

**SAN GABRIEL VALLEY REGIONAL HOUSING TRUST
A JOINT POWER AGREEMENT BETWEEN 22 CITIES**

Basic Financial Statements and Independent Auditor's Report

Fiscal Year Ended June 30, 2023

SAN GABRIEL VALLEY REGIONAL HOUSING TRUST
Annual Basic Financial Report
For the fiscal year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the San Gabriel Valley Regional Housing Trust
Monrovia, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of San Gabriel Valley Regional Housing Trust (SGVRHT), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the SGVRHT's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the SGVRHT, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 SGVRHT 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.

Responsibilities of Management for the Financial Statements

The SGVRHT's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SGVRHT's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, 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 SGVRHT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SGVRHT's ability to continue as a going concern for a reasonable period of time.

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

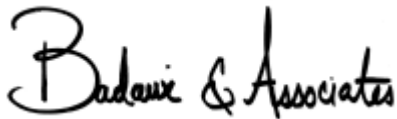
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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

To the Board of Directors
of the San Gabriel Valley Regional Housing Trust
Monrovia, California
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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 budgetary comparison information 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
March 4, 2024

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San Gabriel Valley Regional Housing Trust

Management's Discussion and Analysis

Year ended June 30, 2023

Our discussion and analysis of the San Gabriel Valley Regional Housing Trust (SGVRHT) financial performance presents an overview of SGVRHT's financial activities during the year ended June 30, 2023. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 11). The financial statements, notes and this discussion and analysis were prepared by management and are the responsibility of management.

Background

The San Gabriel Valley Regional Housing Trust (SGVRHT) is a joint powers authority created in February 2020 to fund and finance the planning and construction of homeless housing, and extremely low, very low, and low-income housing projects. Formation of the SGVRHT was authorized by SB 751 (Rubio), which allows San Gabriel Valley cities to band together to bring additional affordable housing resources to the San Gabriel Valley region.

The SGVRHT is governed by a nine-member Board of Directors, seven of whom are representatives from jurisdictions that are members of the SGVRHT and two of whom are experts in housing and homelessness. The members are appointed by the Governing Board of the San Gabriel Valley Council of Governments.

Financial Highlights

SGVRHT's financial highlights for the year ended June 30, 2023, are as follows:

- In May 2023, SGVRHT received a \$10,000,000 funding from the State Homeless Funds for eligible affordable housing and homeless capital housing projects. The unspent amount was recorded as Unearned Revenue.
- The total net position increased by \$9,123 thousand, an increase of 624% from the previous year.
- Total revenue increased by \$8,248 thousand, an increase of 193% from the prior fiscal year.

Overview of Financial Statements

The financial statements present the financial picture of the SGVRHT from the economic resources measurement focus using the accrual basis of accounting. These statements include all recordable position of the SGVRHT as well as all liabilities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statement of cash flows provides information about the SGVRHT's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related investing activities during the reporting period.

The statement of net position and the statement of revenues, expenses and changes in net position report the SGVRHT's net position and related changes. Net position is the difference between the recorded assets and deferred outflows of resources and liabilities and deferred inflows of resources. The recorded activities include all revenues from dues and operating expenses related to the operation of the SGVRHT. In addition, all of the SGVRHT's revenues and expenses related to its program activities and services are reflected in the statements.

Various disclosures accompany the financial statements in order to provide a full picture of the SGVRHT's finances. The notes to the financial statements are on pages 17-22.

San Gabriel Valley Regional Housing Trust
Management's Discussion and Analysis
Year ended June 30, 2023

Financial Analysis

The SGVRHT's statements of net position on June 30, 2023, and 2022 are as follows:

	June 30		Variance	
	2023	2022	Amount	%
ASSETS				
Cash and investments	\$ 17,778,635	\$ 19,316,609	\$ (1,537,974)	-8%
Accounts receivable	-	394,707	(394,707)	-100%
Grants receivable	2,028	35,315	(33,287)	-94%
Notes receivable	6,335,724	1,350,000	4,985,724	369%
Prepaid expenses	2,000	-	2,000	100%
Nondepreciable capital assets	4,105,000	-	4,105,000	100%
Total assets	28,223,387	21,096,631	7,126,756	34%
LIABILITIES				
Accounts payable	267,355	494,461	(227,106)	-46%
Unearned revenue	16,927,593	19,139,920	(2,212,327)	-12%
Due to other government	442,864	-	442,864	100%
Total liabilities	17,637,812	19,634,381	(1,996,569)	-10%
NET POSITON				
Net investment in capital assets	4,105,000	-	4,105,000	100%
Restricted	6,480,575	1,462,250	5,018,325	343%
Total net position (deficit)	\$ 10,585,575	\$ 1,462,250	\$ 9,123,325	624%

SGVRHT assets increased in 2023 by \$7,127 thousand or 34%, and liabilities decreased by \$2,439 thousand or 12%. The increase in assets and liabilities was largely due to the \$10 million funds received from the State of California Homeless Funds which were partially spent as of June 30, 2023, decreasing the cash and cash equivalents balance and unearned revenue in fiscal year 2023. Also, the increase in assets is due to the additional issuance of a \$4.99 million note receivable as part of the Revolving Loan Fund from a State Budget Earmark.

