regular ADA	2,549.97	2,542.51
Extended Year Special Education	1.95	1.95
Special Education - Nonpublic Schools	1.97	1.97
Extended Year Special Education - Nonpublic Schools	0.17	0.17
Total Seventh through Eighth	2,554.06	2,546.60
Ninth through Twelfth		
Regular ADA	4,836.30	4,772.24
Extended Year Special Education	4.05	4.05
Special Education - Nonpublic Schools	9.18	8.50
Extended Year Special Education - Nonpublic Schools	1.41	1.41
Total Ninth through Twelfth	4,850.94	4,786.20
TOTAL SCHOOL DISTRICT	17,041.29	16,940.89

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	Minutes Requirement	2017-18 Actual Minutes	Number of Days	Status
Kindergarten	36,000	36,675	180	Complied
Grade 1	50,400	54,225	180	Complied
Grade 2	50,400	54,225	180	Complied
Grade 3	50,400	54,225	180	Complied
Grade 4	54,000	54,225	180	Complied
Grade 5	54,000	54,225	180	Complied
Grade 6	54,000	60,390	180	Complied
Grade 7	54,000	60,390	180	Complied
Grade 8	54,000	60,390	180	Complied
Grade 9	64,800	65,166	180	Complied
Grade 10	64,800	65,166	180	Complied
Grade 11	64,800	65,166	180	Complied
Grade 12	64,800	65,166	180	Complied

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	2019 (Budget)	2018	2017	2016
General Fund - Budgetary Basis				
Revenues And Other Financing Sources	$ 216,404,914	$ 213,650,074	$ 217,181,670	$ 213,741,648
Expenditures And Other Financing Uses	218,177,392	212,725,706	210,468,781	208,089,574
Net change in Fund Balance	$ (1,772,478)	$ 924,368	$ 6,712,889	$ 5,652,074
Ending Fund Balance	$ 26,833,007	$ 28,605,486	$ 27,681,118	$ 20,968,229
Available Reserves*	$ 11,332,108	$ 10,636,285	$ 12,816,520	$ 11,239,427
Available Reserves As A Percentage Of Outgo	5.19%	5.00%	6.09%	5.40%
Long-term Debt	$ 518,238,010	$ 522,817,551	$ 490,092,582	$ 451,156,893
Average Daily Attendance At P-2	16,637	17,041	17,430	17,970

The General Fund balance has increased by $7,637,257 over the past two years. The fiscal year 2018-19 budget projects a decrease of $1,772,478. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo). However, the District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 5% of General Fund expenditures and other financing uses. If a fund balance drops below 5 percent, it shall be recovered at a rate of one percent minimally, each year. In the event of unanticipated changes in revenues or expenditures, it is the responsibility of the chief business official to report the projections to the District's Board when they become known.

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating deficit during the 2018-19 fiscal year. Total long-term obligations have increased by $71,660,658 over the past two years.

Average daily attendance has decreased by 929 ADA over the past two years. A decrease of 404 ADA is anticipated during the 2018-19 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

OCEANSIDE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	Cafeteria Fund
June 30, 2018, annual financial and budget report fund balance	$ 2,397,448
Adjustments and reclassifications:	
Increase in total fund balances:	
Cash in banks	171,782
Net adjustments and reclassifications	171,782
June 30, 2018, audited financial statement fund balance	$ 2,569,230

OCEANSIDE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018

Charter #	Charter School	Status	Included in Audit Report
0516	Coastal Academy Charter	Active	No
0247	Pacific View Charter	Active	No

OCEANSIDE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2018

	Child Development Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds
ASSETS				
Cash and investments	$ 129,214	$ 1,442,523	$ 6,318,559	$ 7,890,296
Accounts receivable	31,866	1,282,372	29,983	1,344,221
Due from other funds	25,278	9,948	9,104	44,330
Stores inventory	-	219,497	-	219,497
Total Assets	$ 186,358	$ 2,954,340	$ 6,357,646	$ 9,498,344
LIABILITIES				
Accrued liabilities	$ 9,927	$ 153,155	$ 339,942	$ 503,024
Due to other funds	50,493	231,955	1,585	284,033
Total Liabilities	60,420	385,110	341,527	787,057
FUND BALANCES				
Non-spendable	-	229,497	-	229,497
Restricted	125,938	2,167,951	6,016,119	8,310,008
Unassigned	-	171,782	-	171,782
Total Fund Balances	125,938	2,569,230	6,016,119	8,711,287
Total Liabilities and Fund Balance	$ 186,358	$ 2,954,340	$ 6,357,646	$ 9,498,344

