

**MONROVIA HOUSING SUCCESSOR
CITY OF MONROVIA, CALIFORNIA
COMPONENT UNIT FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

PREPARED BY: FINANCE DEPARTMENT

MONROVIA HOUSING SUCCESSOR
CITY OF MONROVIA, CALIFORNIA

COMPONENT UNIT FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY: FINANCE DEPARTMENT

MONROVIA HOUSING SUCCESSOR
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major governmental fund of the City of Monrovia's Low-Mod Housing Asset Fund, the Housing Successor of the City of Monrovia, (the Housing Successor), a Special Revenue Fund of the City of Monrovia, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Successor's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the City's Housing Successor Fund of the City of Monrovia, California, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Housing Successor and do not purport to, and do not present fairly the financial position of the City of Monrovia, California, as of June 30, 2015, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the budgetary comparison schedule 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. Management has omitted the management's discussion and analysis. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Successor's basic financial statements. 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 and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015 on our consideration of the Housing Successor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Successor's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 7, 2015

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

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

Report on Compliance for the Housing Successor

We have audited the City of Monrovia Housing Authority Fund, the housing successor for the City of Monrovia, (the Housing Successor) compliance with the types of compliance requirements described in the California Health and Safety Code sections applicable to California Housing Successor Agencies that could have direct and material effect on the housing successor for the year ending June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Housing Successor's compliance based on our audit of the types of compliance requirements with the California Health and Safety Code sections applicable to California Housing Successor Agencies. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred above that could have a direct and material effect on Housing Successor occurred. An audit includes examining, on a test basis, evidence about the Housing Successor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Housing Successor. However, our audit does not provide a legal determination of the Housing Successor's compliance with those requirements.

Opinion

In our opinion, the Housing Successor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Housing Successor for the year ending June 30, 2015.

Report on Internal Control over Compliance

Management of the Housing Successor is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Successor's internal control over compliance with the types of requirements that could have a direct and material effect on the Housing Successor to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal controls over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.



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

Accordingly, we do not express an opinion on the effectiveness of the Housing Successor's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance of California Health and Safety Code sections applicable to California Housing Successor Agencies on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of California Health and Safety Code sections applicable to California Housing Successor Agencies will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Excess/Surplus Calculation

We have audited the financial statements of the governmental activities of the Monrovia's Housing Successor as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Monrovia's Housing Successor's basic financial statements. We issued our report thereon dated December 7, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis only and is not a required part of the 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 report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

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

Brea, California
December 7, 2015

MONROVIA HOUSING SUCCESSOR

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Cash and investments	\$ 96,133
Receivables:	
Notes and loans	1,229,031
Deferred loans	1,593,224
Advances to Successor Agency	2,551,385
Land held for resale	700,826
Capital assets not being depreciated	266,476
Capital assets, net of depreciation	<u>76,446</u>
Total Assets	<u>6,513,521</u>
Liabilities:	
Accounts payable	<u>2,452</u>
Total Liabilities	<u>2,452</u>
Net Position:	
Net investment in capital assets	342,922
Restricted for:	
Housing	<u>6,168,147</u>
Total Net Position	<u>\$ 6,511,069</u>

MONROVIA HOUSING SUCCESSOR

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
				<u>Governmental Activities</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
Community development	\$ 90,404	\$ -	\$ 74,763	\$ -
Total Governmental Activities	\$ 90,404	\$ -	\$ 74,763	\$ -
General Revenues:				
Use of money and property				17,527
Total General Revenues and Transfers				17,527
Change in Net Position				1,886
Net Position at Beginning of Year				6,509,183
Net Position at End of Year				\$ 6,511,069

MONROVIA HOUSING SUCCESSOR

**BALANCE SHEET
JUNE 30, 2015**

	<u>Low-Mod Housing Asset Fund</u>
Assets:	
Pooled cash and cash equivalents	\$ 96,133
Receivables:	
Notes and loans	1,229,031
Deferred loans	1,593,224
Advances to Successor Agency of the former RDA	2,551,385
Land held for resale	700,826
	<u> </u>
Total Assets	<u>\$ 6,170,599</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	\$ 2,452
	<u> </u>
Total Liabilities	<u>2,452</u>
Deferred Inflows of Resources:	
Unavailable revenues	2,372,255
	<u> </u>
Total Deferred Inflows of Resources	<u>2,372,255</u>
Fund Balances:	
Nonspendable:	
Land held for resale	700,826
Notes and loans	450,000
Advances to Successor Agency	2,551,385
Restricted for:	
Housing	93,681
	<u> </u>
Total Fund Balances	<u>3,795,892</u>
	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,170,599</u>

