



IRWINDALE HOUSING SUCCESSOR IRWINDALE, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENTS

Focused
on YOU



IRWINDALE HOUSING SUCCESSOR
IRWINDALE, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

IRWINDALE HOUSING SUCCESSOR
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 FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
Irwindale Housing Successor
City of Irwindale, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major governmental fund of the Irwindale Housing Successor (the Housing Successor), a Special Revenue Fund of the City of Irwindale, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Housing Successor'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 major governmental fund of the Irwindale Housing Successor (the Housing Successor), a Special Revenue Fund of the City of Irwindale, California, as of June 30, 2021, and the respective changes in financial 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Successor 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present the financial position of only the Housing Successor, and do not present, or purport to present fairly, the financial position of the City as of June 30, 2021, in accordance with accounting principle 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 these 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 Honorable Mayor and Members of the City Council
Irwindale Housing Successor
City of Irwindale, California

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Successor's ability to continue as a going concern for twelve months beyond the date of the financial statements.

Auditor's 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 auditor's report that includes our opinion. 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 the GAAS 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 GAAS 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 to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Successor'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Successor's ability to continue as a going concern for a reasonable period of time.

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.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.



To the Honorable Mayor and Members of the City Council
Irwindale Housing Successor
City of Irwindale, California

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Successor's basic financial statements. The report on excess/surplus calculation is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021 on our consideration of the Housing Successor'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 the Housing Successor'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 the Housing Successor's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
December 29, 2021



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

To the Honorable Mayor and Members of the City Council
Irwindale Housing Successor
City of Irwindale, California

Report on Compliance for Housing Successor

Opinion

We have audited the City of Irwindale Housing Successor (the Housing Successor) of the City of Irwindale, California's (the City), compliance with the types of compliance requirements described in the California Health and Safety Code section applicable to California Housing Successor Agencies for the year ended June 30, 2021.

In our opinion, the Housing Successor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Housing Successor for the year ended June 30, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 California Health and Safety Code sections applicable to California Housing Successor Agencies. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Successor and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Housing Successor's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Housing Successor programs.



To the Honorable Mayor and Members of the City Council
Irwindale Housing Successor
City of Irwindale, California

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the Housing Successor's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the California Health and Safety Code sections applicable to California Housing Successor Agencies will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Successor's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and California Health and Safety Code sections applicable to California Housing Successor Agencies, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Housing Successor's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Successor's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with California Health and Safety Code sections applicable to California Housing Successor Agencies, but not for the purpose of expressing an opinion on the effectiveness of the Housing Successor's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



To the Honorable Mayor and Members of the City Council
Irwindale Housing Successor
City of Irwindale, California

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Excess/Surplus Calculation

We have audited the financial statements of the governmental activities and the major governmental fund information of the Irwindale Housing Successor, as of and for the year ended June 30, 2021, and have issued our report thereon dated December 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis as required by the California Health and Safety Code sections applicable to California Housing Successor Agencies and is 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 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 report on excess/surplus calculation is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 California Health and Safety Code sections applicable to California Housing Successor Agencies. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California
December 29, 2021

IRWINDALE HOUSING SUCCESSOR

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Cash and investments	\$ 11,450,044
Receivables:	
Notes and loans	13,419,208
Accrued interest	11,779
Deferred loans	<u>493,469</u>
Total Assets	<u>25,374,500</u>
Liabilities:	
Accounts payable	<u>68,255</u>
Total Liabilities	<u>68,255</u>
Net Position:	
Restricted for:	
Low and Moderate Housing	<u>25,306,245</u>
Total Net Position	<u>\$ 25,306,245</u>

IRWINDALE HOUSING SUCCESSOR

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 556,355	\$ -	\$ -	\$ (556,355)
Total Governmental Activities	<u>\$ 556,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(556,355)</u>
Use of money and property				92,832
Special item				(1,157,194)
Total General Revenues and Special Item				<u>(1,064,362)</u>
Change in Net Position				(1,620,717)
Net Position at Beginning of Year				<u>26,926,962</u>
Net Position at End of Year				<u>\$ 25,306,245</u>

