



MONROVIA HOUSING AUTHORITY AGENDA REPORT



DEPARTMENT: Administrative Services

MEETING DATE: December 16, 2014

PREPARED BY: Buffy Bullis, Finance Division Manager

AGENDA LOCATION: MHA CC-2

TITLE: Fiscal Year 2013-2014 Independent Financial Audit of the Low and Moderate Income Housing Asset Fund and the 2013-2014 Housing Successor Annual Report

OBJECTIVE: To receive and file the 2013-2014 Independent Financial Audit of the Low and Moderate Income Housing Asset Fund and the 2013-2014 Housing Successor Annual Report

BACKGROUND: Upon the dissolution of redevelopment agencies on February 1, 2012, "housing successors" were established and were designated to assume all of the rights, obligations, and housing assets of the former redevelopment agencies. In Monrovia's case, the Monrovia Housing Authority ("the Authority") took on the role of housing successor for the former Monrovia Redevelopment Agency. As part of this transition of rights and responsibilities, all housing assets of the former redevelopment agency were transferred to the housing successor by operation of law on February 1, 2012, and were placed in a "Low and Moderate Income Housing Asset Fund." Applicable housing assets included land, capital assets, and loans and notes receivable.

On October 13, 2013, the Governor signed Senate Bill 341 ("SB 341"), which added Section 34176.1 to the Health and Safety Code ("HSC") and amended Section 34176. This change in law required housing successors to follow new expenditure and accounting rules beginning January 1, 2014. Pursuant to Section 34176.1(f), the housing successor is to conduct, and provide to its governing body, an independent financial audit of the Low and Moderate Income Housing Asset Fund within six months after the end of each fiscal year (which may be included in the independent financial audit of the host jurisdiction). If the housing successor is a city or county, it is to include in its report, pursuant to Section 65400 of the Government Code, and post on its Internet Web site all of the following information for the previous fiscal year:

- The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing any amounts deposited for items listed on the Recognized Obligation Payment Schedule from other amounts deposited.
- A statement of the balance in the fund as of the close of the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts.
- A description of expenditures from the fund by category, including, but not limited to, expenditures (A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and administering the activities described in paragraphs (2) and (3) of subdivision (a), (B) for homeless prevention and rapid rehousing services for the development of housing

MHA CC-2

described in paragraph (2) of subdivision (a), and (C) for the development of housing pursuant to paragraph (3) of subdivision (a).

- As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts.
- A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.
- A description of any project for which the housing successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project.
- For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project.
- A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, the housing successor's progress in meeting those obligations, and the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include in the report posted on its Internet Web site the implementation plans of the former redevelopment agency.
- The information required by subparagraph (B) of paragraph (3) of subdivision (a).
- The percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the same time period.
- The amount of any excess surplus, the amount of time that the successor agency has had excess surplus, and the housing successor's plan for eliminating the excess surplus.

ANALYSIS: In accordance with the requirements of HSC Section 34176.1(f), a financial audit of the Low and Moderate Income Housing Asset Fund was performed by Lance Soll & Lunghard, Certified Public Accountants, LLP. The audit included a review of the financial activity of the Low and Moderate Income Housing Asset Fund and a review of the Authority's compliance with requirements of the Health and Safety Code sections applicable to California housing successor agencies. The audit resulted in an unqualified opinion, which means that the financial information presented in the Authority's accounting records and financial statements is accurately presented and is free from material misstatement. A copy of the audited financial statements is attached to this Agenda Report.

Financial Summary

The Monrovia Housing Authority's financial data is contained in one stand-alone fund, the Low and Moderate Income Housing Asset Fund. This Low and Moderate Income Housing Asset Fund includes housing assets that were transferred from the former Monrovia Redevelopment Agency to the Authority. Below is a summary of key data from the financial statements for the fiscal year ended June 30, 2014:

Balance Sheet
Monrovia Housing Authority
June 30, 2014

Assets:	
Cash and Investments	\$ 107,522
Receivables:	
Notes and Loans	1,215,907
Deferred Loans	1,593,224
Advances to Successor Agency of the Former RDA (SERAF Loan)	2,551,385
Land Held for Resale	700,826
Total Assets	6,168,864
Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities:	
Accounts Payable	4,763
Total Liabilities	4,763
Deferred Inflows of Resources:	
Unavailable Revenues	2,359,131
Total Deferred Inflows of Resources:	2,359,131
Fund Balances:	
Nonspendable	
Land Held for Resale	700,826
Notes and Loans	450,000
Advances to Successor Agency (SERAF Loan)	2,551,385
Restricted for:	
Housing	102,759
Total Fund Balances	3,804,970
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,168,864

Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2014

Revenues:	
Use of Money and Property	\$ 13,302
Contributions From City of Monrovia	87,376
Miscellaneous and Other Revenue	2,700
Total Revenues	103,378
Expenditures:	
Current:	
Community Development	91,155
Total Expenditures	91,155
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,223
Net Change in Fund Balances	12,223
Fund Balances, Beginning of the Year	3,792,747
Fund Balances End of the Year	\$ 3,804,970

When redevelopment agencies were dissolved in February 2012, all unencumbered housing funds (e.g., unencumbered cash and investments) were required to be remitted to the County Auditor Controller, leaving only non-cash assets remaining in housing successors' funds and cash that had been encumbered by contracts entered into by June 27, 2011. At the time, the Monrovia Low and Moderate Income Housing Asset Fund did not have any unencumbered balances available for remittance, therefore, no funds were remitted from Monrovia. From that point forward, the only opportunity for revenue generation in the fund is from program income, interest earnings, repayment of notes and loans, and funds generated through land sales. At June 30, 2014, the Cash and Investments balance is \$107,522. This balance is the result of interest earnings paid on the SERAF Loan and the repayment of several loans by loan recipients. It is important to note that, while the current receivable balance of notes and loans in the fund is \$2,809,131, it is highly unlikely that most of this balance will be repaid, as most loans were created with a forgiveness provision that is triggered if certain terms of the loan are met.

In addition to Cash and Investments of \$107,522 and Receivables of \$2,809,131, there is also a SERAF Loan Receivable of \$2,551,385 and Land Held for Resale totaling \$700,826.

As for revenue and expenditures during the year, \$13,302 was received for SERAF Loan interest earnings and \$87,376 was received from the City of Monrovia for support of the Monrovia Area Partnership (MAP) program. In addition, \$2,700 in donations was received from donors to help provide support for the MAP Program. Current expenditures, totaling \$91,155, were comprised of \$87,736 in MAP Program costs and \$3,779 in expenditures for preservation and administration expenses.

Housing Annual Report Summary

In addition to the audited financial statements, the Housing Successor Annual Report for the 2013-2014 fiscal year has been prepared by Staff and includes all eleven informational components required to be provided pursuant to HSC 34176.1(f). A copy of the Housing Successor Annual Report is attached to this Agenda Report. Below are key highlights from the report:

- A total of \$103,378 was deposited into the Low and Moderate Income Housing Asset Fund during the fiscal year. Of this amount, \$0 was held for items listed on the ROPS.
- At the close of the fiscal year, the ending balance in the Low and Moderate Income Housing Asset Fund was \$3,804,970. (*Note: Of this amount, \$3,702,211 is in non-spendable format.*)
- The statutory value of real property owned by the Housing Successor and the value of loans and notes receivable total \$6,407,177. A breakdown of this amount can be found in the 2013-2014 Housing Annual Report.
- Based on Staff calculations, there is no excess surplus in the Low and Moderate Income Housing Asset Fund at the end of the 2013-2014 Fiscal Year.

ENVIRONMENTAL IMPACT: There is no environmental impact associated with receiving and filing this report.

FISCAL IMPACT: There is no fiscal impact associated with receiving and filing this report.

OPTIONS: As this is a receive and file action, there are no options presented.

RECOMMENDATION: Staff recommends that the Board receive and file the reports as presented.

COUNCIL ACTION REQUIRED: If the Board concurs, the appropriate action would be a motion to receive and file the 2013-2014 Independent Financial Audit of the Low and Moderate Income Housing Asset Fund and the 2013-2014 Housing Successor Annual Report.

