CITY OF CHULA VISTA, CALIFORNIA

HOUSING SUCCESSOR AGENCY FUND

Basic Financial Statements

Fiscal Year Ended June 30, 2025

CITY OF CHULA VISTA, CALIFORNIA
HOUSING SUCCESSOR AGENCY FUND

Table of Contents

	Page Number
FINANCIAL SECTION	
Independent Auditor's Report	1
Basic Financial Statements	
Statement of Net Position and Governmental Fund Balance Sheet	5
Statement of Activities and Governmental	
Statement of Revenues, Expenditures and Changes in Fund Balances	6
Notes to Financial Statements	7
Required Supplementary Information	
Budgetary Comparison Schedule	13
Notes to the Required Supplementary Information	14
Supplementary Information	
Computation of Housing Successor Excess/Surplus	15
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*	16
Report on Compliance with Applicable Requirement and on Internal Control Over Compliance	18

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Chula Vista, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the governmental fund information of the Housing Successor Agency (the "Fund"), a special revenue fund of the City of Chula Vista, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Fund, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. 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

Fund Financial Statements

As discussed in Note 1, the financial statements of the Fund are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City that is attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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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.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The Computation of Housing Successor Excess/Surplus schedule (supplementary information) is presented for purposes of additional analysis and are 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 GAAS. In our opinion, the accompanying 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 December 22, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 22, 2025

CITY OF CHULA VISTA

HOUSING SUCCESSOR AGENCY FUND
Statement of Net Position and Governmental Fund Balance Sheet

June 30, 2025

	Governmental Fund	Reclassification	Statement of Net Position
ASSETS:			
Cash and cash equivalents	$ 13,662,090	$ -	$ 13,662,090
Restricted assets - cash and cash equivalents	943,098	-	943,098
Accrued interest receivable	66,153	-	66,153
Deferred loans receivable	26,432,793	-	26,432,793
Total Assets	$ 41,104,134	$ -	$ 41,104,134
LIABILITIES, DEFERRED INFLOWS OF RESOURCES,AND FUND BALANCES/NET POSITION:			
Liabilities:			
Accounts payable	$ 5,524	$ -	$ 5,524
Total Liabilities	5,524	-	5,524
Deferred Inflows of Resources:			
Unavailable revenues	26,038,427	(26,038,427)	-
Total Deferred Inflows of Resources	26,038,427	(26,038,427)	-
Fund Balance/Net Position:			
Restricted:			
Community development projects	15,060,183	26,038,427	41,098,610
Total Fund Balance/Net Position	15,060,183	$ 26,038,427	$ 41,098,610
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 41,104,134		

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

CITY OF CHULA VISTA

HOUSING SUCCESSOR AGENCY FUND
Statement of Activities and Governmental Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2025

	Governmental Fund	Reclassification	Statement of Net Position
REVENUES:			
Use of money and property	$ 908,017	$ 503,209	$ 1,411,226
Miscellaneous	154,183	(154,183)	-
Total Revenues	1,062,200	349,026	1,411,226
EXPENDITURES/ EXPENSES:			
Current:			
Community development	737,641	5,448	743,089
Total Expenditures/Expenses	737,641	5,448	743,089
Excess (Deficiency) of Revenues Over (Under) Expenditures	324,559	343,578	668,137
OTHER FINANCING SOURCES (USES):			
Transfers out	(5,448)	5,448	-
Total Other Financing Sources (Uses)	(5,448)	5,448	-
Net Change in Fund Balance/Net Position	319,111	349,026	668,137
FUND BALANCE/NET POSITION - BEGINNING	14,741,072	25,689,401	40,430,473
FUND BALANCE/NET POSITION - ENDING	$ 15,060,183	$ 26,038,427	$ 41,098,610

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

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The accompanying financial statements present only the Chula Vista Housing Successor Agency (Housing Successor), a Special Revenue Fund of the City of Chula Vista, California (the City) and do not include any other funds of the City. The City's basic financial statements are available at City Hall.

The Chula Vista Housing Authority was created by the City of Chula Vista City Council in March 1993 to centrally coordinate and administer the City's programs for promoting balanced housing for families of all income levels. It was established pursuant to the State of California Health and Safety Code, Section 34200. It is empowered to develop, finance and own low-income housing within the territorial limits of the City of Chula Vista. It uses a variety of local, state, and federal funding sources to administer and finance these programs. It is also the financing vehicle for the issuance of bonds for housing programs and services.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. The Bill impacted the reporting entity of the City of Chula Vista that previously had reported a redevelopment agency within the report entity of the City as a blended component unit.

