



HOUSING SUCCESSOR COMPLIANCE REPORT

IRWINDALE HOUSING AUTHORITY

Report for Fiscal Year 2019-20

Prepared Pursuant to Health and Safety Code Section
34176.1

December 15, 2020

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INTRODUCTION

REDEVELOPMENT DISSOLUTION

As a result of Assembly Bill (“AB”) x1 26, all redevelopment agencies in California were dissolved on February 1, 2012. This dramatic change to property tax finance has resulted in the complete elimination of the major source of local, publicly generated dollars earmarked for affordable housing. Thus, housing authorities were left in a challenging position – the need for them is greater than ever, but a key funding source has been eliminated.

On August 27, 1987, the City Council of the City of Irwindale (“City Council”) approved Resolution No. 87-15-1117, establishing the Irwindale Housing Authority (“Housing Authority”). The Housing Authority now administers housing assets transferred from the former Irwindale Community Redevelopment Agency (“ICRA”) in 2012. The ICRA dissolved on February 1, 2012, pursuant to the Dissolution Act enacted by AB x1 26 and 1484 (Parts 1.8 and 1.85 of the California Health and Safety Code, or “H&SC”). Pursuant to Resolution No. 2012-09-2548, on January 11, 2012, the City of Irwindale (“City”) elected to designate the Housing Authority as the “housing successor”, an entity that accepts the housing assets and liabilities of a former redevelopment agency. The Housing Authority thereby inherited all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the former ICRA. All former ICRA housing assets and liabilities were transferred to the Housing Authority through the Housing Asset Transfer Form submitted to the California Department of Finance (“DOF”) on August 1, 2012. On September 5, 2012, DOF issued a letter stating that it did not object to any of the transfers.

It is important to note that, although the Housing Authority inherited the ICRA’s assets and functions, it does not have an ongoing financing mechanism to maintain them, like the ICRA had. The former ICRA primarily funded projects with Low and Moderate Income Housing Funds generated by redevelopment tax increment; this tool was abolished with the dissolution of redevelopment.

ASSET TRANSFERS TO THE HOUSING SUCCESSOR

According to H&SC Section 34176(e), housing assets may include the following:

- Real property
- Restrictions on the use of property
- Personal property in a residence
- Housing-related files

- Office supplies and software programs acquired for low- and moderate-income housing purposes
- Funds encumbered by an enforceable obligation
- Loans or grants receivable funded from the former Low and Moderate Income Housing Fund
- Funds derived from rents or operation of properties acquired for low- and moderate-income housing purposes
- Rents or payments from housing tenants or operators of low- and moderate-income housing
- Repayment of Supplemental Educational Revenue Augmentation Fund (“SERAF”) loans

REPORTING REQUIREMENTS OF H&SC SECTION 34176.1(f)

Commencing January 1, 2014, H&SC Section 34176.1(f) requires the preparation of an annual report (“Housing Successor Compliance Report”) for housing successors that received assets and other duties from a former redevelopment agency. Originally created by Senate Bill 341 (“SB 341”) in the 2013-14 legislative session and later amended by subsequent legislation, the law describes the contents of these annual reports, as well as the context of this information relative to various compliance periods.

The purpose of the report is to provide the public information regarding the use of all former redevelopment agency housing assets, which are kept in a separate fund known as the Low and Moderate Income Housing Asset Fund (“Housing Asset Fund” or “Housing Asset Funds”).

For most housing successors, the annual report is prepared at the same time as the annual audit also required by law, and must contain the following information:

1. Total amount deposited in the Housing Asset Fund during the fiscal year
2. Statement of balance at the close of the fiscal year
3. Description of expenditures for the fiscal year, categorized as follows:
 - a. Rapid rehousing for homelessness prevention (up to \$250,000 per year allowable)
 - b. Administrative and monitoring expenses (up to the greater of \$200,000, adjusted annually commensurate to the change in the Consumer Price Index, or 5 percent of the statutory value of real property owned by the housing successor and of loans and grants receivable allowable)

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- c. Development of affordable housing, which must be reported by the amount spent for each income group (extremely low-, very low-, and low-income)
4. Other “portfolio” balances
 - a. Statutory value of any real property either transferred from the former ICRA or purchased by the housing successor; note that the housing successor may only hold property for five years
 - b. Value of loans and grants receivable, including loans and grants transferred from the former ICRA and made by the housing successor
5. Descriptions of any transfers to another housing successor for a joint project
6. Description of any project still funded through the Recognized Obligation Payment Schedule (“ROPS”)
7. Update on property disposition for any property owned more than five years or plans for property owned less than five years
8. Description of any outstanding production obligations of the former redevelopment agency that were inherited by the housing successor
9. Compliance with proportionality requirements (income group targets); compliance must be met for five-year periods
10. Percentage of deed-restricted rental housing restricted to seniors and assisted by the housing successor, the former ICRA, and the City within the past 10 years, compared to the total number of units assisted by these three agencies within the past 10 years
11. Amount of excess surplus, and if any, the plan for eliminating it
12. An inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants, restrictions, or an adopted program that protects the investment of moneys from the Low and Moderate Income Housing Fund; the inventory must include the following information: number of units, any units lost since dissolution, any funds returned to the housing successor as a result of the program, and the name of any entity contracted to manage the units