OCEANSIDE UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Child Development Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds
REVENUES				
Federal sources	$ -	$ 6,502,446	$ -	$ 6,502,446
Other state sources	811,766	410,734	-	1,222,500
Other local sources	46,850	1,536,236	155,577	1,738,663
Total Revenues	858,616	8,449,416	155,577	9,463,609
EXPENDITURES				
Current				
Instruction	619,137	-	-	619,137
Instruction-related services				
Instructional supervision and administration	73,004	-	-	73,004
Pupil services				
Food services	22,892	7,826,010	-	7,848,902
All other pupil services	1,891	-	-	1,891
General administration				
All other general administration	29,998	203,536	-	233,534
Plant services	46,080	-	-	46,080
Facilities acquisition and maintenance	-	-	2,728,181	2,728,181
Total Expenditures	793,002	8,029,546	2,728,181	11,550,729
NET CHANGE IN FUND BALANCE	65,614	419,870	(2,572,604)	(2,087,120)
Fund Balance - Beginning	60,324	2,149,360	8,588,723	10,798,407
Fund Balance - Ending	$ 125,938	$ 2,569,230	$ 6,016,119	$ 8,711,287

The Oceanside Unified School District was established in 1970. The District boundaries encompass the city of Oceanside, as well as part of Marine Corps Base-Camp Pendleton. There were no changes in the boundaries of the District during the current year. The District provides primary and secondary education for all students within the District's boundaries through operation of its twenty-three schools, which consist of sixteen elementary, four middle schools and three high schools.

GOVERNING BOARD

Member	Office	Term Expires
Ann Corwin	President	December 2019
Ms. Emily Ortiz Wichmann	Vice President	December 2019
Eleanor Juanita Evans	Clerk	December 2021
Mike Blessing	Member	December 2021
Robert "Camo" Gleisberg	Member	December 2019

DISTRICT ADMINISTRATORS

Mr. Duane Coleman, Ed.D.
Superintendent

Shannon Soto, Ed. D.
Associate Superintendent, Business Services

Mr. Reginald Thompkins
Deputy Superintendent, Education Services

Cheri Sanders
Associate Superintendent, Human Resources

Dawn Campbell
Director of Fiscal Services

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2018 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2018.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 24,566,564
Medi-Cal Billing Option	93.778	263,006
Department of Defense Impact Aid	12.558	(728,515)
E-Rate Federal Communication Commission	84.Unknown	(250,559)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 23,850,496

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of student at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46208. During the year ended June 30, 2018, the District participated in the Longer Day incentive funding program. As of June 30, 2018, the District had not yet met its target funding.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of Financial Trends and Analysis
This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools
This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds
These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure
This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

Governing Board
Oceanside Unified School District
Oceanside, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oceanside Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Oceanside Unified School District's basic financial statements, and have issued our report thereon dated November 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oceanside Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oceanside Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oceanside Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oceanside Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
November 16, 2018

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
Oceanside Unified School District
Oceanside, California

Report on Compliance for Each Major Federal Program

We have audited Oceanside Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oceanside Unified School District's major federal programs for the year ended June 30, 2018. Oceanside Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oceanside Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oceanside Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Oceanside Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Oceanside Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Oceanside Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oceanside Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oceanside Unified School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
November 16, 2018

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REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Oceanside Unified School District
Oceanside, California

Report on State Compliance

We have audited Oceanside Unified School District's compliance with the types of compliance requirements described in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810 that could have a direct and material effect on each of Oceanside Unified School District's state programs for the fiscal year ended June 30, 2018, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oceanside Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Oceanside Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Oceanside Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Oceanside Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2018.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Oceanside Unified School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes

(continued on the next page)

Procedures Performed ***(continued)***

PROGRAM NAME	PROCEDURES PERFORMED
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

Christy White Associates

San Diego, California
November 16, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OCEANSIDE UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program or Cluster
10.555, 10.553, 10.559	Child Nutrition Cluster
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for state programs:	Unmodified

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings or questioned costs for the year ended June 30, 2018.

FIVE DIGIT CODE	**AB 3627 FINDING TYPE**
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2018.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2018.

