



OCEANSIDE COMMUNITY
DEVELOPMENT COMMISSION
OCEANSIDE, CALIFORNIA
FOR THE YEAR ENDED JUNE 30, 2025

COMPONENT UNIT
FINANCIAL STATEMENTS

Focused
on YOU



OCEANSIDE COMMUNITY
DEVELOPMENT COMMISSION

OCEANSIDE, CALIFORNIA

Component Unit
Financial Statements

For the Year Ended June 30, 2025

OCEANSIDE COMMUNITY
DEVELOPMENT COMMISSION

OCEANSIDE, CALIFORNIA

Component Unit
Financial Statements

For the Year Ended June 30, 2025

Table of Contents

Page
Number

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet	9
Reconciliation of the Balance Sheet of the Housing Assistance Program to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Housing Assistance Program to the Statement of Activities	12
Notes to Basic Financial Statements.....	14
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	20
OTHER 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 <i>Government Auditing Standards</i>	21



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Oceanside Community Development Commission
Oceanside, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the Housing Assistance Program fund of the Oceanside Community Development Commission (hereafter, the Commission) a component unit 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 Commission'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 respective financial position of the governmental activities and the Housing Assistance Program fund of the Commission as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Commission 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 Commission 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.



To the Board of Commissioners
Oceanside Community Development Commission
Oceanside, California

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 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 Commission'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 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 Board of Commissioners
Oceanside Community Development Commission
Oceanside, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the City's internal control over the Commission'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 Commission's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over the Commission's financial reporting and compliance.

LSL, LLP

Irvine, California
December 15, 2025.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Pooled cash and investments	\$ 4,121,237
Restricted cash and investments	476,614
Receivables:	
Accounts receivable	189,961
Due from other governments	125,636
Notes and loans receivable	3,176,770
Prepaid costs	239
Total assets	8,090,457
LIABILITIES	
Accounts payable	188,653
Accrued liabilities	23,392
Due to program participants	619,198
Due to other City funds	222,723
Unearned revenues	10,116
Deposits payable	130,284
Total liabilities	1,194,366
NET POSITION	
Restricted - low and moderate income housing	6,896,091
Total net position	\$ 6,896,091

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

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Statement of Activities
For the Year Ended June 30, 2025

	Governmental Activities
EXPENSES	
Community development	\$ 35,444,751
Total expenses	35,444,751
PROGRAM REVENUES	
Community development:	
Charges for services	74,344
Operating grants and contributions	35,164,073
Total program revenues	35,238,417
Net program (expenses) revenues	(206,334)
GENERAL REVENUES	
Use of money and property	1,246,576
Miscellaneous	332,178
Total general revenues	1,578,754
Change in Net Position	1,372,420
Net position-beginning	5,523,671
Net position-ending	\$ 6,896,091

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

FUND FINANCIAL STATEMENTS
Governmental Fund Financial Statements

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Balance Sheet
Housing Assistance Program
June 30, 2025

ASSETS

Pooled cash and investments	\$ 4,121,237
Restricted cash and investments	476,614
Receivables:	
Accounts receivable	189,961
Due from other governments	125,636
Notes and loans receivable	3,176,770
Prepaid costs	239
Total assets	\$ 8,090,457

LIABILITIES

Accounts payable	\$ 188,653
Accrued liabilities	23,392
Due to program participants	619,198
Due to other City funds	222,723
Unearned revenues	10,116
Deposits payable	130,284
Total liabilities	1,194,366

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	3,151,104
Total deferred inflows of resources	3,151,104

FUND BALANCE

Nonspendable - prepaid costs	239
Restricted - low and moderate income housing	3,744,748
Total fund balance	3,744,987

Total liabilities, deferred inflows of resources and fund balance	\$ 8,090,457
--	---------------------

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

**OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Reconciliation of the Balance Sheet of the Housing Assistance Program
to the Statement of Net Position
June 30, 2025**

Fund balance of the Housing Assistance Program \$ 3,744,987

Amounts reported for governmental activities in the Statement of Net Position are different because:

Unavailable revenue is present in governmental fund financial statements to indicate that receivables are not available currently; however, in the Statement of Net Position, these deferrals are eliminated.

3,151,104

Net position of governmental activities

\$ 6,896,091

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Housing Assistance Program
For the Year Ended June 30, 2025

REVENUES

Intergovernmental	\$ 35,332,692
Licenses and permits	8,750
Charges for services	65,594
Use of money and property	1,246,576
Miscellaneous	332,178
Total revenues	<u>36,985,790</u>

EXPENDITURES

Current:	
Community development	35,444,751
Total expenditures	<u>35,444,751</u>

Net change in fund balance	1,541,039
Fund balance-beginning	<u>2,203,948</u>
Fund balance-ending	<u><u>\$ 3,744,987</u></u>

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

**OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Housing Assistance Program
to the Statement of Activities
For the Year Ended June 30, 2025**

Net change in fund balances - Housing Assistance Program \$ 1,541,039

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

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

(168,619)

Change in net position of governmental activities

\$ 1,372,420

NOTES TO FINANCIAL STATEMENTS

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Oceanside Community Development Commission (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