IRWINDALE HOUSING SUCCESSOR

BALANCE SHEET
JUNE 30, 2021

	Housing Successor Fund
Assets:	
Pooled cash and investments	\$ 11,450,044
Receivables:	
Notes and loans	13,419,208
Accrued interest	11,779
Deferred loans	493,469
	<hr/>
Total Assets	\$ 25,374,500
	<hr/>
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	\$ 68,255
	<hr/>
Total Liabilities	68,255
	<hr/>
Deferred Inflows of Resources:	
Unavailable revenues	13,461,597
	<hr/>
Total Deferred Inflows of Resources	13,461,597
	<hr/>
Fund Balances:	
Nonspendable:	
Deferred loans	451,080
Restricted for:	
Housing activities	11,393,568
	<hr/>
Total Fund Balances	11,844,648
	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 25,374,500
	<hr/>

IRWINDALE HOUSING SUCCESSOR

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Fund balances of governmental funds \$ 11,844,648

Amounts reported for governmental activities in the statement of net position 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.

13,461,597

Net Position of Governmental Activities

\$ 25,306,245

IRWINDALE HOUSING SUCCESSOR

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	Housing Successor Fund
Revenues:	
Investment earnings	\$ 327,963
Loan repayment	1,500
Total Revenues	329,463
Expenditures:	
Current:	
General government	556,355
Total Expenditures	556,355
Excess (Deficiency) of Revenues Over (Under) Expenditures	(226,892)
Special items	(355,782)
Net Change in Fund Balances	(582,674)
Fund Balances, Beginning of Year	12,427,322
Fund Balances, End of Year	\$ 11,844,648

IRWINDALE HOUSING SUCCESSOR

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net change in fund balances - total governmental funds \$ (582,674)

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. (1,038,043)

Change in Net Position of Governmental Activities \$ (1,620,717)

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

The Irwindale Housing Successor Fund (Housing Successor) was established on February 1, 2012, pursuant to the California Housing Authority Law codified under State of California Health and Safety Code, Section 34200 et seq. The restricted resources and assets from the former Irwindale Community Redevelopment Agency's low- and moderate-income housing fund was transferred to the City's Low and Moderate Housing Asset Fund, a fund within Irwindale's Housing Authority. The City Council became the governing board commissioners of the Housing Authority. The Housing Successor is part of the Irwindale Housing Authority, which was established for the development of low- and moderate-income housing in the City. The Housing Authority was formed for purposes of construction and management of quality affordable housing within the City.

The Housing Authority is controlled by the City of Irwindale (City) and, accordingly, the accompanying financial statements are included as a component of the basic financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which when combined with all other component units, constitutes the reporting entity as defined in the City's basic financial statements.

The Irwindale Housing Successor accounts for transactions related to affordable housing activities. Revenues include bond proceeds held by the Irwindale Successor Agency that will be transferred for use into this fund for affordable housing activities.

b. Basis of Presentation

The City's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the component unit. Eliminations have been made to minimize the double counting of internal activities. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

While separate government-wide and fund financial statements are presented, they are interrelated.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

d. Assets, Liabilities and Net Position or Equity

Cash and Investments

The Housing Successor's cash, and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both unrestricted and restricted cash and investments.

Investments are reported at fair value, the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

IRWINDALE HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Land Held for Resale

Land purchased for resale is capitalized as inventory at acquisition costs or net realizable value, if lower. Land held for resale is offset by non-spendable fund balance, which indicates that it does not constitute "available spendable resources." Other property held for resale is capitalized as inventory and is recorded at cost.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Housing Successor does not carry an item that qualifies for reporting in this category.

In addition to liabilities, the statement of net 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources: taxes, long-term loans, and grant monies. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the government 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 proprietary 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 – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government 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

IRWINDALE HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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.
Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution. The City did not have any committed fund balance as of June 30, 2021.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose, which was established by the governing body in Resolution No. 2011-32 approved on June 21, 2011. The Housing Successor did not have any assigned fund balance as of June 30, 2021.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

II. DETAILED NOTES

Note 2: Cash and Cash Equivalents

As of June 30, 2021, cash and investments were reported in the accompanying financial statements as follows:

Deposits with financial institutions	\$ 220,720
Investments - LAIF	<u>11,229,324</u>
Total cash and cash equivalents	<u>\$ 11,450,044</u>

IRWINDALE HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 2: Cash and Cash Equivalents (Continued)

The Housing Successor's fund is pooled with the City of Irwindale's cash and investments in order to generate optimum interest income. The pooled interest earned is allocated quarterly based on the month end cash balances. The City values its cash and investments in accordance with the provisions of Governmental Accounting Standards Board Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, which requires governmental entities to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Citywide information concerning cash and investments for the year ended June 30, 2021, including authorized investments, custodial credit risk, credit risk, interest rate risk, concentration of investments, and carrying amount and market value of deposits and investments is available in the annual financial report of the City.