FINDING #2017-001: CAPITAL ASSETS INVENTORY (20000)

Criteria: District fixed asset policies require the capitalization and annual depreciation of capital assets with a current value of $5,000. The District must maintain current, auditable asset listings to support the amount reported on the government-wide statement of net position. Physical inventory counts should be performed approximately every two years (or as deemed necessary) to verify accuracy of asset listing and valuations. This inventory should include a current detail of construction projects in progress and their related costs, which will then be depreciated once the projects have been closed out and placed into service.

Condition: During our audit of the financial statements of the District, we determined that a detailed listing of fixed assets had not yet been fully integrated into the PeopleSoft Fixed Asset tracking software. We noted that accumulated depreciation from the prior fixed asset tracking software was being rolled forward from year to year, but did not accurately update for current year additions and prior year accumulated depreciation. As a result, it was determined that current year depreciation amounts by category could not be confirmed as correct.

Context: Governmental accounting standards require property, plant and equipment to be inventoried and valuated every two years for a District this size. For construction projects, this should be an ongoing process that tracks the related costs and begins depreciating the assets once they are placed into service.

Effect: Without completing regular updates of physical inventory and construction in progress listings, the District does not maintain adequate control over buildings, site improvements, and other assets as they relate to the government-wide financial statements and the related depreciation expenses.

Cause: Based on inquiry with Business Office staff, there has been several issues in integrating fixed asset tracking into PeopleSoft.

Recommendation: We recommend the District implement procedures that ensure the capital asset listing is updated and verified by performing annual physical inventories. This process may require the assistance of an outside consulting firm. It may not be necessary to conduct the inventory each year for all sites within the District, however, the procedures should ensure that during a two-year cycle, all District sites have performed a physical inventory. Completed construction projects should begin recognizing depreciation expense in the fiscal year in which they are placed into service.

District Response: Until implementation of PeopleSoft in April 2016, Oceanside Unified utilized Escape fixed asset software and were 100% in compliance with the recommendations above. We've been working diligently with San Diego County Office of Education to do a conversion of our Escape data as well as being able to track our new capital assets in the PeopleSoft fixed assets module. The OUSD Fiscal Services Department has met with SDCOE on numerous occasions including twice during this past week. The County is aware of our audit finding and are working with us to resolve the known issues.

Current Status: Implemented

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
Oceanside Unified School District
Oceanside, California

Oceanside Unified School District
General Obligation Bonds,
Election of 2008, Series E
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Oceanside Unified School District (the "District"), which is located in the County of San Diego, California (the "County"), in connection with the issuance by the District of $25,000,000 aggregate principal amount of bonds designated as "Oceanside Unified School District General Obligation Bonds, Election of 2008, Series E" (the "Bonds"). The Bonds are issued under and pursuant to a resolution of the Board of Supervisors of the County adopted on April 9, 2019 (the "County Resolution"), at the request of the District and pursuant to a resolution of the Board of Education of the District adopted on March 12, 2019 (the "Resolution"), and a Paying Agent Agreement, dated as of July 1, 2019 (the "Paying Agent Agreement"), by and between the District and the County, acting through the office of the Treasurer-Tax Collector of the County, as paying agent (the "Paying Agent"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or the Paying Agent Agreement.

In such connection, we have reviewed the Resolution, the County Resolution, the Paying Agent Agreement, the tax certificate of the District, dated the date hereof (the "Tax Certificate"), relating to the Bonds, other than those Bonds maturing on August 1, 2019 and bearing a coupon of 2.370% percent (after such exclusion, the "Tax-Exempt Bonds"), certificates of the District, the County and others, an opinion of counsel to the County, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District and the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the County Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the County Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.

2. The Resolution has been duly and legally adopted and constitutes valid and binding obligation of the District.

3. The County Resolution has been duly and legally adopted.

4. The Paying Agent Agreement has been duly executed and delivered by the County and the District, and constitutes a valid and binding agreement of, the District and the County.

5. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

6. Interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

OCEANSIDE UNIFIED SCHOOL DISTRICT
(San Diego County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2008, SERIES E

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated July 2, 2019, is executed and delivered by the Oceanside Unified School District (the "District") in connection with the issuance of the above-named bonds (the "Bonds"). The Bonds are being issued pursuant to the resolution (the "Resolution") adopted by the Board of Education of the District on March 12, 2019, and in accordance with the terms of a Paying Agent Agreement, dated as of July 1, 2019 (the "Paying Agent Agreement"), by and between the District and the County of San Diego, California, Office of the Treasurer-Tax Collection (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the S.E.C., filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"Official Statement" shall mean the final official statement dated June 12, 2019 relating to the Bonds.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year of the District ending June 30, 2019 (which is due not later than April 1, 2020), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than 15 business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

* Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

* Outstanding indebtedness and lease obligations, as of the preceding fiscal year;

* General fund budget and actual results, as of the preceding fiscal year;

* Average daily attendance and State funding information, or equivalent information, as may be reasonably available, as of the preceding fiscal year;

* Assessed valuations, as of the most recent equalized assessed roll; and

* Largest local secured taxpayers, as of the most recent equalized assessed roll.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or

8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of San Diego or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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IN WITNESS WHEREOF, the undersigned has executed and delivered this Continuing Disclosure Certificate on the date as first written above.

OCEANSIDE UNIFIED SCHOOL DISTRICT

By:____
Deputy Superintendent of Administrative Services

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of District:	OCEANSIDE UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	OCEANSIDE UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2008, SERIES E
Date of Issuance:	July 2, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

OCEANSIDE UNIFIED SCHOOL DISTRICT

By ____________[to be signed only if filed]___________

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APPENDIX E

SAN DIEGO COUNTY INVESTMENT POOL

The following information concerning the Treasury Pool of San Diego County (the "Treasury Pool") has been provided by the Treasurer and has not been confirmed or verified by the District or the Underwriter. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

In accordance with Section 53600 et seq. of the Government Code of the State of California (the "Government Code"), the Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with Section 53635 et seq. of the Government Code. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code.

All investments in the Treasurer's investment portfolio conform to the statutory requirements of Section 53635 et seq. of the Government Code, authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

General

Pursuant to a resolution adopted July 8, 1958, the Board of Supervisors delegated to the County Treasurer the authority to invest and reinvest funds of the County. Applicable law limits this delegation of authority to a one-year period and must be renewed annually by action of the Board of Supervisors. In addition to funds of the County, funds of certain local agencies within the County, including school districts in the County, are required under state law to be deposited into County Treasury ("Involuntary Depositors"). In addition, certain agencies, such as cities and special districts, invest certain of their funds in the County Treasury on a voluntary basis ("Voluntary Depositors" and together with the Involuntary Depositors, the "Depositors"). Deposits made by the County and the various local agencies are commingled in a pooled investment fund (the "Treasury Pool" or the "Pool"). No particular deposits are segregated for separate investment.

Under State law, Depositors in the Pool are permitted to withdraw funds which they have deposited on 30 days notice. The County does not expect that the Pool will encounter liquidity shortfalls based on its current portfolio and investment guidelines or realize any losses that may be required to be allocated among all Depositors in the Pool.

The County has established an Oversight Committee pursuant to State law. The members of the Oversight Committee include the County Treasurer, the County Auditor–Controller, the County Superintendent of Schools or designee, a representative from special districts, a representative from school districts and community college districts in the County, and members of the public. The role of the Oversight Committee is to review and approve the Investment Policy that is prepared by the County Treasurer.

The Treasury Pool's Portfolio

As of April 30, 2019, the securities in the Treasury Pool had a market value of $11,199,667,684 and a book value of $11,214,199,774, for a net unrealized loss of $14,532,089 of the book value of the Treasury Pool.

The effective duration for the Treasury Pool was 0.87 years as of April 30, 2019. "Duration" is a measure of the price volatility of the portfolio and reflects an estimate of the projected increase or decrease in the value of the portfolio based upon a decrease or increase in interest rates. A duration of 0.87 means that for every one percent increase in interest rates the market value of the portfolio would decrease by 0.87%.

As of April 30, 2019, approximately 6.47% of the total funds in the Pool were deposited by Voluntary Depositors, such as cities and fire districts, 9.37% by community colleges, 40.47% by the County, 1.06% by the Non-County and 42.63% by K-12 school districts.

Fitch Ratings maintains ratings of "AAAf" (highest underlying credit quality) and "S-1" (very low sensitivity to market risk) on the Pool. The ratings reflect only the view of the rating agency and any explanation of the significance of such ratings may be obtained from such rating agency as follows: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004.

Investments of the Treasury Pool

Authorized Investments: Investments of the Pool are placed in those securities authorized by various sections of the Government Code, which include obligations of the United States Treasury, Agencies of the United States Government, local and State bond issues, bankers acceptances, commercial paper of prime quality, certificates of deposit (both collateralized and negotiable), repurchase and reverse repurchase agreements, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), asset backed (including mortgage related), pass-through securities, and specific Supranational debt securities.