On January 10, 2012, and in accordance with California Health and Safety Code Section 34176, City Council of Chula Vista elected that the Chula Vista Housing Authority to retain the housing assets and housing function of the former redevelopment agency. The City continues to report the housing assets and functions in the designated Housing Successor Agency special revenue fund.

The attached basic financial statements contain information relative only to the Chula Vista Housing Authority (the "Housing Successor").

B. Basis of Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all activities of the Housing Successor. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. When both restricted and unrestricted resources are available for use, it is the Housing Successor's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Fund Balance and Net Position

1. Fund Balance

The Housing Successor's fund balances are classified on the governmental fund balance sheet among the following categories:

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

2. Net Position

The net position reported on the Statement of Net Position in the government-wide financial statements consists of the following category:

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

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deferred Inflows of Resources (Continued)

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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 City has one item which arises only under a modified accrual basis of which qualifies for reporting in this category. Accordingly, this item, unavailable revenue, is reported only in the governmental funds balance sheet.

The governmental funds report unavailable revenues from principal and interest on deferred loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

NOTE 2: CASH AND INVESTMENTS

The City of Chula Vista maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The Housing Successor pooled cash and investment position as of June 30, 2025, was $13,662,090. The Housing Successor also holds $943,098 in restricted cash in a separate account not pooled with the City's cash and investment pool for housing-specific restricted activities.

NOTE 3: NOTES AND LOANS RECEIVABLE

The Housing Successor has entered into various affordable housing loan agreements. As of June 30, 2025, the Housing Successor had the following loans receivable, including principal and accrued interest.

	Principal	Interest	Total
South Bay Community Services	$ 409,795	$ 330,040	$ 739,835
Cordova and Trolley Terrace Apartments (Cordova Trolley, LP)	508,252	113,824	622,076
St. Regis Park (Chelsea Investment Corp)	1,232,822	167,875	1,400,697
Chula Vista Rehabilitation CHIP Loans	304,526	25,845	330,371
Los Vecinos (Wakeland Housing and Development Corporation)	5,680,000	4,925,732	10,605,732
Brisa Del Mar (Main Plaza, LP)	1,500,000	715,088	2,215,088
The Landings I & II (Chelsea Investment Corp)	2,379,904	-	2,379,904
Duetta Apartments (F Street Family CIC, LP)	895,340	252,575	1,147,915
Volta Senior Apartments (G Street Seniors CIC, LP)	932,000	255,578	1,187,578
Anita Street (Wakeland Housing And Development Corporation)	5,195,165	608,432	5,803,597
	$ 19,037,804	$ 7,394,989	$ 26,432,793

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

South Bay Community Services

In 1998, the former Chula Vista Redevelopment Agency (RDA) and City of Chula Vista entered into several loan agreements with South Bay Community Services, a California non-profit public benefit corporation. Prior years' loan was made to South Bay Community Services for the purpose of purchasing several properties throughout the City of Chula Vista, including Concord Way (1-unit) and Trolley Trestle (11-unit). These projects are to provide housing to very low-income families. Deeds of trust and assignments of rent secure the notes. Principal and interest are payable annually out of any and all residual receipts derived from the property and/or operation of the property. Interest accrues annually on the unpaid balance with rates ranging from 3% to 6%. At June 30, 2025, the outstanding balance of the loan was $739,835, which included accrued interest of $330,040.

Cordova and Trolley Terrace Apartments- (Cordova Trolley, LP)

In January 2019, the Housing Authority and the Cordova Trolley, LP (Developer) entered into a loan agreement to refinance two scattered site rental housing developments at 1280 E J Street (40-unit) and 750 ADA Street (18-unit). The developer partially repaid the outstanding accrued interest of the previous loan in the amount of $200,000 and carried forward the remaining balance of $508,252 as a new loan on the Project. The project provides affordable housing to very-low and low-income households for an additional 55-years. The amended and restated promissory note is secured by a deed of trust and will accrue 3.15% interest compounding annually. Residual receipt payments (if any) will be applied towards the outstanding loan balance until the loan is paid in full. At June 30, 2025, the outstanding balance of the loan was $622,076 which included accrued interest of $113,824.

St. Regis Park (Chelsea Investment Corporation)

In 2000, the former RDA entered into a loan agreement with Chelsea Investment Corporation (Developer) for the acquisition and rehabilitation of the 119-unit multi-family housing project (formerly known as Pear Tree Apartments) at 1025 Broadway. In June 2019, the developer repaid the outstanding principal balance of the previous loan in the amount of $1,387,152 and carried forward the accrued interest of $1,232,822 as a new loan amount. The project will remain affordable to very-low and low-income households for an additional 55-years. The amended and restated promissory note is secured by a deed of trust and will accrue 2.76% interest compounding annually. Residual receipt payments (if any) will be applied towards the outstanding loan balance until the loan is paid in full. At June 30, 2025, the outstanding balance of the loan was $1,400,697 which included accrued interest of $167,875.