III. OTHER INFORMATION

Note 3: Deferred and Loans Receivable

The City's Former Irwindale Community Redevelopment Agency (Agency) made subsidy and rehabilitation loans that are to be forgiven when agreement covenants are met. As of June 30, 2021, the outstanding amounts for subsidy and rehabilitation loans are \$11,986,412 and \$1,425,629, respectively. Additionally, there is an outstanding amount of property tax loan receivable of \$7,167. The loans receivables are reported as unavailable revenue at of June 30, 2021.

The Irwindale Housing Authority (Authority) reports a deferred loan from IMD Enterprises, LLC that was issued to fund the preconstruction work related to the Mayans Housing project. The loan accrues interest at 5% annually. The outstanding balance at June 30, 2021 is \$493,469.

Note 4: Advance to the City of Irwindale

On January 9, 2013, the City of Irwindale entered into an agreement with the Irwindale Housing Authority (Authority) to purchase property known as the Olive Pit for a total of \$4,134,000. As a result, a promissory note between the City and the Housing Authority was issued in the amount of \$4,134,000 with principal payments due every April 9th over ten years in equal annual installments of \$413,400. Interest is accrued at 3% of the annual payment, if the payment is not made. The outstanding balance as of June 30, 2021 was zero.

Note 5: Land Held for Resale

The City's Former Irwindale Community Redevelopment Agency (Agency) acquired several parcels of land as part of its primary purpose to develop or redevelop blighted properties. As of June 30, 2021, the Housing Successor did not have any land held for resale.

Note 6: Special Item

During the fiscal year 2020-2021 the Housing Successor sold \$472,282 in land held for resale. The sale resulted in a loss of \$355,782, which is presented as a special item in the Housing Successor fund. Additionally the Housing Successor forgave a total of \$801,412 loans which is reported as a special item for a total of \$1,157,194 on the Statement of Activities.

IRWINDALE HOUSING SUCCESSOR

BUDGETARY COMPARISON SCHEDULE
 HOUSING SUCCESSOR FUND
 YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 12,427,322	\$ -	\$ 12,427,322	\$ -
Resources (Inflows):				
Use of money and property	25,000	25,000	327,963	302,963
Loan repayment	-	-	1,500	1,500
Special items	-	-	(355,782)	(355,782)
Amounts Available for Appropriations	12,452,322	25,000	12,401,003	(51,319)
Charges to Appropriations (Outflow):				
General government	302,640	7,912,569	556,355	7,356,214
Total Charges to Appropriations	302,640	7,912,569	556,355	7,356,214
Budgetary Fund Balance, June 30	\$ 12,149,682	\$ (7,887,569)	\$ 11,844,648	\$ 7,304,895

IRWINDALE HOUSING SUCCESSOR

COMPUTATION OF LOW AND MODERATE
INCOME HOUSING FUND
EXCESS/SURPLUS

	Low and Moderate Housing Funds All Project Area July 1, 2020	Low and Moderate Housing Funds All Project Area July 1, 2021
Opening Fund Balance	\$ 12,427,322	\$ 11,844,648
Less Unavailable Amounts:		
Deferred Loans receivable	-	(451,103)
Advance to General Fund	(3,979,785)	-
Encumbrances (Section 33334.12 (g)(2))	(8,978,746)	(5,266,515)
	<u>(13,430,813)</u>	<u>(5,717,618)</u>
Available Low and Moderate Income Housing Funds	(1,003,491)	6,127,030
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2020 - 2021		329,463
2019 - 2020	2,950,470	2,950,470
2018 - 2019	141,910	141,910
2017 - 2018	117,192	117,192
2016 - 2017	74,444	74,444
	<u>3,284,016</u>	<u>3,613,479</u>
Total	<u>\$ 3,284,016</u>	<u>\$ 3,613,479</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>3,284,016</u>	<u>3,613,479</u>
Computed Excess/Surplus	<u>None</u>	<u>\$ 2,513,551</u>