LOW AND MODERATE INCOME HOUSING ASSET FUND

The Low and Moderate Income Housing Asset Fund replaces the former ICRA's Low and Moderate Income Housing Fund. The Housing Asset Fund includes all assets that were transferred from the ICRA to the Housing Authority via the Housing Asset Transfer Form, which included the following:

1. Real properties
2. Affordable housing covenants
3. Loan receivables
4. Supplemental Educational Revenue Augmentation Fund Loan repayments

HOUSING ASSET FUND DEPOSITS AND ENDING BALANCE

During Fiscal Year (“FY”) 2019-20, the Housing Authority deposited \$138,635 into the Housing Asset Fund. Table 1 details the sources of revenue. There were no deposits into the Housing Asset Fund related to the ROPS.

Fiscal Year 2019-20 Housing Asset Fund Deposits		Table 1
Irwindale Housing Authority		
Balance Type	Amount	
Interest	\$	138,435
Loan Repayment	\$	200
TOTAL	\$	138,635

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At the close of FY 2019-20, the ending balance in the Housing Asset Fund was \$12,427,322, which is detailed by category in Table 2 below. No portion of the balance is being held for items listed on the ROPS.

Fiscal Year 2019-20 Housing Asset Fund Ending Balance **Table 2**
Irwindale Housing Authority

Balance Type	Amount
Cash	\$ 3,609,030
Local Agency Investment Fund (LAIF)	4,208,569
Accounts Receivable	200
Interest Receivable	41,406
Loans Receivable - Housing Loans	451,080
Loans Receivable - IMD	14,220,620
Advance to General Fund	3,979,785
Real Property	472,282
Accounts Payable	(56,010)
Deferred Revenues - Housing Loans	(14,220,620)
Deferred Revenue - IMD Loan	(19,835)
Deferred Revenues - Olive Pit Loan	(259,185)
Subtotal	\$ 12,427,322

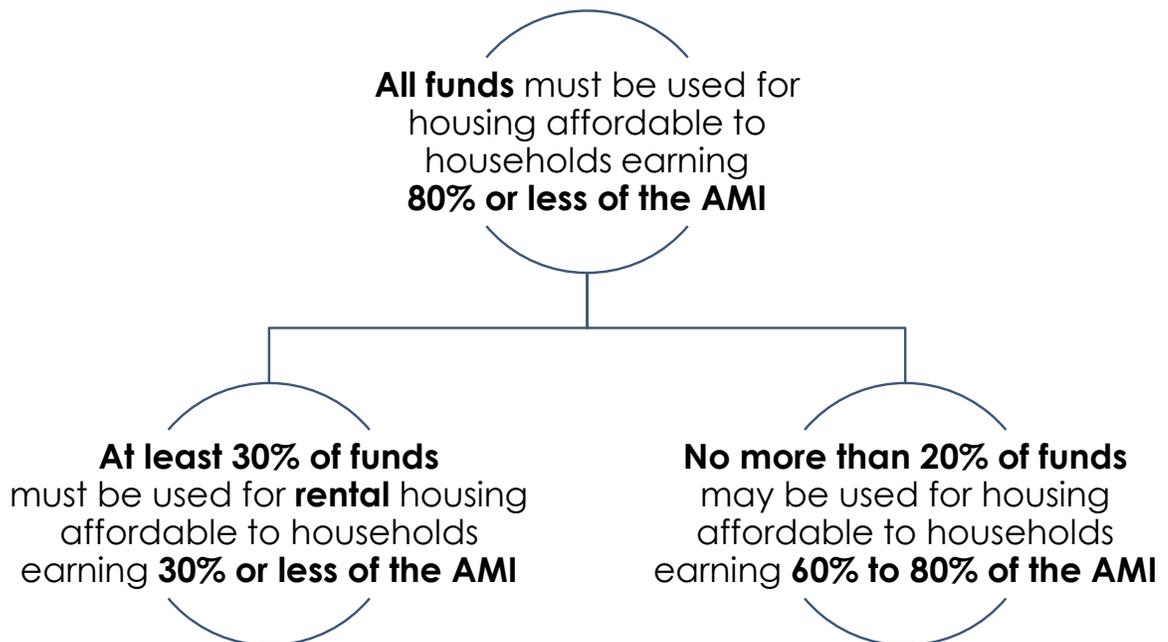
EXPENDITURES

The law provides the following guidelines for expenditures from the Housing Asset Fund:

1. Administrative costs, which include housing monitoring expenses, are capped at \$200,000 (adjusted annually commensurate with the change in the Consumer Price Index) or 5% of the statutory value of real property owned by the housing successor and of loans and grants receivable, whichever is greater. In the Housing Authority's case, the latter is greater. As shown in Table 3 below, the Housing Authority's administrative costs have not exceeded the annual allowance since January 1, 2014.
2. A housing successor is authorized to spend up to \$250,000 per year on rapid rehousing solutions for homelessness prevention if the housing successor has fulfilled the former ICRA's outstanding housing production requirements. At redevelopment dissolution, the former ICRA had an outstanding obligation of 12 replacement bedrooms, all of which the Housing Authority has since replaced. Thus, the Housing Authority is permitted to make expenditures on rapid

rehousing. As shown in Table 3, the Housing Authority has not made any expenditures on rapid rehousing since 2014.

3. Remaining expenditures must be spent to develop housing affordable to households earning 80% or less of the area median income (“AMI”). This means that no funding may be spent on moderate-income households, as was previously allowable by redevelopment law. Additionally, of the money expended, a minimum of 30% must be spent on rental housing for households earning 30% or less of the AMI (“extremely-low income”), and a maximum of 20% may be spent on housing for households earning between 60% and 80% of the AMI (“low-income”). These limits are shown in the below graphic.



Failure to comply with the 30% extremely low-income requirement in any five-year period would result in the Housing Authority being required to expend 50% of remaining funds on extremely low-income rental units until in compliance. Exceeding the expenditure limit for households earning between 60% and 80% of the AMI in any five-year reporting period will result in the Housing Authority not being permitted to expend any funds on these income categories until in compliance.

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Note that housing successors must report expenditures by household income category each year, but compliance is assessed every five years. For example, a housing successor could spend all of its funds in a single year on households earning between 60% and 80% of the AMI, as long as the amount spent on those households was 20% or less of the total expenditures during the entire five-year compliance period. This report marks the beginning of the second five-year compliance period.

The second compliance period is from FY 2019-20 through FY 2023-24. As shown in Table 3 below, the Housing Authority has not met all requirements for expenditures by income level from July 1, 2019 through June 30, 2020. However, the Housing Authority has until the end of the second five-year compliance period (June 30, 2024) to become compliant. The Housing Authority spent no funds on extremely low-income rental units, less than one percent on low-income units, and no funds on moderate-income units. Thus, the majority of FY 2019-20 expenditures are classified in the “Other” category. Additionally, the Housing Authority’s administrative expenses between July 1, 2019 through June 30, 2020 were within the allowable allowance for the fiscal year.

In FY 2019-20, the Housing Authority spent \$805,545 of bond proceeds on affordable housing development, but these expenditures are excluded from Table 3 because the bond proceeds are not subject to the income proportionality requirements detailed above. H&SC Section 34176.1(a) states that funds received from the former redevelopment agency’s successor agency for items listed on the ROPS shall be expended to meet enforceable obligations, and the housing successor shall expend all other funds in the Housing Asset Fund in accordance with the income proportionality requirements detailed above. The ROPS 19-20 submitted by the Successor Agency to the ICRA and approved by the DOF included the transfer of the bond proceeds to the City, which subsequently transferred the bond proceeds to the Housing Authority. Note that, although the bond proceeds are not subject to the income proportionality requirements detailed in H&SC Section 34176.1(a), the bond proceeds are subject to the relevant bond covenants.

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Housing Asset Fund Expenditures

Table 3

Irwindale Housing Authority

H&SC Section 34176.1 Compliance by Fiscal Year	Expenses with Annual Limitations		Expenses with Limitations for Total Expenditures in the Five-Year Compliance Period (FY 2019-20 through 2023-24)				TOTAL
	Admin/ Monitoring ¹	Rapid Rehousing	Development Expenses			Other	
			<30% AMI Rental Units	60-80% AMI	Above 80% AMI		
FY 2019-20 Expenditures	\$283,260	\$0	\$0	\$663	\$0	\$2,349,131	\$2,349,795
FY 2019-20 Limitations	\$956,188	\$250,000	-	-	-	-	-
Compliant (Yes/No)	YES	YES					
TOTAL DEVELOPMENT EXPENDITURES	-	-	\$0	\$663	\$0	\$2,349,131	\$2,349,795
Limitations	-	-	>30%	<20%	0%	N/A	-
Expenditure Proportionality as of End of FY 2019-20	-	-	0%	0%	0%	100%	-
Compliant as of End of FY 2019-20 (Yes/No)	-	-	NO	YES	YES	-	-

¹ Annual administrative and monitoring expenditures are capped at \$200,000 (adjusted annually commensurate with the change in the Consumer Price Index) or a percentage of the statutory value of the housing successor's real property and loans and grants receivable, whichever is greater; the percentage is 2% in Fiscal Years 2013-14 and 2014-15 and 5% thereafter. Thus, the cap can vary each year, as it has in the Housing Authority's case.

