



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1300

Agenda Date: 3/11/2026

Agenda #: 17.

DATE: March 11, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Financial Services Department

TITLE: FY 2025-26 SECOND QUARTER FINANCIAL STATUS REPORT

RECOMMENDATION

Staff submits the Second Quarter Financial Status Report and recommends that the City Council accept the report and approve the proposed budget adjustments.

BACKGROUND AND ANALYSIS

The City Council adopted the FY 2025-26 budgets on June 4, 2025. The approved General Fund (GF) includes \$231.49 million in revenues, with recurring expenditures totaling \$230.16 million and an additional \$4.38 million allocated for one-time costs, for a total GF expenditure budget of \$234.54 million. Across all funds, the City adopted a budget of \$624.65 million in revenues and \$626.56 million in expenditures.

This report summarizes the preliminary General Fund and major operating fund results as of December 31, 2025, representing 50 percent of the fiscal year. It is not intended to capture all transactions but instead provides a high-level comparison of budgeted versus actual revenues and expenditures. The financial status of the Water Utilities and Harbor enterprise funds is also included. The report is designed to give the City Council and the public an early overview of the City's general fiscal condition as of the end of the second quarter of the current fiscal year.

As of December 31, 2025, General Fund revenues totaled \$93.19 million, representing 40 percent of the annual revenue budget. This reflects a 15 percent increase compared to the second quarter of FY 2024-25, when revenues accounted for 37 percent of previous year's total revenue budget. The General Fund's largest revenue source, Property Tax, is primarily received in December/January and April/May; therefore, receiving only 29 percent of budgeted revenues in the second quarter is expected and consistent with prior-year trends.

Total GF expenditures as of December 31 amount to \$114.5 million, or 47 percent of the total expenditure budget. This reflects an increase of \$5.26 million, or 5 percent, compared to the same quarter of the prior year. Departments are on track to remain within budgeted levels.

Revenues for the Water Fund are trending ahead of expectations, supported by strong developer fee

activity early in the fiscal year, while operating expenditure remains on track. Capital spending is higher in the first quarter due to the timing of encumbrances for major water infrastructure projects currently in design or construction.

Revenues for the Sewer Fund are performing as expected, with developer fee receipts already exceeding full-year projections and service fees remaining stable. Operating costs are slightly higher than benchmark levels, primarily due to \$4.1 million in encumbrances recorded to date. Capital expenditure also appear higher early in the fiscal year as encumbrances have been established for several large sewer projects that are moving into the construction phase. These timing-related encumbrances are typical for projects of this scale.

Revenues for the Solid Waste Disposal Fund are slightly below the quarterly benchmark but were supplemented last quarter by a one-time remittance of unspent Public Education and Outreach funds, helping to stabilize collections. Operating expenditure is elevated due to early-year contract encumbrances, although revenues continue to cover operating costs.

Revenues for the Harbor Fund are ahead of expectations primarily due to interest earnings recognized early in the fiscal year, while operating expenditures remain in line with budgeted levels. Capital spending is higher in the first quarter as a result of early encumbrances for ongoing harbor capital improvement projects.

FISCAL IMPACT

There is no fiscal impact.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

Does not apply.

Prepared by: Jill Moya, Financial Services Director
Reviewed by: Michael Gossman, Assistant City Manager
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. 2025-26 Quarterly Financial Status Report - Q2
3. Attachment A