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

Chula Vista Rehabilitation CHIP Loans

The Chula Vista Rehabilitation Community Housing Improvement Program (CHIP) is under the direct control of the Housing Authority acting as the Successor Housing Entity for those loans that were funded using low- and moderate-income housing funds. These loans provide funding to assist owner occupied or mobile homeowners with assistance to make health and safety related repairs to their dwelling unit. CHIP loans funded by CDBG or HOME funds are also managed by the Housing Authority. CHIP offers deferred and low interest rate home improvement loans to qualified borrowers residing within a target area. The rate terms vary from 0 to 5% deferred interest loans to forgivable loans for mobile home homeowners. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. At June 30, 2025, the outstanding balance of the loan was $330,371 which included accrued interest of $25,845.

Los Vecinos (Wakeland Housing and Development Corporation)

In 2008, the former RDA entered into a loan agreement with Wakeland Housing and Development Corporation to assist the borrower in constructing 41 affordable multi-family rental housing units for occupancy by extremely low, very low-, and low-income households. The loan amount of $5,680,000 was funded by the Low- and Moderate Income Housing Fund. The loan bears an interest rate of 5% per annum. Principal and interest payments will be made on an annual basis out of a fund equal to 50% of the residual receipts for years 1-30 and 75% of the residual receipts for years 31-54, until 55 years from the date the improvements are placed in service, at which time, all principal and unpaid interest is due and payable. The improvements were placed in service on February 7, 2008. At June 30, 2025, the outstanding balance of the loan was $10,605,732 which included accrued interest of $4,925,732.

Brisa del Mar (Main Plaza, LP.)

In 2003, the former RDA and City entered into a loan agreement with Main Plaza, LP to assist in acquiring and improving certain real property for occupancy by very low-, low-, and moderate-income households. The loan bears an interest rate of 3% per annum. The loan is due and payable on the date that is 55 years from the date of the City's issuance of the Certificate of Completion, which is in 2061. At June 30, 2025, the outstanding balance of the loan was $2,215,088 which included accrued interest of $715,088.

The Landings II (Chelsea Investment Corporation)

In July 2010, the former RDA entered into a loan agreement with Chelsea Investment Corporation to assist with the development of 143 affordable multifamily apartment units for occupancy by very low- and low-income households. The amortizing loan bears an interest rate of 3.6% per annum and requires monthly payments based on a 25- year amortization schedule. At June 30, 2025, the outstanding balance of the loan was $2,379,904.

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

Duetta Apartments (F Street Family CIC, LP)

In 2016, the City entered into a loan agreement with F Street Family CIC, LP to assist in the construction and permanent financing of affordable multifamily apartments with 86 deed restricted units for occupancy by extremely low, very low- and lower-income households. Loans are in the principal amount of $800,000 from the City's federal HOME funds, $372,660 from the City's Balanced Communities In-Lieu funds, and $895,340 from Low- and Moderate-Income Housing Fund. The loan bears an interest rate of 3% simple interest per annum for a 55-year period. Payment of principal and interest is made on an annual basis out of a fund equal to 50% of the residual receipts. The outstanding principal and accrued interest on the loan is to be repaid by December 31, 2072. At June 30, 2025, the outstanding balance of the loans were $1,147,915 which included accrued interest of $252,575.

Volta Senior Apartments (G Street Seniors CIC, LP)

In 2016, the City entered into a loan agreement with G Street Senior CIC, LP to assist in the construction and permanent financing of affordable multifamily apartments with 122 deed restricted units for occupancy by extremely low, very low- and lower-income households. The loan amount of $932,000 was funded by the Low- and Moderate-Income Housing Fund. The loan bears an interest rate of 3% simple interest per annum for a 55-year period. Payment of principal and interest is made on an annual basis out of a fund equal to 50% of the residual receipts. The outstanding principal and accrued interest on the loan is to be repaid by December 31, 2072. At June 30, 2025, the outstanding balance of the loans were $1,187,578 which included accrued interest of $255,578.