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STATUTORY VALUE OF REAL PROPERTIES AND LOAN RECEIVABLES

The Housing Authority must report on the statutory value of real property and loans and grants transferred from the former ICRA to the Housing Asset Fund, as well as real property purchased with Housing Asset Fund monies and loans and grants made by the housing successor, shown in Table 4.

Fiscal Year 2019-20 Real Properties and Receivables **Table 4**
Irwindale Housing Authority

Asset	Amount
<i>Real Properties</i>¹	
4605 Nora Avenue	472,282
<i>Subtotal</i>	<i>\$472,282</i>
<i>Loan Receivables</i>	
Housing Subsidy Loans	\$12,529,428
Housing Rehabilitations Loans	1,682,903
IMD Loan	451,080
Property Tax Loans	7,427
Property Settlement Loan	863
Advance to General Fund (Olive Pit Sale)	3,979,785
<i>Subtotal</i>	<i>\$18,651,484</i>
Total	\$19,123,766

¹ The Olive Pit was listed on the Housing Asset Transfer Form, but not included in the above list of real properties, because the property was sold to the City of Irwindale on January 9, 2013. However, the Housing Authority's advance to the City General Fund for the Olive Pit Sale is included in the above table. The properties located at 15848 Juarez Street, 16046 Peppertree Lane, and 4618 Nora Avenue were also listed on the Housing Asset Transfer Form, but not included in the above list of real properties, because these properties were sold to low-income households in FY 2015-16 and 2016-17. The Property located 16203-16233 Arrow Highway was also listed on the Housing Asset Transfer Form, but not included in the above list of real properties because the property was sold to Panattoni Development Company, Inc. in FY 2019-20. The sales proceeds will be used for affordable housing.

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MONEY TRANSFERS FOR JOINT PROJECTS

H&SC Section 34176.1(c)(2) allows two or more housing successors within a county, within a single metropolitan statistical area, within 15 miles of each other, or that are in contiguous jurisdictions to enter into an agreement to transfer funds among their respective Low and Moderate Income Housing Asset Funds.

The law requires housing successors to provide (a) a description of any transfers made to other housing successors for joint projects and (b) a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.

On May 8, 2019, the Housing Authority Board approved Resolution No. HA 2019-02-075 authorizing the Housing Authority to transfer an amount not to exceed \$550,000 from its Housing Asset Fund to the Housing Authority of the County of Los Angeles. In FY 2018-19, the Housing Authority transferred \$539,000 to the Housing Authority of the County of Los Angeles for the development of 34 apartment units located at 4101-4117 Whittier Boulevard in unincorporated East Los Angeles County. The 34 units includes 33 permanent supportive housing units and one manager's unit. The target population to be served by this project is homeless veterans and homeless persons with mental illness. The transferred funds will be used to assist only rental units that are affordable to household incomes that are less than 30% AMI. The project is currently under construction and is expected to be completed in Spring 2021.

PROJECTS FUNDED THROUGH RECOGNIZED OBLIGATION PAYMENTS SCHEDULES

The law requires housing successors to provide a description of (a) any project for which the housing successor receives or holds property tax revenue received pursuant to ROPS and (b) the status of that project. In FY 2019-20, the Housing Authority did not receive any property tax revenue for projects pursuant to ROPS.

PROPERTY DISPOSITION COMPLIANCE

H&SC Section 34176.1(e) requires that all real properties acquired by the ICRA prior to February 1, 2012 and transferred to the Housing Authority be developed pursuant to the requirements detailed in H&SC Section 33334.16. Development for affordable housing purposes must be initiated for all properties that fall within these parameters by five years from the date DOF approved the Housing Asset Transfer Form, which was September 5, 2017 in the Housing Authority's case. If the Housing Authority is unable to develop these properties within the five-year period, the law does allow for a five-year extension via adoption of a resolution.

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One property, consisting of three parcels located at 16203, 16223, and 16233 Arrow Highway, was purchased by the former ICRA in 2008 and transferred to the Housing Authority after redevelopment dissolution. As of September 5, 2017 (the Housing Authority's five-year property disposition deadline), the Housing Authority was under contract to sell the property, which constitutes initiation of development for affordable housing purposes. The Housing Authority and City entered into a DDA with Panattoni Development Company regarding the property on August 14, 2013, and amended the DDA on June 10, 2015. Because the properties were subject to a DDA between the Authority and Panattoni, the Authority was in compliance with this property disposition requirement. Nonetheless, out of an abundance of caution, the Housing Authority Board adopted a resolution in December 2017 that extended the deadline for five years to September 5, 2022.

The DDA stipulated that Panattoni would purchase the site and develop it for industrial uses that meet the economic development needs of the City, as this site is better suited for industrial use than housing. The Housing Authority sold the property for \$4,150,000 on April 3, 2020 and, upon the close of escrow, designated the sales proceeds for the development of affordable housing.