MONROVIA HOUSING SUCCESSOR

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental funds \$ 3,795,892

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 342,922

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 2,372,255

Net Position of governmental activities \$ 6,511,069

MONROVIA HOUSING SUCCESSOR

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015

	Low-Mod Housing Asset Fund
Revenues:	
Use of money and property	\$ 17,527
Contributions from City of Monrovia	55,939
Miscellaneous and other revenue	5,700
	<hr/>
Total Revenues	79,166
	<hr/>
Expenditures:	
Current:	
Community development	88,244
	<hr/>
Total Expenditures	88,244
	<hr/>
Net Change in Fund Balances	(9,078)
	<hr/>
Fund Balances, Beginning of Year	3,804,970
	<hr/>
Fund Balances, End of Year	\$ 3,795,892
	<hr/> <hr/>

MONROVIA 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, 2015**

Net change in fund balances - total governmental funds \$ (9,078)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals in the current period.

Depreciation (2,160)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

13,124

Change in net position of governmental activities **\$ 1,886**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

The City of Monrovia's Low-Mod Housing Asset Fund, the Housing Successor of the City of Monrovia, (the Housing Successor), a Special Revenue Fund of the City of Monrovia, California was established February 1, 2012, pursuant to the California Housing Authority Law codified under State of California Health and Safety Code, Section 34200 et seq. The fund was transferred into Monrovia's Housing Authority (the Authority) and is the only fund that makes up the Authority. The Authority was established on October 5, 2004, pursuant to the California Housing Authority Law codified under State of California Health and Safety Code, Section 34200 et seq. The City Council became the governing board commissioners of the Housing Authority. The Housing Authority was formed for purposes of construction and management of quality affordable housing within the City.

The Housing Authority is controlled by the City of Monrovia (City) and, accordingly, the accompanying component unit 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 Monrovia Successor Agency that will be transferred for use into this fund for affordable housing activities, contributions from the City of Monrovia, loan repayments and interest income.

b. Basis of Presentation

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

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

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

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

MONROVIA HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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.

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 a fund balance reserve, which indicates that it does not constitute "available spendable resources." Other property held for resale is capitalized as inventory and is recorded at cost.

MONROVIA HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, and equipment, are reported in the applicable government-wide financial statements. Capital assets are defined by the City's policy, which the Housing Successor adheres to, as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Structures and Improvements	50
Equipment, Furniture, & Vehicles:	
Furniture & Fixtures	5
Machinery & Equipment	5-10
Autos & Trucks	5-20
Infrastructures:	
Other infrastructure	15-50

Deferred Outflows/Inflows of Resources

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

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow

MONROVIA HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

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 Monrovia Housing Authority Board. 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, 2015.

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, 2015.

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.

MONROVIA HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

II. DETAILED NOTES

Note 2: Cash and Cash Equivalents

As of June 30, 2015, cash and investments were reported in the accompanying financial statements as follows:

Deposits with financial institutions	<u>\$ 96,133</u>
Total cash and cash equivalents	<u><u>\$ 96,133</u></u>

The Housing Successor's fund is pooled with the City of Monrovia's cash and investments in order to generate optimum interest income. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc. is available in the annual report of the City.

MONROVIA HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

IV. OTHER INFORMATION

Note 3: Loans and Deferred Loans Receivable

a. Loans Receivable

In October 2002, the former redevelopment agency issued a 30-year Note Receivable to Monrovia Heritage Park, L.P. for the rehabilitation of low and moderate income housing. The note bears interest at 3% per annum, compounded annually. Payments are due annually, beginning April 15, 2002, and are equal to 50% of all residual receipts after the payment of deferred developer fee notes. The full amount of the note, together with all accrued and unpaid interest, is due no later than April 15, 2032. As of June 30, 2015, the balance was: \$ 180,906

On July 1, 2008, the former redevelopment agency issued a 45-year Note Receivable to San Gabriel Valley Habitat for Humanity for the sale of properties at 1214 & 1218 Sherman Avenue, for the development of 4 low-income housing units. The note will not accrue interest and will become due and payable if a unit is subsequently sold to a buyer that does not meet the income restriction level. In the event that the buyer remains on site for 45 years, the note will be forgiven in its entirety. The balance of the loan outstanding on June 30, 2015 was: 300,000

