



CITY OF MOORPARK, CALIFORNIA HOUSING SUCCESSOR FUND

FOR THE YEAR ENDED JUNE 30, 2021

BASIC FINANCIAL STATEMENTS

Focused
on YOU



CITY OF MOORPARK, CALIFORNIA
HOUSING SUCCESSOR FUND
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY: FINANCE DEPARTMENT

CITY OF MOORPARK, CALIFORNIA
HOUSING SUCCESSOR FUND
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the City of Moorpark Housing Successor Special Revenue Fund (the Housing Successor), a major fund of the City of Moorpark, California (the City) as of and for the year ended June 30, 2021, 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.

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 Housing Successor Special Revenue Fund of the City as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Housing Successor and do not purport to, and do not, present fairly the financial position of the City as a whole, as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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.



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

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 Successor Agency's ability to continue as a going concern for twelve months beyond the date of the financial statements.

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 Successor Agency'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 Successor Agency'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.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.



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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Computation of Low- and Moderate-Income Housing Fund 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 15, 2021 on our consideration of the Successor Agency'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 Successor Agency'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 Successor Agency's internal control over financial reporting and compliance.

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

Brea, California
December 15, 2021

CITY OF MOORPARK, CALIFORNIA
HOUSING SUCCESSOR FUND

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2021

	Low-Mod Income Housing Asset Fund	Reclassifications and Eliminations	Statement of Net Position
Assets:			
Cash and investments	\$ 79,739	\$ -	\$ 79,739
Receivables:			
Accounts	93	-	93
Notes and loans	5,233,968	-	5,233,968
Accrued interest	803,066	-	803,066
Land held for resale	6,316,148	-	6,316,148
Total Assets	\$ 12,433,014	\$ -	\$ 12,433,014
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 240	\$ -	\$ 240
Deposits payable	10,000	-	10,000
Total Liabilities	10,240	-	10,240
Deferred Inflows of Resources:			
Unavailable revenues	4,834,309	(4,834,309)	-
Total Deferred Inflows of Resources	4,834,309	(4,834,309)	-
Fund Balances:			
Restricted for low and moderate housing activities	7,588,465	(7,588,465)	-
Total Fund Balances	7,588,465	(7,588,465)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,433,014		
Net Position:			
Restricted for low and moderate housing activities		7,588,465	12,422,774
Total Net Position		\$ (4,834,309)	\$ 12,422,774

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

CITY OF MOORPARK, CALIFORNIA
HOUSING SUCCESSOR FUND

STATEMENT OF ACTIVITIES AND GOVERNMENTAL STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Low-Mod Income Housing Asset Fund	Reclassifications and Eliminations	Statement of Activities
Revenues:			
Intergovernmental			
Use of money and property	\$ 17,620	\$ 121,903	\$ 139,523
Total Revenues	17,620	121,903	139,523
Expenditures:			
Current:			
General government	35,252	-	35,252
Community development	8,481	-	8,481
Total Expenditures	43,733	-	43,733
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(26,113)	121,903	95,790
Fund Balance/Net Position - Beginning	7,614,578	4,712,406	12,326,984
Fund Balance/Net Position - Ending	\$ 7,588,465	\$ 4,834,309	\$ 12,422,774

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

**CITY OF MOORPARK, CALIFORNIA
HOUSING SUCCESSOR FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

The City of Moorpark's Low-Mod Housing Asset Fund, the Housing Successor of the City of Moorpark, (the Housing Successor), a Special Revenue Fund of the City of Moorpark, 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 Moorpark'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 Successor is controlled by the City of Moorpark (the City) and, accordingly, the accompanying financial statements are included as a special revenue fund of the basic financial statements prepared by the City.

The Housing Successor accounts for transactions related to affordable housing activities. Revenues include contributions from the City of Moorpark, 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 Moorpark 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 Housing Successor's 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 the activities of the Housing Successor. Reclassifications and eliminations have been made to convert the financial information reported in the Low-Mod Income Housing Asset Fund (modified accrual) to a full accrual basis.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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.

The Low-Mod Housing Asset 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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 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:

Non-spendable 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 or 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 City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

**CITY OF MOORPARK, CALIFORNIA
HOUSING SUCCESSOR FUND**

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

Note 1: Summary of Significant Accounting Policies (Continued)

Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. It is the policy of the City Council that assignment of fund balances must be approved by the Council prior to the fiscal year end.

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.

Note 2: Cash and Cash Equivalents

As of June 30, 2021, cash and investments were reported in the accompanying financial statements as follows:

Deposits with financial institutions	<u>\$ 79,739</u>
Total cash and cash equivalents	<u>\$ 79,739</u>

The Housing Successor's fund is pooled with the City of Moorpark'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.

Note 3: Notes and Loans Receivable

a. Notes Receivable

Moorpark 20, LP Promissory Notes

On October 29, 2010, the Agency signed the Disposition and Development Agreement (DDA) with the Area Housing Authority of the County of Ventura (AHA) and Moorpark 20, Limited Partnership (M20LP), consisting of AHA and Santa Barbara Housing Assistance Corporation. The DDA provides for the construction of a 20-unit affordable housing project (Project) on Agency-owned property located at 396, 406 and 496 Charles Street (Site). During the tax credit application, the sale price of Site was determined to be \$1,176,500 to show more local funds into the Project. On the same date, the Agency executed a \$1,176,500 loan agreement with M20LP to purchase the Site from the Agency. The loan will accrue interest at the rate of 2.5% per annum and have a term of 55 years. One annual payment will be made to the Agency by M20LP from residual receipts after the \$600,000 has been paid off. This loan is subordinate in right of payment to First Mortgage Note held by Bank of America, N.A. and is secured by Deed of Trust and Security Agreement. The principal and accrued interest outstanding on this note at June 30, 2021 are \$1,176,500 and \$313,734 respectively for a total of \$1,490,234.