OUTSTANDING INCLUSIONARY AND REPLACEMENT HOUSING OBLIGATIONS

At the time of redevelopment dissolution, the former ICRA had an outstanding obligation of 7 units with 12 replacement bedrooms. The Housing Authority is required to fulfill this obligation. Pursuant to H&SC Section 33413(f), the Housing Authority may replace the removed or destroyed units with a fewer number of units if (1) the total number of bedrooms in the replacement units equal or exceed the number of bedrooms in the destroyed units and (2) the replacement units are affordable to the same income level as the destroyed units. As of the end of Fiscal Year 2017-18, the Housing Authority replaced all 12 bedrooms. These replacement units are affordable to the same income level as the destroyed units.

SENIOR HOUSING EXPENDITURE PROPORTIONALITY

This report must include an accounting of the percentage of deed-restricted rental housing units restricted to seniors and assisted by the housing successor, the former ICRA, and the City within the past 10 years, compared to the total number of deed-restricted rental housing units assisted by those three agencies within the past 10 years. If this percentage is greater than 50 percent, the Housing Authority is prohibited from the use of additional Housing Asset Funds to subsidize any senior rental units. The former ICRA has assisted 10 rental housing units since June 30, 2010, 100% of which are restricted to seniors at the Las Casitas Senior Apartment Complex; neither the Housing Authority nor the City assisted any rental housing units. However, the Housing Authority is obligated to continue subsidizing the rents at the units at the Las Casitas Senior Apartment Complex, pursuant to agreements that predate the January 1, 2014 effective date of SB 341. As such, the Housing Authority will continue to abide by these agreements by subsidizing the rents at the Las Casitas Senior Apartment Complex with Housing Asset Funds.

EXCESS SURPLUS

Excess surplus calculations were once performed by redevelopment agencies on an annual basis and were intended to ensure that funds are expended to benefit low-income households in an expeditious manner. The law reinstates this calculation for housing successors. Excess surplus is defined by H&SC Section 34176.1(d) as “an unencumbered amount in the account that exceeds the greater of one million dollars, or the aggregate amount deposited into the account during the housing successor’s preceding four fiscal years, whichever is greater.” Generally speaking, funds should be encumbered within four years of receipt. Table 5 below shows the Housing Authority’s excess surplus calculation for FY 2019-20.

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Fiscal Year 2019-20 Excess Surplus Calculation

Table 5

Irwindale Housing Authority

Fiscal Year	2015-16	2016-17	2017-18	2018-19	Calculation
Deposits	1,029,469	74,444	117,193	141,910	
FY 2019-20 Beginning Balance					18,048,343
Committed Funds					22,552,097
<i>Land Held for Resale</i>					9,742,282
<i>Advance to General Fund</i>					3,902,587
<i>Encumbrance: First Time Homebuyer Program</i>					8,000,000
<i>Encumbrance: Las Casitas Housing Subsidy</i>					907,228
Unencumbered Amount					(4,503,753)
Step 1					
\$1 Million, or					1,000,000
Last 4 Deposits					1,363,016
Result: Larger Number					1,363,016
Step 2					
Unencumbered Amount					(4,503,753)
Larger Number From Step 1					1,363,016
Excess Surplus/(Deficit)					(5,866,769)

The calculation results in an excess surplus of (\$5,866,769). Because the calculation results in a negative number, the Housing Authority does not have an excess surplus.

INVENTORY OF HOMEOWNERSHIP UNITS

Table 6 below shows an inventory of the 115 homeownership units assisted by the former ICRA or the Housing Authority that are subject to covenants, restrictions, or an adopted program that protects the former ICRA's investment of moneys from the Low and Moderate Income Housing Fund pursuant to H&SC Section 33334.3(f). In FY 2019-20, six units (5134 and 5138 Irwindale Avenue, 4824 and 4828 Baca Avenue, and 4833 and 4841 Sabre Lane) were added as part of the Mayans Project. Two covenants associated with the properties located at 16038 Peppertree Lane and 16128 Calle de Paseo were removed from the inventory of assisted units because the covenants expired.

No funds have been returned to the Housing Authority as part of an adopted program that protects the former ICRA's investment of moneys from the Low and Moderate Income Housing Fund. The Housing Authority manages all units, rather than contracting with an outside entity.