A. Financial Reporting Entity

The Commission was established on July 16, 1980, and includes all activities previously performed by the Former Oceanside Redevelopment Agency and the Oceanside Housing Authority. The Former Oceanside Redevelopment Agency was originally established on November 19, 1975, pursuant to the State of California Health and Safety Code entitled "Community Redevelopment Law". Its purpose was to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities. The Oceanside Housing Authority was originally established on February 24, 1971, and dissolved April 9, 1975, due to inactivity. It was reactivated on April 9, 1980, pursuant to the State of California Health and Safety Code. This department is responsible for all assisted housing projects within the City of Oceanside (the City). The Former Redevelopment Agency was dissolved on January 31, 2012 through Supreme Court decision on Assembly Bill 1X 26.

B. Basis of Accounting and Measurement Focus

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements:

The Commission's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental type activities for the Commission.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Commission's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the Commission in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The Commission has one fund which is presented as a major fund.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term liabilities which are recognized as expenditures only when payment is due.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when the government receives resources before it has a legal claim to them as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The Commission reports the following major governmental fund:

The Housing Assistance Program Special Revenue Fund is used to account for the operation of the City's low- and moderate-income housing program. Financing is provided by HUD (Section 8), Community Development Block Grants, and service fees on mortgage revenue bonds.

C. Cash, Cash Equivalents, and Investments

The Commission pools its available cash for investment purposes with the City. The Commission considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents.

Highly liquid investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

E. Fund Balances and Net Position

Fund Financial Statements

The fund balances reported on the fund financial statements consist of the following categories:

Restricted Fund Balance - This includes amounts that can be spent only, for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Commission's policy is to apply restricted fund balance first.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the Commission's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Government-Wide Financial Statements

The net position reported on the Statement of Net Position consists of the following category:

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Commission's policy is to apply restricted net position first.

F. Net Position Flow Assumption

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

G. Fund Balance Flow Assumption

Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE 2: BUDGETARY INFORMATION

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements.

- During May of each year, the Executive Director submits to the Commissioners a proposed annual operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the revenue sources to finance the expenditures.
- Public hearings are conducted at Commissioners' 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 Executive Director is authorized to transfer funds appropriated within the same fund. Revisions that alter the total appropriations of any department or fund must be approved by the Commissioners. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted and as further amended by the Commissioners. All annual appropriations lapse at year-end. Formal budgetary integration is employed as a management control device during the year. Expenditures may not legally exceed appropriations at the activity level.

NOTE 3: CASH AND INVESTMENTS

The Commission reports \$4,121,237 in unrestricted cash and investments and \$476,614 in restricted cash and investments for a total cash and investment balance of \$4,597,851 at June 30, 2025. The Commission's funds are pooled with the City's cash and investments in order to generate optimum interest income. Each fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City's pooled cash and investments is included in the City's comprehensive annual financial report, which are available on the City's website.

NOTE 4: NOTE RECEIVABLE

As of June 30, 2025, the Commission's Housing Assistance Program Special Revenue Fund had \$3,176,770 in notes receivable from various low or noninterest bearing loans to property owners for the rehabilitation of property and first-time home buyer program within the City. The notes are payable upon the sale of the property or upon the death of the current property owner.

NOTE 5: RISK MANAGEMENT

The Commission, through the City, is a member of the Public Risk Innovation, Solutions, and Management (PRISM) which provides general liability insurance. Further information on risk management is available in the comprehensive annual financial report of the City.

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 6: COMMITMENTS AND CONTINGENCIES

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

NOTE 7: SUBSEQUENT EVENTS

The Commission evaluated subsequent events for recognition and disclosure through December 15, 2025, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

REQUIRED SUPPLEMENTAY INFORMATION

OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION
(A Component Unit of the City of Oceanside, California)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Housing Assistance Program
For the Year Ended June 30, 2025

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 27,601,743	\$ 35,012,462	\$ 35,332,692	\$ 320,230
Licenses and permits	8,750	8,750	8,750	-
Charges for services	66,635	66,635	65,594	(1,041)
Use of money and property	1,811,800	1,075,689	1,246,576	170,887
Miscellaneous	546,270	546,270	332,178	(214,092)
Total revenues	30,035,198	36,709,806	36,985,790	275,984
EXPENDITURES				
Current:				
Community development	60,699,710	71,776,584	35,444,751	36,331,833
Total expenditures	60,699,710	71,776,584	35,444,751	36,331,833
Excess of Revenues over Expenditures	(30,664,512)	(35,066,778)	1,541,039	36,607,817
Net change in fund balance	\$ (30,664,512)	\$ (35,066,778)	1,541,039	\$ 36,607,817
Fund balance-beginning			2,203,948	
Fund balance-ending			\$ 3,744,987	



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 Board of Commissioners
Oceanside Community Development Commission
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 and the Housing Assistance Program fund of the Oceanside Community Development Commission (the Commission), a component unit 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 Commission's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 Board of Commissioners
Oceanside Community Development Commission
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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
December 15, 2025