



MONROVIA HOUSING SUCCESSOR  
CITY OF MONROVIA, CALIFORNIA  
FISCAL YEAR ENDED JUNE 30, 2022

COMPONENT UNIT  
FINANCIAL STATEMENTS

Focused  
on YOU



MONROVIA HOUSING SUCCESSOR  
CITY OF MONROVIA, CALIFORNIA  
COMPONENT UNIT FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2022

PREPARED BY: ADMINISTRATIVE SERVICES DEPARTMENT

MONROVIA HOUSING SUCCESSOR  
CITY OF MONROVIA, CALIFORNIA  
COMPONENT UNIT FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and Low-Mod Housing Asset fund of the Housing Successor of the City of Monrovia, (the Monrovia Housing Successor), a Special Revenue Fund of the City of Monrovia, California (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Monrovia Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and Low-Mod Housing Asset fund of the Monrovia Housing Authority, a Special Revenue Fund of the City of Monrovia, as of June 30, 2022, 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), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Monrovia Housing Successor are intended to present the financial position, the changes in financial position, and, where applicable, cash flows 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 Monrovia Housing Successor. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2022, 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.



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

### ***Responsibilities of Management 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; 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 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 opinion. 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.



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

### ***Other Reporting Responsibilities***

#### *Required Supplementary Information*

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monrovia Housing Successor's basic financial statements. The computation of housing successor excess/surplus(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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the Monrovia Housing Authority'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 Monrovia Housing Authority'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 Monrovia Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Soll &amp; Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California  
December 8, 2022



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE 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 Housing Successor**

#### ***Opinion***

City of Monrovia's Low-Mod Housing Asset fund, the Housing Successor of the City of Monrovia, (the Monrovia Housing Successor), a Special Revenue Fund of the City of Monrovia, California, 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, 2022.

In our opinion, the Monrovia 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 Monrovia Housing Successor for the year ending June 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of California Health and Safety Code sections applicable to California Housing Successor Agencies. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Housing Successor programs.



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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, 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 California Health and Safety Code sections applicable to California Housing Successor Agencies will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. 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 California Health and Safety Code sections applicable to California Housing Successor Agencies, 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 California Health and Safety Code sections applicable to California Housing Successor Agencies, but not for the purpose of expressing an opinion on the effectiveness of the Housing Successor's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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





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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, 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 the 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 governmental activities of the Monrovia Housing Successor, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Monrovia Housing Successor's basic financial statements. We issued our report thereon dated December 8, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis as required by the California Health and Safety Code sections applicable to California Housing Successor Agencies and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the report on excess/surplus calculation is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 8, 2022

MONROVIA HOUSING SUCCESSOR

STATEMENT OF NET POSITION  
JUNE 30, 2022

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 209,951
Receivables:	
Notes and loans	440,299
Deferred loans	1,130,108
Advances to Successor Agency of the former RDA	<u>2,551,385</u>
<b>Total Assets</b>	<b><u>4,331,743</u></b>
<b>Liabilities:</b>	
Accounts payable	1,219
Accrued liabilities	<u>8,092</u>
<b>Total Liabilities</b>	<b><u>9,311</u></b>
<b>Net Position:</b>	
Restricted for:	
Housing	<u>4,322,432</u>
<b>Total Net Position</b>	<b><u>\$ 4,322,432</u></b>

MONROVIA HOUSING SUCCESSOR

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>Governmental Activities</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
Community Services	\$ 340,258	\$ 116,567	\$ -	\$ (223,691)
<b>Total Governmental Activities</b>	<u>\$ 340,258</u>	<u>\$ 116,567</u>	<u>\$ -</u>	<u>(223,691)</u>
<b>General Revenues:</b>				
Use of money and property				931
<b>Total General Revenues</b>				<u>931</u>
Change in Net Position				(222,760)
Net Position at Beginning of Year				<u>4,545,192</u>
<b>Net Position at End of Year</b>				<u>\$ 4,322,432</u>

MONROVIA HOUSING SUCCESSOR

**BALANCE SHEET**  
**JUNE 30, 2022**

	<u>Low-Mod Housing Asset Fund</u>
<b>Assets:</b>	
Pooled cash and cash equivalents	\$ 209,951
Receivables:	
Notes	440,299
Deferred loans	1,130,108
Advances to Successor Agency of the former RDA	<u>2,551,385</u>
<b>Total Assets</b>	<b><u>\$ 4,331,743</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 1,219
Accrued liabilities	<u>8,092</u>
<b>Total Liabilities</b>	<b><u>9,311</u></b>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenues	<u>1,130,108</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>1,130,108</u></b>
<b>Fund Balances:</b>	
<b>Restricted for:</b>	
Housing	<u>3,192,324</u>
<b>Total Fund Balances</b>	<b><u>3,192,324</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 4,331,743</u></b>

