



# HOUSING SUCCESSOR COMPLIANCE REPORT

## IRWINDALE HOUSING AUTHORITY

Report for Fiscal Year 2023-24

Prepared Pursuant to Health and Safety Code Section  
34176.1

November 27, 2024

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## INTRODUCTION

### REDEVELOPMENT DISSOLUTION

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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, the 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

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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)

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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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### Fiscal Year 2023-24 Housing Successor Compliance Report

- 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

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During Fiscal Year ("FY") 2023-24, the Housing Authority deposited \$346,338 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.

<b>Fiscal Year 2023-24 Housing Asset Fund Deposits</b>		<b>Table 1</b>
<b>Irwindale Housing Authority</b>		
<b>Balance Type</b>	<b>Amount</b>	
Interest		344,298
Other & Miscellaneous Income		2,040
<b>TOTAL</b>	<b>\$</b>	<b>346,338</b>

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## Fiscal Year 2023-24 Housing Successor Compliance Report

At the close of FY 2023-24, the ending balance in the Housing Asset Fund was \$6,982,234, 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 2023-24 Housing Asset Fund Ending Balance**

**Table 2**

**Irwindale Housing Authority**

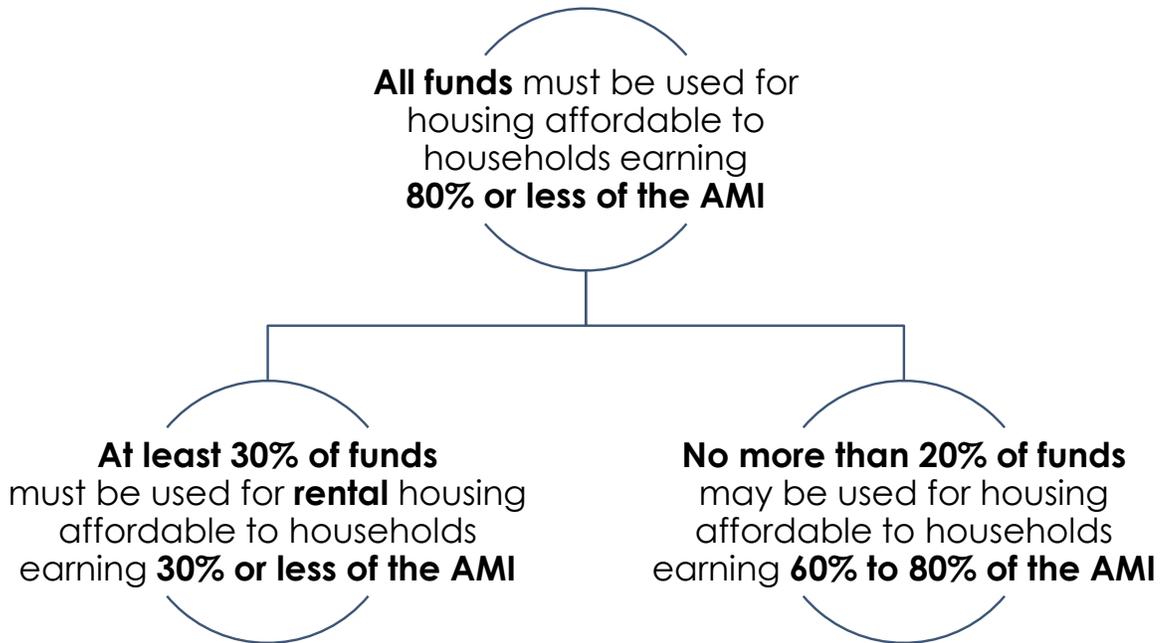
Balance Type	Amount
Cash	955,785
LAIF	5,913,552
Interest Receivable	83,206
Prepaid Costs	71,899
Loans Receivable-Low/Mod Deferred/Forgivable	12,539,484
Deferred Revenues - Housing Loans	(12,539,484)
Accounts Payable	(42,208)
<b>Total</b>	<b>\$ 6,982,234</b>

### 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 FY 2019-20.
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 FY 2019-20.
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.

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 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. The second compliance period is from FY 2019-20 through FY 2023-24. Thus, FY 2023-24 is the fifth year of the second five-year compliance period.

