



CITY OF OCEANSIDE, CALIFORNIA MEASURE X FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS

Focused
on YOU



**CITY OF OCEANSIDE, CALIFORNIA
MEASURE X FUNDS**

Financial Statements

For the Year Ended June 30, 2025

CITY OF OCEANSIDE, CALIFORNIA
MEASURE X FUNDS

Financial Statements

For the Year Ended June 30, 2025

Table of Contents

Page
Number

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to Financial Statements	6
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Operating Fund	8
Notes to Required Supplementary Information	9
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Capital Fund	10
OTHER REPORTS	
Independent Auditors' Report on Compliance with Applicable Requirements and on Internal Control over Compliance	11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Measure X Operating Fund and the Measure X Capital Fund (hereafter, the Measure X Funds) a special revenue and capital project fund of the City of Oceanside, California (hereafter, the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure X Funds as of June 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure X Funds and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee



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

that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the Measure X Operating Fund as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 1, 2025, on our consideration of the City's internal control over the Measure X Fund's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Measure X Fund's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Measure X Fund's financial reporting and compliance.

LSL, LLP

Irvine, California
December 1, 2025

CITY OF OCEANSIDE, CALIFORNIA
MEASURE X FUNDS
Balance Sheet
June 30, 2025

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Assets:			
Pooled cash and investments	\$ -	\$ 24,916,708	\$ 24,916,708
Due from Operating Fund	-	1,125,963	1,125,963
Taxes receivable	3,260,796	-	3,260,796
Total Assets	\$ 3,260,796	\$ 26,042,671	\$ 29,303,467
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	435,022	677,993	1,113,015
Due to Capital Fund	1,125,963	-	1,125,963
Accrued liabilities	185,750	-	185,750
Total Liabilities	1,746,735	677,993	2,424,728
Fund Balances:			
Restricted for capital projects	-	25,364,678	25,364,678
Assigned for Measure X	1,514,061	-	1,514,061
Total Fund Balances	1,514,061	25,364,678	26,878,739
Total Liabilities and Fund Balances	\$ 3,260,796	\$ 26,042,671	\$ 29,303,467

See accompanying notes to financial statements.

CITY OF OCEANSIDE, CALIFORNIA
MEASURE X FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended June 30, 2025

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Revenues:			
Taxes	\$ 18,751,076	\$ -	\$ 18,751,076
Total Revenues	18,751,076	-	18,751,076
Expenditures:			
Current:			
General government	9,340,998	1,422	9,342,420
Capital outlay	210,339	6,320,044	6,530,383
Total Expenditures	9,551,337	6,321,466	15,872,803
Excess (Deficiency) of Revenues over (under) Expenditures	9,199,739	(6,321,466)	2,878,273
Other Financing Sources (Uses):			
Transfers in (out)	(16,228,500)	16,228,500	-
Total Other Financing Sources (Uses)	(16,228,500)	16,228,500	-
Net Change in Fund Balances	(7,028,761)	9,907,034	2,878,273
Fund Balances - Beginning	8,542,822	15,457,644	24,000,466
Fund Balances - Ending	\$ 1,514,061	\$ 25,364,678	\$ 26,878,739

CITY OF OCEANSIDE, CALIFORNIA
MEASURE X FUNDS
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 1: DESCRIPTION OF THE REPORTING ENTITY

The City of Oceanside’s (the City) Measure X Funds (the Funds) were formed to account for resources received and used from the City’s Measure X Half-Cent Sales Tax approved by voters in November 2018. The half-cent sales tax went into effect April 1, 2019. The City performs all administrative and accounting functions. The accounting policies of the Fund are in conformity with generally accepted accounting principles in the United States applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. Complete financial statements of the City can be obtained from the City’s Finance Department.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

To ensure the proper identification of individual revenue sources and the expenditures made from those revenues, the Funds are organized on the basis of individual funds which are considered separate accounting entities. The operations of the funds are accounted for with separate sets of self-balancing accounts that comprise their assets, liabilities, fund balances, revenues, and expenditures, as follows:

Governmental Fund Types:

Special Revenue Fund – The Measure X Operating Fund is a special revenue fund used to account for the proceeds of specific revenue sources that are restricted by the provisions of Measure X to expenditures for a specific purpose. As with all governmental funds, the special revenue fund is accounted for on a spending, or “current financial resources” measurement focus which means that current assets and current liabilities are generally included on its balance sheet. The reported fund balance is the net current assets, which is considered only to be a measure of “available spendable resources.”

Capital Projects Fund – The Measure X Capital Fund is a capital projects fund used to account for the capital project expenditures funded by Measure X revenues. As with all governmental funds, the capital projects fund is accounted for on a spending or “current financial resources” measurement focus which means that current assets and current liabilities are generally included on its balance sheet. The reported fund balance is the net current assets, which is considered only to be a measure of “available spendable resources.”

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined, and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts that cannot be measured or are not available are not accrued as revenue in the current fiscal year. Expenditures under the modified accrual basis of accounting are generally recorded at the time liabilities are incurred.