**MONROVIA HOUSING SUCCESSOR**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

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Fund balances of governmental funds \$ 3,192,324

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

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

1,130,108

**Net Position of Governmental Activities**

**\$ 4,322,432**

**MONROVIA HOUSING SUCCESSOR**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

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	<b>Low-Mod Housing Asset Fund</b>
<b>Revenues:</b>	
Use of money and property	\$ 931
Contributions from City of Monrovia	116,399
Miscellaneous and other revenue	168
	<hr/>
<b>Total Revenues</b>	<b>117,498</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
Community development	340,258
	<hr/>
<b>Total Expenditures</b>	<b>340,258</b>
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(222,760)
	<hr/>
Fund Balances, Beginning of Year	3,415,084
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 3,192,324</b>
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**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, 2022**

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Net change in fund balances - total governmental funds \$ (222,760)

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

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

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**Change in Net Position of Governmental Activities** \$ (222,760)

**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 (the 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 contributions from the City of Monrovia, loan repayments and interest income. The financial statements present only the Low-Mod Housing Asset Fund and are not intended to present fairly the financial position and results of the operations of the City of Monrovia in conformity with accounting principles generally accepted in the United States of America. Complete financial statements of the City can be obtained from the City's Finance Department.

**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.



**MONROVIA HOUSING SUCCESSOR**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2022**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 cost 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, 2022**

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**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	15-75

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Housing Successor does not carry an item that qualifies for reporting in this category.

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## MONROVIA HOUSING SUCCESSOR

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

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#### Note 1: Summary of Significant Accounting Policies (Continued)

##### 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, 2022.

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, 2022.

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, 2022**

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**II. DETAILED NOTES**

**Note 2: Cash and Cash Equivalents**

As of June 30, 2022, cash and investments were reported in the accompanying financial statements as follows:

Deposits with financial institutions	<u>\$ 209,951</u>
Total cash and cash equivalents	<u><u>\$ 209,951</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.

**III. OTHER INFORMATION**

**Note 3: Loans and Deferred Loans Receivable**

**a. Notes 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, 2022, the balance was:

\$ 140,299

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, 2022 was:

300,000

**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, 2022, was:

1,130,108

Total Loans and Deferred Loans Receivable:

\$ 1,570,407

**MONROVIA HOUSING SUCCESSOR**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

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**Note 4: 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, 2022, is due from the Private Purpose Trust Fund Successor Agency.

MONROVIA HOUSING SUCCESSOR

BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,415,084	\$ 3,415,084	\$ 3,415,084	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	30,000	30,000	931	(29,069)
Miscellaneous and Other Revenue	16,500	16,500	168	(16,332)
Contributions from City of Monrovia	136,812	136,812	116,399	(20,413)
<b>Amounts Available for Appropriations</b>	<b>3,598,396</b>	<b>3,598,396</b>	<b>3,532,582</b>	<b>(65,814)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	341,260	341,260	340,258	1,002
<b>Total Charges to Appropriations</b>	<b>341,260</b>	<b>341,260</b>	<b>340,258</b>	<b>1,002</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,257,136</b>	<b>\$ 3,257,136</b>	<b>\$ 3,192,324</b>	<b>\$ (64,812)</b>

**MONROVIA HOUSING SUCCESSOR**

**COMPUTATION OF HOUSING SUCCESSOR  
EXCESS/SURPLUS (HSC 34176.1)  
JUNE 30, 2022**

	<u>Low and Moderate Housing Funds All Project Area July 1, 2021</u>	<u>Low and Moderate Housing Funds All Project Area July 1, 2022</u>
Opening Fund Balance	\$ 3,415,084	\$ 3,192,324
Less Unavailable Amounts:		
Advances to Successor Agency	\$ (2,551,385)	\$ (2,551,385)
Loans receivable	<u>(447,722)</u>	<u>(440,299)</u>
	<u>(2,999,107)</u>	<u>(2,991,684)</u>
Available Housing Successor Funds	415,977	200,640
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2021 - 2022	-	117,498
2020 - 2021	149,775	149,775
2019 - 2020	304,647	304,647
2018 - 2019	205,659	205,659
2017 - 2018	<u>219,576</u>	<u>-</u>
<b>Total</b>	<u><b>879,657</b></u>	<u><b>777,579</b></u>
<b>Base Limitation</b>	<u><b>\$ 1,000,000</b></u>	<u><b>\$ 1,000,000</b></u>
Greater amount	<u>1,000,000</u>	<u>1,000,000</u>
<b>Computed Excess/Surplus</b>	<u><b>None</b></u>	<u><b>None</b></u>

**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 the 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.