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Fiscal Year 2019-20 Inventory of Assisted Homeownership Units
Irwindale Housing Authority

Table 6

No.	Address	Assisting Agency	Number of Units	No.	Address	Assisting Agency	Number of Units
1	16058 Central Street	Former ICRA	1	59	737 Shrode Avenue	Former ICRA	1
2	4820 Baca Avenue	Former ICRA	1	60	16024 Calle de Paseo	Former ICRA	1
3	4819 Baca Avenue	Former ICRA	1	61	4611 Nora Avenue	Former ICRA	1
4	4823 Sabre Lane	Former ICRA	1	62	4617 Nora Avenue	Former ICRA	1
5	4642 Nora Avenue	Former ICRA	1	63	5113 Allen Drive	Former ICRA	1
6	4821 Baca Avenue	Former ICRA	1	64	16081 Calle del Norte	Former ICRA	1
7	4842 Baca Avenue	Former ICRA	1	65	5105 Allen Drive	Former ICRA	1
8	4851 Sabre Lane	Former ICRA	1	66	4653 Nora Avenue	Former ICRA	1
9	4817 Baca Avenue	Former ICRA	1	67	16165 Progress Lane	Former ICRA	1
10	5139 Allen Drive	Former ICRA	1	68	16145 Peppertree Lane	Former ICRA	1
11	5219 Allen Drive	Former ICRA	1	69	16044 Calle de Paseo	Former ICRA	1
12	5151 Allen Drive	Former ICRA	1	70	16050 Calle de Paseo	Former ICRA	1
13	5143 Allen Drive	Former ICRA	1	71	4636 Fraijo Avenue	Former ICRA	1
14	2417 Alice Rodriguez Circle	Former ICRA	1	72	16047 Peppertree Lane	Former ICRA	1
15	2425 Alice Rodriguez Circle	Former ICRA	1	73	16124 Calle de Paseo	Former ICRA	1
16	15854 Hidalgo Street	Former ICRA	1	74	4611 Fraijo Avenue	Former ICRA	1
17	4642 Fraijo Avenue	Former ICRA	1	75	4647 Nora Avenue	Former ICRA	1
18	2421 Alice Rodriguez Circle	Former ICRA	1	76	4612 Fraijo Avenue	Former ICRA	1
19	2469 Alice Rodriguez Circle	Former ICRA	1	77	4825 Calle del Sur	Former ICRA	1
20	2437 Alice Rodriguez Circle	Former ICRA	1	78	16160 Progress Lane	Former ICRA	1
21	15850 Hidalgo Street	Former ICRA	1	79	16129 Progress Lane	Former ICRA	1
22	726 Meridian Street	Former ICRA	1	80	4870 Sabre Lane	Former ICRA	1
23	2445 Alice Rodriguez Circle	Former ICRA	1	81	4622 Nora Avenue	Former ICRA	1
24	2473 Alice Rodriguez Circle	Former ICRA	1	82	5247 Morada Street	Former ICRA	1
25	2465 Alice Rodriguez Circle	Former ICRA	1	83	16071 Calle del Norte	Former ICRA	1
26	2477 Alice Rodriguez Circle	Former ICRA	1	84	16027 Martinez Street	Former ICRA	1
27	2455 Alice Rodriguez Circle	Former ICRA	1	85	4635 Fraijo Avenue	Former ICRA	1
28	2409 Alice Rodriguez Circle	Former ICRA	1	86	16147 Progress Lane	Former ICRA	1
29	2405 Alice Rodriguez Circle	Former ICRA	1	87	4841 Calle del Sur	Former ICRA	1
30	2413 Alice Rodriguez Circle	Former ICRA	1	88	2446 Ruelas Street	Former ICRA	1
31	2461 Alice Rodriguez Circle	Former ICRA	1	89	4655 Fraijo Avenue	Housing Authority	1
32	4638 Fraijo Avenue	Former ICRA	1	90	2449 Alice Rodriguez Circle	Housing Authority	1
33	5135 Allen Drive	Former ICRA	1	91	16161 Peppertree Lane	Housing Authority	1
34	2430 Alice Rodriguez Circle	Former ICRA	1	92	16046 Peppertree Lane	Housing Authority	1
35	2474 Alice Rodriguez Circle	Former ICRA	1	93	16023 Calle Breceda	Housing Authority	1
36	2410 Alice Rodriguez Circle	Former ICRA	1	94	5130 Irwindale Avenue	Housing Authority	1
37	2402 Alice Rodriguez Circle	Former ICRA	1	95	16021 Calle Breceda	Housing Authority	1
38	2470 Alice Rodriguez Circle	Former ICRA	1	96	16017 Calle Breceda	Housing Authority	1
39	2442 Alice Rodriguez Circle	Former ICRA	1	97	16019 Calle Breceda	Housing Authority	1
40	4658 Fraijo Avenue	Former ICRA	1	98	15850 Juarez St	Housing Authority	1
41	2401 Alice Rodriguez Circle	Former ICRA	1	99	15854 Juarez St	Housing Authority	1
42	2434 Alice Rodriguez Circle	Former ICRA	1	100	16015 Calle Breceda	Housing Authority	1
43	2424 Park Rose Avenue	Former ICRA	1	101	4811 Baca Ave	Housing Authority	1
44	15828 Juarez Street	Former ICRA	1	102	4815 Baca Ave	Housing Authority	1
45	15830 Hidalgo Street	Former ICRA	1	103	4813 Baca Ave	Housing Authority	1
46	2414 Park Rose Avenue	Former ICRA	1	104	15812 Hidalgo St	Housing Authority	1
47	2440 Ruelas Street	Former ICRA	1	105	15821 Hidalgo St	Housing Authority	1
48	4608 Nora Avenue	Former ICRA	1	106	15810 Hidalgo St	Housing Authority	1
49	15823 Juarez Street	Former ICRA	1	107	4610 Nora Avenue	Housing Authority	1
50	16133 Progress Lane	Former ICRA	1	108	4612 Nora Avenue	Housing Authority	1
51	2415 Ruelas Street	Former ICRA	1	109	4614 Nora Avenue	Housing Authority	1
52	16164 Calle de Paseo	Former ICRA	1	110	5138 Irwindale Avenue	Housing Authority	1
53	16134 Progress Lane	Former ICRA	1	111	5134 Irwindale Avenue	Housing Authority	1
54	16134 Central Street	Former ICRA	1	112	4824 Baca Avenue	Housing Authority	1
55	16135 Peppertree Lane	Former ICRA	1	113	4828 Baca Avenue	Housing Authority	1
56	16169 Progress Lane	Former ICRA	1	114	4833 Sabre Avenue	Housing Authority	1
57	16148 Calle de Paseo	Former ICRA	1	115	4841 Sabre Lane	Housing Authority	1
58	16144 Calle de Paseo	Former ICRA	1				