**MONROVIA HOUSING SUCCESSOR
CITY OF MONROVIA, CALIFORNIA**

COMPONENT UNIT FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2014

PREPARED BY: FINANCE DEPARTMENT

MONROVIA HOUSING SUCCESSOR
CITY OF MONROVIA, CALIFORNIA
COMPONENT UNIT FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

PREPARED BY: FINANCE DEPARTMENT

MONROVIA HOUSING SUCCESSOR
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and 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, 2014, 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.

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



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

City of Monrovia, California, as of June 30, 2014, 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, 2014, 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 8, 2014 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 & Luyhard, LLP

Brea, California
December 8, 2014

**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 Successor's 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, 2014.

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, 2014.

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
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 and of the Monrovia's Housing Successor Fund as of and for the year ended June 30, 2014, 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, 2014, 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 8, 2014

MONROVIA HOUSING SUCCESSOR

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities
Assets:	
Cash and investments	\$ 107,522
Receivables:	
Notes and loans	1,215,907
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	78,606
	<hr/>
Total Assets	6,513,946
	<hr/>
Liabilities:	
Accounts payable	4,763
	<hr/>
Total Liabilities	4,763
	<hr/>
Net Position:	
Net investment in capital assets	345,082
Restricted for:	
Housing	6,164,101
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Total Net Position	\$ 6,509,183
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MONROVIA HOUSING SUCCESSOR

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>		
Functions/Programs					
Primary Government:					
Governmental Activities:					
Community development	\$ 93,316	\$ -	\$ 87,376	\$ 666,852	\$ 660,912
Total Governmental Activities	<u>\$ 93,316</u>	<u>\$ -</u>	<u>\$ 87,376</u>	<u>\$ 666,852</u>	<u>660,912</u>
General Revenues:					
Use of money and property					13,302
Other					2,700
Total General Revenues and Transfers					<u>16,002</u>
Change in Net Position					676,914
Net Position at Beginning of Year					<u>5,832,269</u>
Net Position at End of Year					<u>\$ 6,509,183</u>

MONROVIA HOUSING SUCCESSOR

**BALANCE SHEET
JUNE 30, 2014**

	Low-Mod Housing Asset Fund
Assets:	
Pooled cash and cash equivalents	\$ 107,522
Receivables:	
Notes and loans	1,215,907
Deferred loans	1,593,224
Advances to Successor Agency of the former RDA	2,551,385
Land held for resale	700,826
	<u>700,826</u>
Total Assets	<u>\$ 6,168,864</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	\$ 4,763
	<u>4,763</u>
Total Liabilities	
Deferred Inflows of Resources:	
Unavailable revenues	2,359,131
	<u>2,359,131</u>
Total Deferred Inflows of Resources	
Fund Balances:	
Nonspendable:	
Land held for resale	700,826
Notes and loans	450,000
Advances to Successor Agency	2,551,385
Restricted for:	
Housing	102,759
	<u>102,759</u>
Total Fund Balances	<u>3,804,970</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,168,864</u>

MONROVIA HOUSING SUCCESSOR

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Fund balances of governmental funds	\$ 3,804,970
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.	345,082
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.	<u>2,359,131</u>
Net Position of governmental activities	<u>\$ 6,509,183</u>

MONROVIA HOUSING SUCCESSOR

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2014**

	<u>Low-Mod Housing Asset Fund</u>
Revenues:	
Use of money and property	\$ 13,302
Contributions from City of Monrovia	87,376
Miscellaneous and other revenue	<u>2,700</u>
Total Revenues	<u>103,378</u>
Expenditures:	
Current:	
Community development	<u>91,155</u>
Total Expenditures	<u>91,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,223</u>
Net Change in Fund Balances	<u>12,223</u>
Fund Balances, Beginning of Year	<u>3,792,747</u>
Fund Balances, End of Year	<u>\$ 3,804,970</u>

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, 2014**

Net change in fund balances - total governmental funds \$ 12,223

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 (2,161)

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.

666,852

Change in net position of governmental activities

\$ 676,914

MONROVIA HOUSING SUCCESSOR

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014

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, 2014**

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, 2014

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, 2014.

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, 2014.