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### Fiscal Year 2023-24 Housing Successor Compliance Report

As shown in Table 3 below, all FY 2023-24 expenditures were for administrative expenses, which totaled \$428,363. This amount is within the allowable allowance for the fiscal year. The Housing Authority did not meet all requirements for expenditures by income level in in the second five-year compliance period. The Housing Authority failed to spend at least 30% of Housing Asset Funds assisting extremely low-income rental households.

Pursuant to H&SC Section 34176.1(a)(3)(B), if the housing successor fails to comply with the extremely low-income requirement in any five-year compliance period, then the housing successor shall ensure that at least 50% of remaining funds expended in each subsequent fiscal year are expended for the development of extremely low-income rental housing until the housing successor demonstrates compliance with the extremely low-income requirement.

In the second five-year compliance period, between July 1, 2019 through June 30, 2024, the Housing Authority spent \$5,306,955 on affordable housing development. A minimum of 30%, or \$1,592,086, must be spent assisting extremely low-income rental housing development. As of June 30, 2024, Housing Authority encumbered \$2,390,564 to assist extremely low-income rental housing in two housing development projects. This will bring the Housing Authority into compliance with income proportionality requirements in FY 2024-25.

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## Fiscal Year 2022-23 Housing Successor Compliance Report

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 <sup>1</sup>	Rapid Rehousing	Development Expenses			Other	
			<30% AMI Rental Units	60-80% AMI	Above 80% AMI		
FY 2023-24 Expenditures	\$428,363	\$0	\$0	\$0	\$0	\$0	\$0
FY 2023-24 Limitations	\$626,974	\$250,000	-	-	-	-	-
<b>Compliant (Yes/No)</b>	<b>YES</b>	<b>YES</b>					
FY 2022-23 Expenditures	\$365,588	\$0	\$0	\$0	\$0	\$0	\$0
FY 2022-23 Limitations	\$703,769	\$250,000	-	-	-	-	-
<b>Compliant (Yes/No)</b>	<b>YES</b>	<b>YES</b>					
FY 2021-22 Expenditures	\$410,537	\$0	\$0	\$316,493	\$0	\$2,562,900	\$2,879,393
FY 2021-22 Limitations	\$780,575	\$250,000	-	-	-	-	-
<b>Compliant (Yes/No)</b>	<b>YES</b>	<b>YES</b>					
FY 2020-21 Expenditures	\$474,991	\$0	\$0	\$0	\$0	\$77,768	\$77,768
FY 2020-21 Limitations	\$695,634	\$250,000	-	-	-	-	-
<b>Compliant (Yes/No)</b>	<b>YES</b>	<b>YES</b>					
FY 2019-20 Expenditures	\$283,260	\$0	\$0	\$663	\$0	\$2,349,131	\$2,349,794
FY 2019-20 Limitations	\$759,319	\$250,000	-	-	-	-	-
<b>Compliant (Yes/No)</b>	<b>YES</b>	<b>YES</b>					
<b>TOTAL DEVELOPMENT EXPENDITURES</b>	-	-	<b>\$0</b>	<b>\$317,156</b>	<b>\$0</b>	<b>\$4,989,799</b>	<b>\$5,306,955</b>
Limitations	-	-	>30%	<20%	0%	N/A	-
Expenditure Proportionality as of End of FY 2023-24	-	-	0%	6%	0%	94%	-
<b>Compliant as of End of FY 2023-24 (Yes/No)</b>	<b>-</b>	<b>-</b>	<b>NO</b>	<b>YES</b>	<b>YES</b>	<b>-</b>	<b>-</b>

<sup>1</sup> 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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Fiscal Year 2022-23 Housing Successor Compliance Report

### 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.

<b>Fiscal Year 2023-24 Real Properties and Receivables</b>		<b>Table 4</b>
<b>Irwindale Housing Authority</b>		
<b>Asset</b>		<b>Amount</b>
<b><i>Real Properties</i></b>		
<i>Subtotal</i>		\$0
<b><i>Loan Receivables</i></b>		
Housing Subsidy Loans		\$11,879,996
Housing Rehabilitations Loans		\$653,749
Property Tax Loans		\$5,739
<i>Subtotal</i>		\$12,539,484
<b>Total</b>		<b>\$12,539,484</b>
<b>Admin Allowance (5% of Total)</b>		<b>\$626,974</b>

### 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

## IRWINDALE HOUSING AUTHORITY

### Fiscal Year 2023-24 Housing Successor Compliance Report

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 were used to assist only rental units that are affordable to households earning no more than 30% AMI. The Certificate of Occupancy was issued for the project in March 2023. The building achieved full occupancy in August 2023.