Legislation which would modify the currently authorized investments and place restrictions on the ability of municipalities to invest in various securities is considered from time to time by the California State Legislature. At all times, the Pool's investments will comply with Government Code and the County's Investment Policy (the "Investment Policy").

The Investment Policy currently states the primary goals of the County Treasurer when investing public funds to be as follows: the primary objective is to safeguard the principal of the funds under the County Treasurer's control, the secondary objective is to meet the liquidity needs of the Pool Participants, and the third objective is to achieve an investment return on the funds under the control of the County Treasurer within the parameters of prudent risk management. The Investment Policy contains a requirement that at least 35% of the Pool should be invested in securities maturing in one year or less, with the remainder of the portfolio being invested in debt securities with maturities spread over more than one year to five years. Furthermore, at least 15% of the securities must mature within 90 days. The maximum effective duration for the Pool shall be 2.0 years.

Certain Information Relating to Pool

The following table reflects information with respect to the Pool as of the close of business on April 30, 2019. As described above, a wide range of investments is authorized by state law. Therefore, there can be no assurances that the investments in the Pool will not vary significantly from the investments described below. In addition, the value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described below. In addition, the values specified in the following table were based upon estimates of market values provided to the County by a third party. Accordingly, there can be no assurance that if these securities had been sold on April 30, 2019, the Pool necessarily would have received the values specified.

TREASURER-TAX COLLECTOR
SUMMARY OF SAN DIEGO COUNTY PORTFOLIO STATISTICS
AS OF APRIL 30, 2019

Investment Type	Par Value	Book Value	Market Value	% of Portfolio	Market Price	WAM	YTM	Accrued Interest	Unrealized Gain/Loss
Asset Backed Securities	600,251,624	598,697,684	600,913,342	5.34	100.110	1184	2.54	727,875	2,215,658
Bank Deposit	5,281,092	5,281,092	5,281,092	0.05	100.000	1	2.25	24,449	-
Commercial Paper Disc	3,615,000,000	3,599,446,040	3,600,817,400	32.10	99.609	57	2.72	-	1,371,360
Federal Agency	2,643,547,000	2,643,289,363	2,628,338,919	23.57	99.425	799	1.95	10,380,249	(14,950,444)
Medium-Term Notes	474,688,000	473,431,308	474,099,069	4.22	99.878	901	2.75	979,236	667,761
Money Market Accounts	67,300,000	67,300,000	67,300,000	0.60	100.000	1	2.35	185,885	-
Negotiable CDs	2,382,000,000	2,382,001,509	2,384,371,930	21.24	100.100	128	2.83	29,107,360	2,370,421
Supranationals	923,500,000	924,483,173	921,624,020	8.24	99.797	979	2.10	1,937,859	(2,859,153)
Sweep Fund	11,058,302	11,058,302	11,058,302	0.10	100.000	1	2.02	20,355	-
Treasury Coupon Securities	510,000,000	509,211,303	505,863,610	4.54	99.191	516	1.52	1,987,030	(3,347,693)
Totals for April 2019	11,232,626,018	11,214,199,774	11,199,667,684	100.00	99.708	439	2.44	45,350,300	(14,532,089)
Totals for March 2019	9,708,535,819	9,689,523,453	9,673,900,081	100.00	99.644	409	2.42	44,560,766	(15,623,372)
Change from Prior Month	1,524,090,199	1,524,676,321	1,525,767,603		0.064	30	0.02	789,534	1,091,283

Portfolio Effective Duration 0.87 years

Return Information	Monthly Return	Annualized	Fiscal Year To Date Return	Annualized	Calendar Year To Date Return	Annualized
Book Value	0.200%	2.439%	1.857%	2.230%	0.795%	2.420%

Notes

Yield to maturity (YTM) is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the maturity date.
Weighted Average Maturity (WAM) is average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio.
Yields for the portfolio are aggregated based on the book value of each security.
Monthly Investment Returns are reported gross of fees. Administration fees since fiscal year 17-18 have averaged approximately 7 basis points per annum.

*All Investments held during the month of April 2019 were in compliance with the Investment Policy dated January 1, 2019.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each series and maturity of the Securities, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any series and maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such series and maturity.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede &

Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices will be sent to DTC. If less than all of the Securities within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the paying agent, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or the paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the issuer or the paying agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.