The net position can serve as an indicator of financial health. The SGVRHT's assets exceeded liabilities by \$10,586 thousand.

San Gabriel Valley Regional Housing Trust
Management's Discussion and Analysis
Year ended June 30, 2023

The following table presents the SGVRHT's revenues, expenditures, and changes in fund balance for year ended June 30, 2023, and 2022:

	June 30		Variance	
	2023	2022	Amount	%
REVENUES:				
Membership revenues	\$ 315,341	\$ 398,115	\$ (82,774)	-21%
HI innovation revenues	-	469,167	(469,167)	-100%
Origination fee	32,600	83,750	(51,150)	-61%
Measure H revenue	-	389,351	(389,351)	-100%
State fund revenue	12,166,694	2,251,705	9,914,989	440%
LHTF revenue	-	675,000	(675,000)	-100%
Total revenues	<u>12,514,635</u>	<u>4,267,088</u>	<u>8,247,547</u>	193%
EXPENDITURES:				
Administrative	85,994	34,180	51,814	152%
Contract service	91,415	38,230	53,185	139%
Strategic plan services	-	23,712	(23,712)	-100%
MSA program	328,000	320,000	8,000	3%
Montebello Tiny Homes Program	1,183,891	813,645	370,246	46%
Baldwin Park Tiny Homes Project	764,510	1,128,448	(363,938)	-32%
Homeless Pilot Program	937,500	312,500	625,000	200%
Capital outlay	4,105,000	-	4,105,000	100%
Total expenditures	<u>7,496,310</u>	<u>2,670,715</u>	<u>4,825,595</u>	181%
NET CHANGES IN FUND BALANCES	5,018,325	1,596,373	3,421,952	214%
BEGINNING FUND BALANCES	1,462,250	(134,123)	1,596,373	-1190%
ENDING FUND BALANCES	<u>\$ 6,480,575</u>	<u>\$ 1,462,250</u>	<u>\$ 5,018,325</u>	343%

For fiscal year 2023, revenues for SGVRHT consist primarily of dues from 18 member cities and State Funds.

Total expenditures increased by 181% to \$7,496 thousand in FY2023 primarily due to the Montebello Tiny Homes Program, Homeless Pilot Program, and for the land purchase as investment in Capital Outlay .

Fund balance increased by \$5.0 million primarily because of the revenue recognized when the notes related to revolving loans were issued.

Capital Assets

The SGVRHT had \$4,105 thousand invested in capital assets as of June 30, 2023.

Economic Factors and Next Year's Budget

The budget for fiscal year 2023 assumes that the on-hand net position as of June 30, 2022, will be required and available to fulfill the program and administrative expense requirements.

San Gabriel Valley Regional Housing Trust
Management's Discussion and Analysis
Year ended June 30, 2023

Further Information

This report has been designed to provide SGVRHT's stakeholders a general overview of the SGVRHT's financial condition and related issues. Inquiries should be directed to the Director of Finance, 1333 S Mayflower Avenue, Suite 360, Monrovia, CA 91016.

**BASIC
FINANCIAL STATEMENTS**

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San Gabriel Valley Regional Housing Trust

Statement of Net Position

June 30, 2023

ASSETS	
Cash and investments	\$ 17,778,635
Grants receivable	2,028
Notes Receivable	6,335,724
Prepaid Expenses	2,000
Nondepreciable Capital Assets	4,105,000
Total assets	<u>28,223,387</u>
LIABILITIES	
Accounts payable	267,355
Unearned revenue	16,927,593
Due to other government	442,864
Total liabilities	<u>17,637,812</u>
NET POSITION	
Net investment in capital assets	4,105,000
Restricted for housing program	6,480,575
Total net position (deficit)	<u>\$ 10,585,575</u>