TOTAL UNITS

115

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**APPENDIX: 2019-20 IRWINDALE HOUSING SUCCESSOR INDEPENDENT AUDITORS'
REPORT & BASIC FINANCIAL STATEMENTS**



IRWINDALE HOUSING SUCCESSOR
IRWINDALE, CALIFORNIA
FOR YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENTS

Focused
on YOU



IRWINDALE HOUSING SUCCESSOR
IRWINDALE, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IRWINDALE HOUSING SUCCESSOR
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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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 Financial Statements

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, 2020, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

Opinions

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, as of June 30, 2020, 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.

Other Matters

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, 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 the 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.

Other Information

We have audited the financial statements of Irwindale Housing Successor, (the Housing Successor) as of and for the year ended June 30, 2020 and have issued our report thereon dated December 28, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis only and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the 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.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020, 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 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 Housing Successor's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
December 28, 2020



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 Irwindale, California

Report on Compliance for the Housing Successor

We have audited the Irwindale Housing Successor's (Housing Successor) compliance with the type of compliance requirements described in the California Health and Safety Code sections applicable to California Housing Successor Agencies for the year ending June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies.

Auditor's Responsibility

Our responsibility is to express an opinion on the Housing Successor's compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies. 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 Housing Successor occurred. An audit includes examining, on a test basis, evidence about the Housing Successor'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 Housing Successor. However, our audit does not provide a legal determination of the Housing Successor's compliance with those requirements.

Opinion

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 ending June 30, 2020.

Report on Internal Control over Compliance

Management of the Housing Successor 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 Housing Successor's internal control over compliance with the types of requirements that could have a direct and material effect on the Housing Successor to determine the auditing procedures that are appropriate in the circumstances for the purpose



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

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 Housing Successor's 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 of California Health and Safety Code sections applicable to California Housing Successor Agencies 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 California Health and Safety Code sections applicable to California Housing Successor Agencies 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.

Report on Excess/Surplus Calculation

We have audited the financial statements of the governmental activities and the major governmental fund of the Irwindale Housing Successor as of and for the year ended June 30, 2020 and have issued our report thereon dated December 28, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis only and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the 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.

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

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
December 28, 2020

IRWINDALE HOUSING SUCCESSOR

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Cash and investments	\$ 7,817,599
Receivables:	
Accounts	200
Notes and loans	14,220,620
Accrued interest	41,406
Deferred loans	451,080
Advances to the City of Irwindale	3,979,785
Land held for resale	472,282
	<hr/>
Total Assets	26,982,972
	<hr/>
Liabilities:	
Accounts payable	56,010
	<hr/>
Total Liabilities	56,010
	<hr/>
Net Position:	
Restricted for:	
Low and Moderate Housing	26,926,962
	<hr/>
Total Net Position	\$ 26,926,962
	<hr/> <hr/>

IRWINDALE HOUSING SUCCESSOR

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<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	\$ 3,438,599	\$ -	\$ -	\$ (3,438,599)
Total Governmental Activities	\$ 3,438,599	\$ -	\$ -	(3,438,599)
				2,811,836
				(5,132,893)
				(455,576)
				(3,894,175)
				30,821,137
				\$ 26,926,962