#### PROJECTS FUNDED THROUGH RECOGNIZED OBLIGATION PAYMENTS SCHEDULES

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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 2023-24, the Housing Authority did not receive any property tax revenue for projects pursuant to ROPS.

#### PROPERTY DISPOSITION COMPLIANCE

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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 that the 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.

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. 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. On April 3, 2020, the Housing Authority sold the property to Panattoni Development Company for \$4,150,000. Upon the close of escrow, designated the sales proceeds for the development of affordable housing. Thus, the Housing Authority complied with H&SC Section 34176.1(e).

#### 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. Thus, the Housing Authority complied with H&SC Section 33413(f).

## 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 Housing Authority and the former ICRA has assisted 25 affordable rental housing units since June 30, 2013, 100% of which are restricted to seniors at the Las Casitas Senior Apartment Complex. 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.

As shown in Table 5, the Housing Authority accumulated an excess surplus of \$2,193,391 in FY 2021-22. In accordance with HSC Section 4176.1(d), a housing successor shall encumber any excess surplus or transfer the funds appropriately within three fiscal years. If the housing successor fails to comply with this subdivision, the housing successor, within 90 days of the end of the third fiscal year, shall transfer any excess surplus to the California Department of Housing and Community Development (“HCD”) for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program. Table 5 shows that the entire prior year excess surplus of \$2,193,391 was eliminated with the FY 2021-22 expenditures totaling \$3,289,930. Thus, the Housing Authority expended the FY 2021-22 excess surplus within three fiscal years and will not need to transfer funds to HCD.

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**Prior Year Excess Surplus Elimination**

**Table 5**

**Irwindale Housing Authority**

**Remaining Excess Surplus from Three Years Prior to Fiscal Year 2023-24**

FY 2019-20	\$ -
FY 2020-21	\$ -
FY 2021-22	\$ 2,193,391
<b>Total Excess Surplus from Three Prior Years</b>	<b>\$ 2,193,391</b>

**Elimination of Prior Year Excess Surplus**

FY 2021-22 Expenditures	\$ 3,289,930
FY 2022-23 Expenditures	\$ 365,588
FY 2023-24 Expenditures	\$ 428,363
<b>Remaining Prior Year Excess Surplus</b>	<b>\$ -</b>

Table 6 shows the Housing Authority’s excess surplus calculation for FY 2023-24. Based on the calculation shown in Table 6, the unencumbered portion of the FY 2023-24 beginning balance is higher than the aggregate amount deposited into the account during the preceding four fiscal years (which exceeds one million dollars). Thus, the Housing Authority has an excess surplus for FY 2023-24 of \$1,235,094. The Housing Authority will need to spend or encumber this amount within three fiscal years, or June 30, 2027, to eliminate the excess surplus or transfer remaining excess surplus to HCD.

**Fiscal Year 2023-24 Excess Surplus Calculation**

**Table 6**

**Irwindale Housing Authority**

<b>Fiscal Year</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Calculation</b>
Deposits	\$ 2,950,740	\$ 329,463	\$ (11,782)	\$ 170,180	
FY 2023-24 Beginning Balance (cash only)					7,064,259
Less: Encumbered Funds					(2,390,564)
Unencumbered Amount					4,673,695
<b>Step 1</b>					
\$1 Million, or					1,000,000
Last 4 Deposits					3,438,601
Result: Larger Number					3,438,601
<b>Step 2</b>					
Unencumbered Amount					4,673,695
Larger Number From Step 1					3,438,601
<b>Fiscal Year 2023-24 Excess Surplus</b>					<b>\$ 1,235,094</b>

## INVENTORY OF HOMEOWNERSHIP UNITS

Table 7 on the following shows an inventory of the 123 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 2023-24, no units were added or eliminated.

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. Note that the Housing Authority manages all units, rather than contracting with an outside entity.