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

San Gabriel Valley Regional Housing Trust

Statement of Activities

For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net Revenues (Expenses) and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Administrative and contract services	\$ 505,410	\$ 347,942	\$ -	\$ (157,468)
Homeless program	2,885,901	-	12,166,694	9,280,793
Total governmental activities	<u>\$ 3,391,311</u>	<u>\$ 347,942</u>	<u>\$ 12,166,694</u>	<u>9,123,325</u>
Change in net position				9,123,325
NET POSITION (DEFICIT) - BEGINNING				<u>1,462,250</u>
NET POSITION (DEFICIT) - ENDING				<u>\$ 10,585,575</u>

San Gabriel Valley Regional Housing Trust

Balance sheet - General Fund

June 30, 2023

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ 17,778,635
Grants receivable	2,028
Notes Receivable	6,335,724
Prepaid Expenses	2,000
Total assets	<u>\$ 24,118,387</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 267,355
Unearned revenue	16,927,593
Due to other government	442,864
Total liabilities	<u>17,637,812</u>
Fund balances - restricted	6,480,575
Total fund balance	<u>6,480,575</u>
Total liabilities and fund balances	<u>\$ 24,118,387</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	\$ 4,105,000
Net position of governmental activities	<u>\$ 10,585,575</u>

San Gabriel Valley Regional Housing Trust
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the fiscal year ended June 30, 2023

	<u>General Fund</u>
REVENUES:	
Membership Revenues	\$ 315,341
Origination Fee	32,600
State Fund Revenue	12,166,694
Total revenues	<u>12,514,635</u>
EXPENDITURES:	
Current:	
Administrative	85,994
Contract Service	91,415
MSA Program	328,000
Montebello Tiny Homes Program	1,183,891
Homeless Pilot Program	937,500
Capital Outlay	4,105,000
Total expenditures	<u>7,496,310</u>
NET CHANGE IN FUND BALANCES	5,018,325
BEGINNING FUND BALANCES	<u>1,462,250</u>
ENDING FUND BALANCES	<u>\$ 6,480,575</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense.	<u>\$ 4,105,000</u>
Change in net position of governmental activities	<u>\$ 9,123,325</u>

NOTES TO BASIC FINANCIAL STATEMENTS

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San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2023

1. ORGANIZATION

The San Gabriel Regional Housing Trust (the "SGVRHT") was created effective February 2020 by a Joint Powers Agreement (JPA) among various San Gabriel Valley cities to fund and finance the planning and construction of homeless housing, and extremely low, very low, and low-income housing projects.

The SGVRHT is supported by contributions from its members and also receives grant funds for housing projects, as a sub-grantee of other governmental entities. The SGVRHT is a non-profit California Public Agency and is tax exempt.

The SGVRHT is governed by a nine-member Board of Directors, seven of whom are representatives from jurisdictions that are members of the SGVRHT and two of whom are experts in housing and homelessness. The members are appointed by the Governing Board of the San Gabriel Valley Council of Governments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The San Gabriel Valley Regional Housing Trust (SGVRHT) is a legally separate and independent entity that is not a component unit of member cities. Further, the SGVRHT has no component unit organizations under its control. Therefore, this annual financial report and the financial statements contained within represent solely the activities, transactions, and status of the SGVRHT.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the SGVRHT. All activities are categorized *governmental activities* as they are attributable to services for housing supported largely by contributions from the member cities and grants from other governments.

The Statement of Activities demonstrates the degree to which the expenses are offset by program revenues which include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) contributions that are restricted to meeting the operational or capital requirements of a particular segment. Other items not properly included among program revenues are reported as *general revenues*.

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contributions from the member agencies are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation, 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. The SGVRHT considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

The SGVRHT reports the following major governmental fund:

The *General Fund* is the only SGVRHT's major and primary operating fund. It accounts for all financial resources of the SGVRHT.

The financial statements are presented in accordance with the provisions of GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and *Audits of State and Local Governmental Units* issued by the Governmental Accounting Standards Board. Statement No. 34 established standards for external financial reporting for all state and local governmental entities. Statement No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on resources through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued*

The following are the major revenue components of the SGVRHT:

Measure H pass-through – Funds passed through from member cities’ Measure H revenue to support the affordable housing and homeless housing projects.

Member Fees – Funds contribution from member cities to support the operation of SGVRHT.

Measure H Innovation Revenue – Funds provided by County of Los Angeles to support the affordable housing and homeless housing projects.

State Homeless Funds – Funds provided by San Gabriel Valley Council of Governments to support the affordable housing and homeless housing projects.

D. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. *Cash, Cash Equivalents and Investments*

The SGVRHT considers money market funds and all equivalent liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. *Accounts Receivable*

Accounts receivable relate to member fees due from member agencies and are expected to be fully collectible. Accordingly, an allowance for doubtful accounts is not provided.

G. *Grants Receivable*

Grants receivable relate to expense reimbursements due from governmental and other agencies and are expected to be fully collectible. Accordingly, an allowance for doubtful accounts is not provided.