B. Fund Balance

Governmental fund balance represents the net current assets of the fund. Net current assets generally represent a fund’s cash and receivables, less its liabilities. The fund balance is designated as assigned or restricted for the purposes allowable under the provisions of Measure X.

CITY OF OCEANSIDE, CALIFORNIA
MEASURE X FUNDS
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3: POOLED CASH AND INVESTMENTS

The Funds participate in the City's pooled cash and investments (the pool). The combined June 30, 2025, cash and investment balance of \$24,916,708 represents the Funds' share of the pool. Information relating to the City's cash and investments can be found in the City's financial statements.

NOTE 4: TRANSFERS

The Measure X Operating Fund transferred \$16,228,500 to the Measure X Capital Fund to finance capital expenditures and maintenance costs to be funded by Measure X revenues.

CITY OF OCEANSIDE, CALIFORNIA
 MEASURE X OPERATING FUND
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 18,803,500	\$ 18,803,500	\$ 18,751,076	\$ (52,424)
Total Revenues	18,803,500	18,803,500	18,751,076	(52,424)
Expenditures:				
Current:				
General government	9,903,468	9,903,468	9,340,998	562,470
Capital outlay	-	-	210,339	(210,339)
Total Expenditures	9,903,468	9,903,468	9,551,337	352,131
Excess of Revenues over Expenditures	8,900,032	8,900,032	9,199,739	299,707
Other Financing Sources (Uses):				
Transfers in (out)	(16,500,000)	(16,500,000)	(16,228,500)	271,500
Total Other Financing Sources (Uses)	(16,500,000)	(16,500,000)	(16,228,500)	271,500
Net Change in Fund Balances	\$ (7,599,968)	\$ (7,599,968)	(7,028,761)	\$ 571,207
Fund Balances - Beginning			8,542,822	
Fund Balances - Ending			\$ 1,514,061	

CITY OF OCEANSIDE, CALIFORNIA
MEASURE X FUNDS
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

NOTE 1: BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- During May of each fiscal year, the City Manager submits to the City Council a proposed annual operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at City Council meetings to obtain taxpayer comments prior to and after May.
- Prior to July 1, the budget is legally adopted through passage of an appropriation resolution.

The City does not distinguish between Basis of Budgeting and Basis of Accounting. The principles set forth as the Basis of Accounting are strictly observed in the budgeting process. Only revenues and expenditures anticipated during the fiscal year are included in the budget. Unexpended operating budget funds revert to fund balance at the close of a fiscal year. Unexpended capital and grant funds are carried forward from year to year until projects are officially closed.

Budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is at the fund level. Council and Administrative policies provide guidelines on budget transfers and the authorization necessary to implement transfers. Generally, there are two types of budget transfers:

- *Budget adjustment:* This is a transfer which does not change the total appropriated amount within a fund and does not require Council action. Approval is granted at the City Manager level.
- *Budget amendment:* This is an adjustment to the total appropriated amount within a fund or business unit which was not included in the original budget. These supplemental appropriations are presented to City Council in an agenda report and require the passage of a simple majority of the City Council for approval.

CITY OF OCEANSIDE, CALIFORNIA
 MEASURE X CAPITAL FUND
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ 1,422	\$ (1,422)
Capital outlay	16,500,000	16,500,000	6,320,044	10,179,956
Total Expenditures	16,500,000	16,500,000	6,321,466	10,178,534
(Deficiency) of Revenues (under) Expenditures	(16,500,000)	(16,500,000)	(6,321,466)	10,178,534
Other Financing Sources (Uses):				
Transfers in (out)	16,500,000	16,500,000	16,228,500	(271,500)
Total Other Financing Sources (Uses)	16,500,000	16,500,000	16,228,500	(271,500)
Net Change in Fund Balances	\$ -	\$ -	9,907,034	\$ 9,907,034
Fund Balances - Beginning			15,457,644	
Fund Balances - Ending			\$ 25,364,678	



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Measure X

Opinion

We have audited the City of Oceanside, California, (the City)'s compliance with the compliance requirements described in the provisions of the City's Measure X Ordinance for the year ending June 30, 2025.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Measure X Funds for the year ending June 30, 2025.

Management's Responsibility

Management is responsible for compliance with the provisions of the Measure X Ordinance.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance with the provisions of the Measure X Ordinance. 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 the *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 noncompliance with the types of compliance requirements referred above that could have a direct and material effect on the City have occurred. An audit includes examining, on a test basis, evidence about the City'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 the City. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal controls over compliance, 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 the City's internal control over compliance.



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

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 of the provisions of the Measure X Ordinance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of the Measure X Ordinance 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 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 provisions of the City's Measure X Ordinance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
December 1, 2025



INDEPENDENT AUDITORS' 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

To the Honorable Mayor and Members of the City Council
City of 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 Measure X Operating Fund and Measure X Capital Fund (hereafter, the Measure X Funds), a special revenue fund and capital projects fund of the City of Oceanside, California (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Measure X Fund's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over the Measure X Fund's financial reporting (internal control) as a basis for designing 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 the City's internal control over the Measure X Fund. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over the Measure X Fund.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure X Fund'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 financial statements. 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*.



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

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 Measure X Fund'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 Measure X Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
December 1, 2025