**CITY OF MOORPARK, CALIFORNIA
HOUSING SUCCESSOR FUND**

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

Note 3: Notes and Loans Receivable (Continued)

On November 2, 2010 the Agency entered into a \$600,000 loan agreement with M20LP to complete the construction of the Project. As of June 30, 2012, M20LP has drawn down the entire amount. The term of the loan is 30 years with a fixed interest rate of 2.5%. One annual payment will be made to the Agency by M20LP equal to 75% of available residual receipts. This note is subordinate in right of payment to the First Mortgage Loan payable to Bank of America, N.A. and is secured by Deed of Trust and Security Agreement. The principal and accrued interest outstanding on this note at June 30, 2021 are \$600,000 and \$160,000 respectively for a total of \$760,000.

The combined amounts of principal and accrued interest outstanding at June 30, 2021 are \$1,776,500 and \$473,733 respectively. As of June 30, 2021, the balance was: \$2,250,234.

Walnut24, LP Promissory Notes

On March 17, 2017 the City signed the Amendment No. 2 to the Disposition and Development Agreement with Walnut24, LP (W24LP), a California limited partnership of Area Housing Authority of the County of Ventura and Many Mansions. The DDA provides for the construction of a 24-unit affordable housing apartment on Housing Successor Agency-owned parcel located at 782 Moorpark Avenue, 798 Moorpark Avenue, 81 Charles Street and 765 Walnut Street (Property). On March 22, 2017, the City and W24LP executed a \$3,444,000 loan (Purchase Loan) for the purchase of the Property and will accrue simple interest at the rate of 2.25% per annum and have a term of 32 years. After the City's Permanent Loan has been paid in full, W24LP will begin to make annual payments to the City each year in the amount equal to 50% of the residual receipts. A balloon payment for the remaining balance and accrued interest will be paid to the City at the end of the 32-year term. This loan is subordinate in right of payment to the MUFJ Union Bank, N.A., California Community Reinvestment Corporation and Ventura County Housing Trust Fund; and is secured by Deeds of Trust. The combined amounts of principal and accrued interest outstanding at June 30, 2021 are \$3,444,000 and \$329,332, respectively. As of June 30, 2021, the balance was: \$3,773,332.

b. Loans Receivable

The Housing Successor Fund operates a rehabilitation loan program for the renovation of low and moderate income housing. The total balance outstanding at June 30, 2021, was:

\$ 13,468

Total Notes and Loans Receivable (including accrued interest):

\$ 6,037,034

Note 4: Land Held for Resale

As of June 30, 2021, the Housing Successor has properties for redevelopment purposes for resale to developers at a capitalized cost of \$6,316,148.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOORPARK, CALIFORNIA
HOUSING SUCCESSOR FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,614,578	\$ 7,614,578	\$ 7,614,578	\$ -
Resources (Inflows):				
Use of money and property	23,000	23,000	17,620	(5,380)
Amounts Available for Appropriations	7,637,578	7,637,578	7,632,198	(5,380)
Charges to Appropriations (Outflows):				
General Government	31,831	36,518	35,252	1,266
Community development	23,800	48,800	8,481	40,319
Total Charges to Appropriations	55,631	85,318	43,733	41,585
Budgetary Fund Balance, June 30	\$ 7,581,947	\$ 7,552,260	\$ 7,588,465	\$ 36,205

SUPPLEMENTARY INFORMATION



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 Moorpark Housing Successor
City of Moorpark, California

Report on Compliance for the Housing Successor

Opinion

We have audited the City of Moorpark Housing Successor (the Housing Successor) of the City of Moorpark, California's (the City), compliance with the type of compliance requirements described in the California Health and Safety Code sections applicable to California Housing Successor Agencies for the year ending June 30, 2021.

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, 2021.

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 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.

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





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

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.

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, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021 and have issued our report thereon dated December 15, 2021, 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 financial statements. Such information is the responsibility of management and was derived from the financial statements. The report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

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.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
December 15, 2021

CITY OF MOORPARK HOUSING SUCCESSOR

COMPUTATION OF HOUSING SUCCESSOR
EXCESS/SURPLUS (HSC 34176.1)

	Low and Moderate Housing Funds All Project Area July 1, 2020	Low and Moderate Housing Funds All Project Area July 1, 2021
Opening Fund Balance	\$ 7,614,578	\$ 7,588,465
Less Unavailable Amounts:		
Land held for resale	\$ (6,316,148)	\$ (6,316,148)
Loans receivable	<u>(5,915,131)</u>	<u>(6,037,034)</u>
	<u>(12,231,279)</u>	<u>(12,353,182)</u>
Available Housing Successor Funds	(4,616,701)	(4,764,717)
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2020 - 2021	N/A	17,620
2019 - 2020	26,570	26,570
2018 - 2019	21,402	21,402
2017 - 2018	19,284	19,284
2016 - 2017	<u>24,636</u>	<u>24,636</u>
Total	<u>\$ 91,892</u>	<u>\$ 109,512</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>1,000,000</u>	<u>1,000,000</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>