H. *Notes Receivable*

Notes receivable relate to the development loan promissory note funding from the State and local funding source.

I. *Deferred Outflows and Inflows of Resources*

Pursuant to GASB Statement Nos. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and 65, Items Previously Reported as Assets and Liabilities, SGVRHT recognize deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets by the government that is applicable to a future reporting period.

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. *Prepaid Expenses*

Prepaid expenses relate to the advance payment for Southern California Association of Non-Profit Housing for conference event registration.

K. *Capital Asset*

Capital Asset relate to the land purchased during fiscal year 2023 from San Gabriel Valley Council of Governments.

L. *Reconciliation of Government-wide and Fund Financial Statements*

A reconciliation between total fund balance of the governmental funds and total net position of the governmental activities as reported in the government-wide statement of net position is presented in the basic financial statements.

A reconciliation between total net change in fund balance of the governmental funds and total change in net position of governmental activities as reported in the government-wide statement of activities is presented in the basic financial statements.

M. *Implementation of New Accounting Pronouncements*

During the fiscal year ended June 30, 2023, SGVRHT adopted the following new Statement of the Governmental Accounting Standards Board (GASB):

- GASB Statement 91, Conduit Debt Obligations – The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement did not apply to the SGVRHT for the current fiscal year.
- GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement did not apply to the SGVRHT for the current fiscal year.
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements – The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement did not apply to the SGVRHT for the current fiscal year.

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2023

3. CASH AND INVESTMENTS

The SGVRHT has the following cash and investments at June 30, 2023:

Deposits with financial institution	\$ 17,778,635
Total cash and investments	<u>\$ 17,778,635</u>

A. Deposits

The carrying amounts of the SGVRHT's cash deposits were \$17,778,6365. Bank balances before reconciling items were \$17,778,635 the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the SGVRHT's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the SGVRHT's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the SGVRHT's name.

The market value of the pledged securities must equal at least 110% of the SGVRHT's cash deposits. California law also allows institutions to secure special districts deposits by pledging first trust deed mortgage notes having a value of 150% of the SGVRHT's total cash deposits. The SGVRHT may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The SGVRHT, however, has not waived the collateralization requirements.

4. NOTE RECEIVABLES

The SGVRHT has provided development loan utilizing funding from the State of California and Local Housing Trust Fund. On June 30, 2023, the SGVCOG had four outstanding loans to West Mission Housing Partners LP, Chapel Housing Partners LP, Montebello Affordable Housing LP, and Linc Ramona Apts LP. These loans are provided for a term of 55 years with an annual interest rate of 3%.

At June 30, 2023, notes receivables consisted of the following:

	Balance at June 30, 2023
West Mission Housing Patners LP	\$ 1,350,000
Chapel Housing Partners LP	1,760,000
Montebello Affordable Housing LP	1,700,000
Linc Ramona Apts LP	<u>1,525,724</u>
Total Note Receivables	<u>\$ 6,335,724</u>

San Gabriel Valley Regional Housing Trust

Notes to the Financial Statements

June 30, 2023

5. CAPITAL ASSET

The following is a summary of capital asset for SGVRHT:

	Balance at July 1, 2022	Additions	Balance at June 30, 2023
<i>Governmental Activities</i>			
Capital assets not being depreciated:			
Land	\$ -	\$ 4,105,000	\$ 4,105,000
Governmental activity capital assets, net	\$ -	\$ 4,105,000	\$ 4,105,000

6. FUND BALANCES

In fund financial statements, fund balances are categorized as follows:

Nonspendable Fund Balances - Items that cannot be spent because they are either (a) not in spendable form, such as prepaid items and inventories, or (b) items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds. The SGVRHT has no nonspendable fund balances.

Restricted Fund Balances - Restricted fund balances encompass the portion of fund balance subject to externally enforceable legal restrictions. This includes externally imposed restrictions by laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation. All fund balances as of June 30, 2023 were restricted fund balances.

Committed Fund Balances - Committed fund balances encompass the portion of fund balance, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Fire Board is considered the highest authority for the SGVRHT. A Board resolution is required to have fund balance committed. The SGVRHT has no committed fund balances.

Assigned Fund Balances - Assigned fund balances encompass the portion of fund balance reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making. The SGVRHT has no assigned fund balances.

Unassigned Fund Balances - This amount is for any portion of the fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, it is not appropriate to report a positive unassigned fund balance amount. However, in funds other than general fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. The SGVRHT has no unassigned fund balances.

7. DEFICIT FUND BALANCES

At June 30, 2023 the general fund did not have deficit fund balance.