Anita Street Apartments (Wakeland-Anita, LP)

In 2017 and 2018, the Housing Authority entered into amended loan agreements with Wakeland-Anita LP to assist in the acquisition of land and pre-development of an affordable multifamily apartment development known as Anita Street Apartments with up to 72 possible deed restricted units for occupancy by extremely low, very low and lower-income households. This loan supports the proportionate share of costs for 30% and 45% AMI (area median income) units in the project. The loan of $4,158,740 was made using low-and moderate-income housing funds. No interest accrues on the loan during the predevelopment phase of the Project. The loan bears an interest rate of 3% simple interest per annum for a 55-year period. At June 30, 2025, the outstanding balance of the loans were $5,803,597 which included accrued interest of $608,432.

CITY OF CHULA VISTA

HOUSING SUCCESSOR AGENCY FUND
Budgetary Comparison Schedule

For the Year Ended June 30, 2025

	Budget Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 14,460,227	$ 14,460,227	$ 14,904,105	$ 443,878
Encumbrances, Prior Year	-	1,427	1,427	-
Resources (Inflows):				
Use of money and property	215,000	215,000	581,948	366,948
Miscellaneous	255,000	255,000	154,183	(100,817)
Amounts Available for Appropriations	14,930,227	14,931,654	15,641,663	710,009
Charges to Appropriations (Outflows):				
Community development	2,072,400	9,623,827	8,437,641	1,186,186
Transfers out	9,858	9,858	5,448	4,410
Total Charges to Appropriations	2,082,258	9,633,685	8,443,089	1,190,596
Budgetary Fund Balance, June 30	$ 12,847,969	$ 5,297,969	$ 7,198,574	$ 1,900,605

Budget

Budget for the Chula Vista Housing Authority is adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items, with the exception of the fair value adjustment which is excluded from the City's budget policy.

CITY OF CHULA VISTA

HOUSING SUCCESSOR AGENCY FUND
Computation of Housing Successor Excess/Surplus (HSC 34176.1)

	Low and Moderate Housing Funds All Project Area July 1, 2024		Low and Moderate Housing Funds All Project Area July 1, 2025	
Opening Fund Balance		$ 14,741,072		$ 15,060,183
Less Unavailable Amounts:				
Fair market value adjustment	$ 164,462		$ (161,609)	
Loans receivable	(394,368)		(394,368)	
Encumbrances	-		(7,700,000)	
		(229,906)		(8,255,977)
Available Housing Successor Funds		14,511,166		6,804,206
Limitation (greater of $1,000,000 or four years deposits)				
Aggregate amount deposited for last four years:				
2023-2024	N/A		1,252,069	
2022-2023	531,724		531,724	
2021-2022	(37,892)		(37,892)	
2020-2021	2,277,413		2,277,413	
2019-2020	770,397		N/A	
Total	$ 3,541,642		$ 4,023,314	
Base Limitation	$ 1,000,000		$ 1,000,000	
Greater amount		3,541,642		4,023,314
Computed Excess/Surplus		$ 10,969,524		$ 2,780,892

*This is the estimated future excess/surplus in 2024/2025. Please note: 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) of Health and Safety Code 34176.1 or transfer the funds pursuant to paragraph (2) of subdivision (c) of 34176.1 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.

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*

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Chula Vista, 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 (*Government Auditing Standards*), the financial statements of the Housing Successor Agency special revenue fund (the "Fund") of the City of Chula Vista, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated December 22, 2025.

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 financial reporting (internal control) as a basis for designing 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 Fund'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.

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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, 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*.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 22, 2025

REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To the Honorable Mayor and Members of City Council
City of Chula Vista, California

Report on Compliance for the Housing Successor

Opinion

We have audited the City of Chula Vista Housing Successor Agency's (the Housing Successor) compliance with the type of compliance requirements described in the California Health and Safety Code sections applicable to California Housing Successor Agencies for the year ending June 30, 2025.

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 for the year ending June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the audit guidelines issued by the California State Controller's Office. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the compliance section of our report.

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

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 Housing Successor's general programs.

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Auditor's Responsibility 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 GAAS, *Government Auditing Standards*, and the audit guidelines issued by the California State Controller's Office 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Successor's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the audit guidelines issued by the California State Controller's Office, 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 GAAS, *Government Auditing Standards,* and the audit guidelines issued by the California State Controller's Office, 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, significant audit findings, and certain internal control–related matters 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility for the Audit of Compliance section 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 have not been identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of California Health and Safety Code sections applicable to California Housing Successor Agencies. Accordingly, this report is not suitable for any other purpose.

Report on Excess/Surplus Calculation

We have audited the financial statements of the Housing Successor Fund of the City of Chula Vista as of the year ended June 30, 2025, and have issued our report thereon dated December 22, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis only and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the financial statements. The report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 22, 2025