



# City of Oceanside

300 North Coast Highway,  
Oceanside, California 92054

## Staff Report

---

File #: 25-1176

Agenda Date: 1/14/2026

Agenda #: 10.

---

DATE: January 14, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Financial Services Department

**TITLE: ACCEPTANCE OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FISCAL YEAR ENDING JUNE 30, 2025**

**RECOMMENDATION**

Staff recommends that the City Council accept the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2025.

**BACKGROUND AND ANALYSIS**

The Annual Comprehensive Financial Report (ACFR) is a set of financial statements for a state, municipality or other governmental entity that comply with the accounting requirements established by the Governmental Accounting Standards Board (GASB). It must be audited by an independent auditor using generally accepted government auditing standards. The City's independent auditor, Lance, Soll & Lunghard, LLP, has reviewed and provided an unmodified opinion on the accuracy of the City's financial statements.

On December 19, 2006, the American Institute of Certified Public Accounts (AICPA) Auditing Standards Board issued the Statement of Auditing Standards (SAS) No. 114. The primary purpose of this standard is to ensure open and transparent, two-way communication between the independent auditor and those responsible for overseeing the financial reporting process. This SAS also outlines the matters auditors must communicate to these parties. As part of the two-way communication with the governing body, the ACFR is submitted to the City Council via the formalized agenda process.

"Net position" represents the simplest test of financial health for a city, indicating the excess (or deficit) of assets over liabilities. Net position is used as a measure of "net worth" rather than as a measure of expendable available financial resources. The City's Total Net Position is a combination of all City funds including governmental funds that are used for tax-supported activities, such as the General Fund, Housing Fund, Gas Tax Fund, etc., as well as proprietary funds for business-type activities such as the Water Fund, Wastewater Fund, Small Craft Harbor District Fund, etc. At the end of Fiscal Year 2024-25, the City's Total Net Position increased \$60.3 million, or 4.7 percent compared to the previous year. This indicates that the City is in strong financial health, with sufficient capacity to cover its expenses and debt obligations, while also maintaining the ability to reduce long-term debt and allocate funds for future infrastructure projects.

The following table is a five-year summary of the changes in Total Net Position for the entire City.

<b>City of Oceanside Summary of Net Position (in millions)</b>					
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Net Investment in Capital Assets</b>	\$ 757.0	\$ 766.9	\$ 788.2	\$ 850.6	\$ 829.3
<b>Restricted</b>	\$ 131.3	\$ 123.0	\$ 139.7	\$ 199.0	\$ 234.3
<b>Unrestricted</b>	\$ 157.2	\$ 246.4	\$ 267.1	\$ 245.0	\$ 291.0
<b>Total Net Position</b>	\$1,045.5	\$1,136.3	\$1,195.0	\$1,294.6	\$ 1,354.6
<b>\$ increase (decrease) from prior year</b>	\$ 50.3	\$ 90.8	\$ 58.7	\$ 99.6	\$ 60.0
<b>% increase (decrease) from prior year</b>	5.1%	8.7%	5.2%	8.3%	4.6%

There are three components to Total Net Position:

- 1) Invested in Capital Assets (net of related debt) are assets used in operations such as land, buildings, infrastructure, and equipment. This component decreased \$21.3 million from Fiscal Year 2023-24, due to the effect of expensing capital-in-progress costs that are not capitalizable and depreciation. These funds are not readily accessible for spending since they are “tied up” in capital assets.
- 2) Restricted Net Position funds are not readily accessible because they are subject to restrictions imposed by outside parties (i.e., creditors, grantors, contributors, laws and regulations of other governments), by the City Manager or the City Council. The increase in Restricted Net Position of \$35.3 million is mostly due to an increase in funds held for capital projects.
- 3) The Unrestricted Net Position is the residual balance of Net Position after the elimination of Invested in Capital Assets (net of related debt) and Restricted Net Position. This component increased \$46.1 million from Fiscal Year 2023-24. This increase is mostly due to the reduction in invested in capital assets.

A full compilation is available in the statistical section of the attached ACFR under “Net Position by Component”.

## **FISCAL IMPACT**

For information purposes only, no fiscal impact.

## **COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY'S ANALYSIS**

Does not apply.

Prepared by: Christine Hernandez, Accounting Manager

Reviewed by: Jill Moya, Financial Services Director

Submitted by: Jonathan Borrego, City Manager

**ATTACHMENTS:**

1. Staff Report
2. Annual Comprehensive Financial Report FY 25