IRWINDALE HOUSING SUCCESSOR

BALANCE SHEET
JUNE 30, 2020

	Housing Successor Fund
Assets:	
Pooled cash and investments	\$ 7,817,599
Receivables:	
Accounts	200
Notes and loans	14,220,620
Accrued interest	41,406
Deferred loans	451,080
Advances to the City of Irwindale	3,979,785
Land held for resale	472,282
	<hr/>
Total Assets	\$ 26,982,972
	<hr/>
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	\$ 56,010
	<hr/>
Total Liabilities	56,010
	<hr/>
Deferred Inflows of Resources:	
Unavailable revenues	14,499,640
	<hr/>
Total Deferred Inflows of Resources	14,499,640
	<hr/>
Fund Balances:	
Nonspendable:	
Land held for resale	472,282
Advances to City of Irwindale	3,700,765
Restricted for:	
Housing activities	8,254,275
	<hr/>
Total Fund Balances	12,427,322
	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 26,982,972
	<hr/>

IRWINDALE HOUSING SUCCESSOR

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Fund balances of governmental funds \$ 12,427,322

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. 14,499,640

Net Position of Governmental Activities \$ 26,926,962

IRWINDALE HOUSING SUCCESSOR

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	Housing Successor Fund
Revenues:	
Investment earnings	\$ 138,434
Loan repayment	200
Contributions	<u>2,811,836</u>
Total Revenues	<u>2,950,470</u>
Expenditures:	
Current:	
General government	<u>3,438,599</u>
Total Expenditures	<u>3,438,599</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(488,129)</u>
Special items	<u>(5,132,893)</u>
Net Change in Fund Balances	(5,621,022)
Fund Balances, Beginning of Year	<u>18,048,344</u>
Fund Balances, End of Year	<u>\$ 12,427,322</u>

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, 2020**

Net change in fund balances - total governmental funds \$ (5,621,022)

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.

1,726,847

Change in Net Position of Governmental Activities

\$ (3,894,175)

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, 2020

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, 2020

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, 2020.

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, 2020.

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, 2020, cash and investments were reported in the accompanying financial statements as follows:

Deposits with financial institutions	\$ 3,609,030
Investments - LAIF	<u>4,208,569</u>
Total cash and cash equivalents	<u>\$ 7,817,599</u>

IRWINDALE HOUSING SUCCESSOR

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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, 2020, 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: 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, 2020, the outstanding amounts for subsidy and rehabilitation loans are \$12,529,428 and \$1,682,903, respectively. Additionally, there is an outstanding amount of property tax loan receivable of \$8,289. The loans receivables are reported as unavailable revenue at of June 30, 2020.

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, 2020 was \$3,979,785.

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, 2020, the Housing Successor held the land held for resale with a net realizable value of \$472,282.

Note 6: Special Item

During the fiscal year 2019-2020 the Housing Successor sold \$9,270,000 in land held for resale. The sale resulted in a loss of \$5,132,893, which is presented as a special item.

REQUIRED SUPPLEMENTARY INFORMATION

IRWINDALE HOUSING SUCCESSOR

BUDGETARY COMPARISON SCHEDULE
 HOUSING SUCCESSOR FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,048,344	\$ 18,048,344	\$ 18,048,344	\$ -
Resources (Inflows):				
Use of money and property	50,000	50,000	138,434	88,434
Loan repayment	-	-	200	200
Contributions	2,775,000	2,811,836	2,811,836	-
Special items	-	-	(5,132,893)	(5,132,893)
Amounts Available for Appropriations	20,873,344	20,910,180	15,865,921	(5,044,259)
Charges to Appropriations (Outflow):				
General government	416,570	11,735,928	3,438,599	8,297,329
Total Charges to Appropriations	416,570	11,735,928	3,438,599	8,297,329
Budgetary Fund Balance, June 30	\$ 20,456,774	\$ 9,174,252	\$ 12,427,322	\$ 3,253,070

IRWINDALE HOUSING SUCCESSOR

COMPUTATION OF LOW AND MODERATE
INCOME HOUSING FUND
EXCESS/SURPLUS

	Low and Moderate Housing Funds All Project Area July 1, 2019	Low and Moderate Housing Funds All Project Area July 1, 2020
Opening Fund Balance	\$ 18,048,344	\$ 12,427,322
Less Unavailable Amounts:		
Land held for resale	\$ (9,742,282)	\$ (472,282)
Advance to General Fund	(3,902,587)	(3,979,785)
Encumbrances (Section 33334.12 (g)(2))	(8,907,228)	(8,978,746)
	<u>(22,552,097)</u>	<u>(13,430,813)</u>
Available Low and Moderate Income Housing Funds	(4,503,753)	(1,003,491)
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2019-2020		\$ 2,950,470
2018-2019	\$ 141,910	141,910
2017 - 2018	117,192	117,192
2016 - 2017	74,444	74,444
2015 - 2016	1,029,469	1,029,469
	<u>1,363,015</u>	<u>4,313,485</u>
Total	<u>\$ 1,363,015</u>	<u>\$ 4,313,485</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>1,363,015</u>	<u>4,313,485</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>