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## Fiscal Year 2022-23 Housing Successor Compliance Report

**Fiscal Year 2023-24 Inventory of Assisted Homeownership Units**

**Table 7**

**Irwindale Housing Authority**

No.	Address	Assisting Agency	Number of Units	No.	Address	Assisting Agency	Number of Units
1	16058 Central Street	Former ICRA	1	63	5113 Allen Drive	Former ICRA	1
2	4820 Baca Avenue	Former ICRA	1	64	16081 Calle del Norte	Former ICRA	1
3	4819 Baca Avenue	Former ICRA	1	65	5105 Allen Drive	Former ICRA	1
4	4823 Sabre Lane	Former ICRA	1	66	4653 Nora Avenue	Former ICRA	1
5	4642 Nora Avenue	Former ICRA	1	67	16165 Progress Lane	Former ICRA	1
6	4821 Baca Avenue	Former ICRA	1	68	16145 Peppertree Lane	Former ICRA	1
7	4842 Baca Avenue	Former ICRA	1	69	16044 Calle de Paseo	Former ICRA	1
8	4851 Sabre Lane	Former ICRA	1	70	16050 Calle de Paseo	Former ICRA	1
9	4817 Baca Avenue	Former ICRA	1	71	4636 Fraijo Avenue	Former ICRA	1
10	5139 Allen Drive	Former ICRA	1	72	16047 Peppertree Lane	Former ICRA	1
11	5219 Allen Drive	Former ICRA	1	73	16124 Calle de Paseo	Former ICRA	1
12	5151 Allen Drive	Former ICRA	1	74	4611 Fraijo Avenue	Former ICRA	1
13	5143 Allen Drive	Former ICRA	1	75	4647 Nora Avenue	Former ICRA	1
14	2417 Alice Rodríguez Circle	Former ICRA	1	76	4612 Fraijo Avenue	Former ICRA	1
15	2425 Alice Rodríguez Circle	Former ICRA	1	77	4825 Calle del Sur	Former ICRA	1
16	15854 Hidalgo Street	Former ICRA	1	78	16160 Progress Lane	Former ICRA	1
17	4642 Fraijo Avenue	Former ICRA	1	79	16129 Progress Lane	Former ICRA	1
18	2421 Alice Rodríguez Circle	Former ICRA	1	80	4870 Sabre Lane	Former ICRA	1
19	2469 Alice Rodríguez Circle	Former ICRA	1	81	4622 Nora Avenue	Former ICRA	1
20	2437 Alice Rodríguez Circle	Former ICRA	1	82	5247 Morada Street	Former ICRA	1
21	15850 Hidalgo Street	Former ICRA	1	83	16071 Calle del Norte	Former ICRA	1
22	726 Meridian Street	Former ICRA	1	84	16027 Martinez Street	Former ICRA	1
23	2445 Alice Rodríguez Circle	Former ICRA	1	85	4635 Fraijo Avenue	Former ICRA	1
24	2473 Alice Rodríguez Circle	Former ICRA	1	86	16147 Progress Lane	Former ICRA	1
25	2465 Alice Rodríguez Circle	Former ICRA	1	87	4841 Calle del Sur	Former ICRA	1
26	2477 Alice Rodríguez Circle	Former ICRA	1	88	2446 Ruelas Street	Former ICRA	1
27	2455 Alice Rodríguez Circle	Former ICRA	1	89	4655 Fraijo Avenue	Housing Authority	1
28	2409 Alice Rodríguez Circle	Former ICRA	1	90	2449 Alice Rodríguez Circle	Housing Authority	1
29	2405 Alice Rodríguez Circle	Former ICRA	1	91	16161 Peppertree Lane	Housing Authority	1
30	2413 Alice Rodríguez Circle	Former ICRA	1	92	16046 Peppertree Lane	Housing Authority	1