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, 2014

II. DETAILED NOTES

Note 2: Cash and Cash Equivalents

As of June 30, 2014, cash and investments were reported in the accompanying financial statements as follows:

Deposits with financial institutions	<u>\$ 107,522</u>
Total cash and cash equivalents	<u><u>\$ 107,522</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, 2014

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, 2014, the balance was:

\$ 185,282

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, 2014 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, 2014, the balance was:

730,625

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, 2014, was:

1,593,224

Total Loans and Deferred Loans Receivable:

\$ 2,809,131

MONROVIA HOUSING SUCCESSOR

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2014, 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	25,351	2,003	-	27,354
Equipment, furniture and vehicles	14,801	-	-	14,801
Infrastructure	1,896	158	-	2,054
Total accumulated depreciation	42,048	2,161	-	44,209
Total capital assets being depreciated, net	80,767	(2,161)	-	78,606
Governmental activities capital assets, net	\$ 347,243	\$ (2,161)	\$ -	\$ 345,082

Depreciation expense for the year ended June 30, 2014 was \$2,161.

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, 2014, is due from the Private Purpose Trust Fund Successor Agency.

MONROVIA HOUSING SUCCESSOR

**BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$3,792,747	\$ 3,792,747	\$ 3,792,747	\$ -
Resources (Inflows):				
Use of money and property	15,000	15,000	13,302	(1,698)
Miscellaneous and Other Revenue	1,000	1,000	2,700	1,700
Contributions from City of Monrovia	213,931	213,931	87,376	(126,555)
Amounts Available for Appropriations	4,022,678	4,022,678	3,896,125	(126,553)
Charges to Appropriation (Outflow):				
Community development	219,831	219,831	91,155	128,676
Total Charges to Appropriations	219,831	219,831	91,155	128,676
Budgetary Fund Balance, June 30	\$3,802,847	\$ 3,802,847	\$ 3,804,970	\$ 2,123

MONROVIA HOUSING SUCCESSOR

**COMPUTATION OF LOW AND MODERATE INCOME HOUSING FUND EXCESS/SURPLUS
JUNE 30, 2014**

	<u>Low and Moderate Housing Asset Fund All Project Areas July 1, 2013</u>
Fund Balance	\$3,792,747
Less Unavailable Amounts:	
Land held for resale	\$ (700,826)
Loans receivable	(3,001,385)
	<u>(3,702,211)</u>
Available Low and Moderate Income Housing Funds	90,536
Limitation (greater of \$1,000,000 or four years set-aside)	
Set-Aside for last four years:	
2012 - 2013	\$ 256,073
2011 - 2012	3,955
2010 - 2011	- *
2009 - 2010	- *
	<u>\$ 260,028</u>
Base Limitation	<u>\$ 1,000,000</u>
Greater amount	<u>\$ 1,000,000</u>
Computed Excess/Surplus	<u>None</u>

* The Housing Successor Agency was created in February 2012 and, therefore, there were no deposits made prior to its existence.

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2013-2014
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE
MONROVIA HOUSING AUTHORITY**

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and is dated as of December 16, 2014. This Report sets forth certain details of the Monrovia Housing Authority's (the Housing Successor) activities during Fiscal Year 2013-2014 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (the Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund for Fiscal Year 2013-2014 as prepared by Lance, Soll, and Lunghard, Certified Public Accountants, LLP. The financial audit is separate from this annual summary report. Further, this Report conforms with Sections I. through XI., of Section 34176.1(f) of the Dissolution Law:

- I. **Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

Source of Deposit	Amount
Interest Earnings on SBA 504 Loan	
Contributions from the City of Monrovia for the MAP Program	
Donations Received for the MAP Program	
Deposits Received for the Payment of ROPS Enforceable Obligations	
Total Deposits into LMIHAF	\$103,378

A total of **\$103,378** was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of **\$0** was held for items listed on the ROPS.

- II. **Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

At the close of the Fiscal Year, the ending balance in the LMIHAF was **\$3,804,970**, of which **\$0** was being held for items listed on the ROPS.

- III. **Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.

The following is a description of expenditures from the LMIHAF by category:

Type of Expenditure	Amount
Expenditures for Monitoring/Preservation/Administration	
Interest/Prevention/Rehabilitation/Expenditures	
Housing Development Expenditures	0
MAP Community Outreach Activities	0
Total Expenditures from LMIHAF	

IV. Statutory Value of Assets Owned by Housing Successor: This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

Under the Dissolution Law and for purposes of this Report, the "statutory value of real property" means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance pursuant to Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable should also be included in these reported assets held in the LMIHAF.