On October 1, 1992, the former redevelopment agency issued a 30-year note receivable to Regency Court for the development of a 115 unit senior apartment complex. The full amount on the note, together with all accrued interest, is due no later than October 1, 2020. However, pursuant to the First Amendment to the Disposition and Development Agreement, dated June 15, 1993, the entire principal amount and accrued interest shall be forgiven by the Agency provided that no event of default exists. As of June 30, 2015, the balance was: 748,125

b. Deferred Loans Receivable

The City has made various rehabilitation and second trust deed loans bearing different interest rates to property owners within the City. The majority of the loans are payable upon sale of the property. However, if the property is not sold within a certain amount of years, as stated in each loan agreement, any principal and interest relating to the loan is forgiven. The balance of the loans outstanding as of June 30, 2015, was: 1,593,224

Total Loans and Deferred Loans Receivable: \$ 2,822,255

MONROVIA HOUSING SUCCESSOR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 266,476	\$ -	\$ -	\$ 266,476
Total capital assets not being depreciated	266,476	-	-	266,476
Capital assets, being depreciated:				
Structures & Improvements	100,114	-	-	100,114
Equipment, furniture and vehicles	14,801	-	-	14,801
Infrastructure	7,900	-	-	7,900
Total capital assets being depreciated	122,815	-	-	122,815
Less accumulated depreciation				
Structures & Improvements	27,354	2,002	-	29,356
Equipment, furniture and vehicles	14,801	-	-	14,801
Infrastructure	2,054	158	-	2,212
Total accumulated depreciation	44,209	2,160	-	46,369
Total capital assets being depreciated, net	78,606	(2,160)	-	76,446
Governmental activities capital assets, net	<u>\$ 345,082</u>	<u>\$ (2,160)</u>	<u>\$ -</u>	<u>\$ 342,922</u>

Depreciation expense for the year ended June 30, 2015 was \$2,160.

Note 5: Advance to the Successor Agency of the Former Monrovia Redevelopment Agency (Successor Agency)

On July 23, 2009, the State adopted legislation requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County Supplemental Educational Revenue Augmentation Fund (SERAF). To accomplish these payments, Monrovia's former Redevelopment Agency borrowed from Monrovia's Redevelopment Agency Low/Mod Housing Fund. The balance outstanding of \$2,551,385 as of June 30, 2015, is due from the Private Purpose Trust Fund Successor Agency.

MONROVIA HOUSING SUCCESSOR

BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$3,804,970	\$ 3,804,970	\$ 3,804,970	\$ -
Resources (Inflows):				
Use of money and property	17,100	17,100	17,527	427
Miscellaneous and Other Revenue	1,000	1,000	5,700	4,700
Contributions from City of Monrovia	230,443	230,443	55,939	(174,504)
Amounts Available for Appropriations	4,053,513	4,053,513	3,884,136	(169,377)
Charges to Appropriations (Outflow):				
Community development	261,342	261,342	88,244	173,098
Total Charges to Appropriations	261,342	261,342	88,244	173,098
Budgetary Fund Balance, June 30	\$3,792,171	\$ 3,792,171	\$ 3,795,892	\$ 3,721

MONROVIA HOUSING SUCCESSOR

COMPUTATION OF HOUSING SUCCESSOR
EXCESS/SURPLUS (HSC 34176.1)
JUNE 30, 2015

	Low and Moderate Housing Funds All Project Area July 1, 2014	Low and Moderate Housing Funds All Project Area July 1, 2015
Opening Fund Balance	\$ 3,804,970	\$ 3,795,892
Less Unavailable Amounts:		
Land held for resale	\$ (700,826)	\$ (700,826)
Advances to Successor Agency	(2,551,385)	(2,551,385)
Loans receivable	(450,000)	(450,000)
	<u>(3,702,211)</u>	<u>(3,702,211)</u>
Available Housing Successor Funds	102,759	93,681
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2014 - 2015		79,166
2013 - 2014	\$ 16,002	16,002
2012 - 2013	201,600	201,600
2011 - 2012	3,955	3,955
2010 - 2011	<u>-</u> A	
Total	<u>\$ 221,557</u>	<u>\$ 300,723</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>1,000,000</u>	<u>\$ 1,000,000</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>