31	2461 Alice Rodríguez Circle	Former ICRA	1	93	16023 Calle Breceda	Housing Authority	1
32	4638 Fraijo Avenue	Former ICRA	1	94	5130 Irwindale Avenue	Housing Authority	1
33	5135 Allen Drive	Former ICRA	1	95	16021 Calle Breceda	Housing Authority	1
34	2430 Alice Rodríguez Circle	Former ICRA	1	96	16017 Calle Breceda	Housing Authority	1
35	2474 Alice Rodríguez Circle	Former ICRA	1	97	16019 Calle Breceda	Housing Authority	1
36	2410 Alice Rodríguez Circle	Former ICRA	1	98	15850 Juarez St	Housing Authority	1
37	2402 Alice Rodríguez Circle	Former ICRA	1	99	15854 Juarez St	Housing Authority	1
38	2470 Alice Rodríguez Circle	Former ICRA	1	100	16015 Calle Breceda	Housing Authority	1
39	2442 Alice Rodríguez Circle	Former ICRA	1	101	4811 Baca Ave	Housing Authority	1
40	4658 Fraijo Avenue	Former ICRA	1	102	4815 Baca Ave	Housing Authority	1
41	2401 Alice Rodríguez Circle	Former ICRA	1	103	4813 Baca Ave	Housing Authority	1
42	2434 Alice Rodríguez Circle	Former ICRA	1	104	15812 Hidalgo St	Housing Authority	1
43	2424 Park Rose Avenue	Former ICRA	1	105	15821 Hidalgo St	Housing Authority	1
44	15828 Juarez Street	Former ICRA	1	106	15810 Hidalgo St	Housing Authority	1
45	15830 Hidalgo Street	Former ICRA	1	107	4610 Nora Avenue	Housing Authority	1
46	2414 Park Rose Avenue	Former ICRA	1	108	4612 Nora Avenue	Housing Authority	1
47	2440 Ruelas Street	Former ICRA	1	109	4614 Nora Avenue	Housing Authority	1
48	4608 Nora Avenue	Former ICRA	1	110	5138 Irwindale Avenue	Housing Authority	1
49	15823 Juarez Street	Former ICRA	1	111	5134 Irwindale Avenue	Housing Authority	1
50	16133 Progress Lane	Former ICRA	1	112	4824 Baca Avenue	Housing Authority	1
51	2415 Ruelas Street	Former ICRA	1	113	4828 Baca Avenue	Housing Authority	1
52	16164 Calle de Paseo	Former ICRA	1	114	4833 Sabre Lane	Housing Authority	1
53	16134 Progress Lane	Former ICRA	1	115	4841 Sabre Lane	Housing Authority	1
54	16134 Central Street	Former ICRA	1	116	4605 Nora Avenue	Housing Authority	1
55	16135 Peppertree Lane	Former ICRA	1	117	700 Ambriz Street	Housing Authority	1
56	16169 Progress Lane	Former ICRA	1	118	701 Ambriz Street	Housing Authority	1
57	16148 Calle de Paseo	Former ICRA	1	119	704 Ambriz Street	Housing Authority	1
58	16144 Calle de Paseo	Former ICRA	1	120	705 Ambriz Street	Housing Authority	1
59	737 Shrode Avenue	Former ICRA	1	121	708 Ambriz Street	Housing Authority	1
60	16024 Calle de Paseo	Former ICRA	1	122	709 Ambriz Street	Housing Authority	1
61	4611 Nora Avenue	Former ICRA	1	123	713 Ambriz Street	Housing Authority	1
62	4617 Nora Avenue	Former ICRA	1				
				<b>TOTAL UNITS</b>			<b>123</b>