Asset Description	Amount
Notes and Loans Receivable	
Deferred Rehabilitation and Second Trust Deed Loans Receivable	\$4,982,224
Advances to Monrovia Successor Agency (SERNA) Loan	\$2,331,689
Land Held for Resale (Statutory Value)	\$7,003,276
Land Government Purpose (Statutory Value)	\$1,265,276
Total Value of Real Property and Loans/Grants Receivable	\$6,327,818

V. Description of Transfers: This section describes transfers, if any, to another housing successor agency made in previous fiscal year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

The Housing Successor did not make any LMIHAF transfers to other housing successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VI. Project Descriptions: This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

The Housing Successor did not receive or hold any property tax revenue pursuant to the ROPS during the Fiscal Year.

VII. Status of Compliance with Section 33334.16: This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, this section provides a status update on the project.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance (DOF) approved the property as a housing asset in the LMIHAF. For real property acquired by the former redevelopment agency that is now being held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset.

The following provides a status update on the real property housing asset(s) that were acquired prior to February 1, 2012 and compliance with the five-year period:

Address of Property	Date Property Acquired	DOF Transfer Approval	Deadline To Initiate Activity	Status of Activity
498 Monrovia	6/27/07	2/25/13	2/25/18	Since acquisition, environmental studies, asbestos removal and demolition were done to improve these properties. Recent approvals have been completed on the properties, as well.
1234 Sherman Ave	3/20/09	2/25/13	2/25/18	A recent approval has been completed on this property.
200 E. Lime Ave	10/31/99	2/25/13	2/25/18	

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the project related to such real property.

The following provides a status update on the project(s) for properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012:

No properties have been acquired by the Housing Successor after February 1, 2012.

VIII. Description of Outstanding Obligations under Section 33413: This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012, along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor plans to meet unmet obligations, if any.

Replacement Housing: According to the 2009-2010 through 2013-2014 Implementation Plan for the former redevelopment agency, there are no Section 33413(a) replacement housing obligations that have been transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at www.cityofmonrovia.org.

Inclusionary/Production Housing: According to the 2009-2010 through 2013-2014 Implementation Plan for the former redevelopment agency, there are no Section 33413(b) inclusionary/production housing obligations that were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at www.cityofmonrovia.org.

IX. Income Test: This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for a five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the area median income (AMI). If the Housing Successor fails to comply with the extremely-low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the extremely-low Income requirement. This information is not required to be reported until 2019 for the 2014 – 2019 period.

As required, this information will be reported in 2019.

X. Senior Housing Test: This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this Report, the ten-year period reviewed is January 1, 2005 to January 1, 2014.

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor’s Senior Housing Test for the 10 year period of 2004-2005 through 2013-2014:

Description	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
# of Assisted Senior Rental Units	101	101	101	101	101	101	101	101	101	101
# of Total Assisted Rental Units	101	101	101	101	101	101	101	101	101	101
Senior Housing Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

XI. Excess Surplus Test: This section provides the amount of excess surplus in the LMIHAF, if any, the length of time that the Housing Successor has had excess surplus, and the Housing Successor’s plan for eliminating the excess surplus.

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four fiscal years, whichever is greater.

Year	Amount
Fiscal Year 2009-2010	
Fiscal Year 2010-2011	
Fiscal Year 2011-2012 (deposits after 2/1/12)	
Fiscal Year 2012-2013	
Total	\$250,000
Greater of \$1,000,000 or Previous Four Fiscal Years' Deposits	\$1,000,000
Available Unencumbered Amount in LMIHAF @ 7/1/13	\$200,500
Computed Excess Surplus	None

**Since the Housing Successor was created on 2/1/12, there were no deposits made prior to this date.*

Based on the calculation above, the LMIHAF does not have an excess surplus at 6/30/14.

Other:

This Report is to be provided to the Housing Successor's governing body by December 31, 2014. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website at www.cityofmonrovia.org. Both requirements have been satisfied.