**APPENDIX: 2023-24 IRWINDALE HOUSING SUCCESSOR INDEPENDENT AUDITORS'  
REPORT & BASIC FINANCIAL STATEMENTS**

IRWINDALE HOUSING SUCCESSOR  
IRWINDALE, CALIFORNIA

Financial Statements

For the Year Ended June 30, 2024

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IRWINDALE HOUSING SUCCESSOR  
IRWINDALE, CALIFORNIA

Financial Statement

For the Year Ended June 30, 2024

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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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the governmental fund information of the City of Irwindale Housing Successor (the "Housing Successor"), a special revenue fund of the City of Irwindale, California (the "City of Irwindale"), as of and for the year ended June 30, 2024, 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 governmental fund information of the Housing Successor, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Housing Successor are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the governmental fund information of the Housing Successor that is attributable to the transactions of the Housing Successor. They do not purport to, and do not, present fairly the financial position of the City of Irwindale, as of June 30, 2024 and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

### ***Required Supplementary Information***

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

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.



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

**Supplementary 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 accompanying Computation of Excess/Surplus (supplementary information) is presented for purposes of additional analysis 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE], on our consideration of the City's internal control over the Housing Successor's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Housing Successor's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Housing Successor's financial reporting and compliance.

*Lance, Solt & Lughard, LLP*

Irvine, California  
[DATE]

**IRWINDALE HOUSING SUCCESSOR**  
**Statement of Net Position**  
**June 30, 2024**

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 6,869,337
Receivables:	
Notes and loans	12,539,484
Accrued interest	83,206
Prepaid costs	<u>71,899</u>
<b>Total Assets</b>	<b><u>19,563,926</u></b>
<b>Liabilities:</b>	
Accounts payable	<u>42,208</u>
<b>Total Liabilities</b>	<b><u>42,208</u></b>
<b>Net Position:</b>	
Restricted for:	
Low and Moderate Housing	<u>19,521,718</u>
<b>Total Net Position</b>	<b><u><u>\$ 19,521,718</u></u></b>

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IRWINDALE HOUSING SUCCESSOR  
Statement of Activities  
Year Ended June 30, 2024

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Contributions and Grants	
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
Housing	\$ 1,964,265	\$ -	\$ -	\$ -
<b>Total Governmental Activities</b>	<b>\$ 1,964,265</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Use of money and property				344,298
Other				2,040
<b>Total General Revenues</b>				<b>346,338</b>
Change in Net Position				(1,617,927)
Net Position at Beginning of Year				21,139,645
<b>Net Position at End of Year</b>				<b>\$ 19,521,718</b>

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**IRWINDALE HOUSING SUCCESSOR**  
**Balance Sheet**  
**June 30, 2024**

	<b>Housing Successor Fund</b>
<b>Assets:</b>	
Pooled cash and investments	\$ 6,869,337
Receivables:	
Notes and loans	12,539,484
Accrued interest	83,206
Prepaid costs	71,899
	<u>71,899</u>
<b>Total Assets</b>	<b><u>\$ 19,563,926</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 42,208
	<u>42,208</u>
<b>Total Liabilities</b>	<b><u>42,208</u></b>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenues	12,539,484
	<u>12,539,484</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>12,539,484</u></b>
<b>Fund Balances:</b>	
<b>Nonspendable:</b>	
Prepaid costs	71,899
<b>Restricted for:</b>	
Housing activities	6,910,335
	<u>6,910,335</u>
<b>Total Fund Balances</b>	<b><u>6,982,234</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 19,563,926</u></b>

**IRWINDALE HOUSING SUCCESSOR**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2024**

---

Fund balances of governmental funds \$ 6,982,234

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.

12,539,484

**Net Position of Governmental Activities**

**\$ 19,521,718**

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**IRWINDALE HOUSING SUCCESSOR**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2024**

	<b>Housing Successor Fund</b>
<b>Revenues:</b>	
Use of money and property	\$ 344,298
Miscellaneous	2,040
	<hr/>
<b>Total Revenues</b>	<b>346,338</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
Housing	428,363
	<hr/>
<b>Total Expenditures</b>	<b>428,363</b>
	<hr/>
Net Change in Fund Balances	(82,025)
Fund Balances, Beginning of Year	7,064,259
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 6,982,234</b>
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**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, 2024**

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Net change in fund balances - total governmental funds	\$ (82,025)
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.	<u>(1,535,902)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (1,617,927)</u></b>

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**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 the 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 the Irwindale's Housing Authority (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 the 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 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 Housing Successor'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 Housing Successor. 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.

**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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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."

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.

**IRWINDALE HOUSING SUCCESSOR**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 assets 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 or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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 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 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 Housing Successor did not have any committed fund balance as of June 30, 2024.

**IRWINDALE HOUSING SUCCESSOR**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2024.

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.

**NOTE 2: CASH AND CASH EQUIVALENTS**

As of June 30, 2024, cash and investments were reported in the accompanying financial statements as follows:

Pooled cash and investments	\$ 955,785
Investments - LAIF	<u>5,913,552</u>
Total cash and cash equivalents	<u>\$ 6,869,337</u>

The Housing Successor's cash and cash equivalents is pooled with the City'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, 2024, 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.

**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, 2024, the outstanding amounts for subsidy and rehabilitation loans are \$11,879,996 and \$653,749, respectively. Additionally, there is an outstanding amount of property tax loan receivable of \$5,739. The loans receivables are reported as unavailable revenue at June 30, 2024.

**IRWINDALE HOUSING SUCCESSOR  
 Budgetary Comparison Schedule  
 Housing Successor Fund  
 For the Year Ended June 30, 2024**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 7,064,259	\$ 7,064,259	\$ 7,064,259	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	25,000	25,000	344,298	319,298
Miscellaneous	-	-	2,040	2,040
<b>Amounts Available for Appropriations</b>	<b>7,089,259</b>	<b>7,089,259</b>	<b>7,410,597</b>	<b>321,338</b>
<b>Charges to Appropriations (Outflow):</b>				
Housing	535,530	719,017	428,363	290,654
<b>Total Charges to Appropriations</b>	<b>535,530</b>	<b>719,017</b>	<b>428,363</b>	<b>290,654</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,553,729</b>	<b>\$ 6,370,242</b>	<b>\$ 6,982,234</b>	<b>\$ 611,992</b>

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**IRWINDALE HOUSING SUCCESSOR**  
**Computation of Low - and Moderate -Income**  
**Housing Fund**  
**Excess/Surplus**  
**June 30, 2024**

	<b>Low and Moderate Housing Funds All Project Area July 1, 2023</b>	<b>Low and Moderate Housing Funds All Project Area July 1, 2024</b>
Opening Fund Balance	\$ 7,064,259	\$ 6,982,234
Less Unavailable Amounts:		
Encumbrances (Section 33334.12 (g)(2))	<u>\$ (2,390,564)</u>	<u>\$ (2,321,900)</u>
	(2,390,564)	(2,321,900)
Available Low and Moderate Income Housing Funds	4,673,695	4,660,334
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2023 - 2024		307,497
2022 - 2023	170,180	170,180
2021 - 2022	(11,782)	(11,782)
2020 - 2021	329,463	329,463
2019 - 2020	<u>2,950,740</u>	<u>n/a</u>
<b>Total</b>	<b><u>\$ 3,438,601</u></b>	<b><u>\$ 795,358</u></b>
<b>Base Limitation</b>	<b><u>\$ 1,000,000</u></b>	<b><u>\$ 1,000,000</u></b>
Greater amount	<u>3,438,601</u>	<u>1,000,000</u>
<b>Computed Excess/Surplus</b>	<b><u>\$ 1,235,094</u></b>	<b><u>\$ 3,660,334</u></b>

Please note: In accordance with HSC34176.1(d) If a housing successor has an excess surplus, the housing successor shall encumber the excess surplus for the purposes described in paragraph (3) of subdivision (a) or transfer the funds pursuant to paragraph (2) of subdivision (c) within three fiscal years. If the housing successor fails to comply with this subdivision, the housing successor, within 90 days of the end of the third fiscal year, shall transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program. For purposes of this subdivision, "excess surplus" shall mean an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the housing successor's preceding four fiscal years, whichever is greater.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Irwindale Housing Successor (the "Housing Successor") of the City of Irwindale, California (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Housing Successor's basic financial statements, and have issued our report thereon dated [DATE].

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over the Housing Successor's financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the requirements of California Health and Safety Code Applicable to California Housing Successor Agencies, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Solt & Lughard, LLP*

Irvine, California

[DATE]

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE 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**

#### ***Opinion***

We have audited the City of Irwindale Housing Successor, California (the "Housing Successor")'s compliance with the types of compliance requirements identified as subject to audit in the California Health and Safety Code sections applicable to the California Housing Successor Agencies (the "HSC") of the City's Low Moderate Income Housing Program (the "Program").

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 the Housing Successor's compliance with the HSC for the ended June 30, 2024.

#### ***Basis for Opinion***

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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the HSC. Our responsibilities under those standards and the HSC 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Program. 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 or grant agreements applicable to the Program.

#### ***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 occurred, 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 generally accepted auditing standards, *Government Auditing Standards*, and the HSC 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.



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

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 Program as a whole. In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the HSC, 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 the HSC, 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 the 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 the 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 with a type of compliance requirement of the Program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

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 HSC. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Soll &amp; Lughard, LLP".

Irvine, California

[DATE]