



HOUSING COMMISSION AGENDA

Regular Meeting: April 10, 2013

Time: 8:00 a.m.

HACA Board Room, 22941 Atherton Street, Hayward, CA 94541-6633

The public is welcome at all Housing Commission meetings. If you wish to speak on a matter NOT on the Agenda, please file a Public Comment card with the Commission Clerk. Upon recognition by the Chairperson during Public Comment, state your name, comments and/or questions. Anyone wishing to address the Commission on an agenda item or on business introduced by the Housing Commission may do so when the Chairperson calls for comments on the agenda item. Please be brief and limit your comments to the specific subject under discussion. NOTE: Only matters within the Housing Commission's jurisdiction may be addressed.

To allow the opportunity for all to speak, a time limit of 3 minutes has been set for public speakers wishing to address the Housing Commission. The Chairperson has the discretion to further limit this time if warranted by the number of speakers.

The Housing Commission Secretary of the Housing Authority of the County of Alameda has, on Thursday, April 4, 2013 duly distributed this Agenda to the Clerk of the Board of Supervisors for posting in the office of the Alameda County Administration Building and has posted it on the bulletin board of the Housing Authority of the County of Alameda.

AMERICANS WITH DISABILITIES: *In compliance with the Americans with Disabilities Act, if special assistance to participate in this meeting is needed, please contact the Housing Authority office at (510) 727-8511. Notification at least 48 hours prior to the meeting will enable the Housing Authority to make reasonable arrangements.*

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MINUTES
March 13, 2013

**HOUSING COMMISSION MINUTES
REGULAR MEETING: MARCH 13, 2013, 8:00 A.M.
HACA BOARD ROOM**

SUMMARY ACTION MINUTES

1. CALL TO ORDER/ROLL CALL

Call to Order

Chairperson Reed called the meeting to order at 8:00 a.m.

Roll Call

Present: Cmr. Apodaca, Asher, Biddle, Gacoscos, Gerry, Haddock, Iosefa, Reed and Steiner

Entered after roll call: Cmr. Peixoto

Excused: Cmr. Cashmere and Natarajan

2. EXECUTIVE SESSION

*Contract Negotiations with SEIU Local 1021 and the Housing Authority of the County of Alameda
Labor Negotiations Pursuant to Government Code 54957.6*

The Commission adjourned into Executive Session at 8:01 a.m. and reconvened in regular session at 8:30 a.m. Chairperson Reed reported that there were no reportable actions taken during the Executive Session.

3. APPROVAL OF THE MINUTES OF THE FEBRUARY 13, 2013 MEETING

Recommendation: Approve the minutes of the February 13, 2013 meeting as presented.

Motion/Second: Biddle/Gacoscos.

8 ayes; 1 abstention: Cmr. Apodaca; 1 not present for the vote: Cmr. Peixoto.

Motion passed.

APPROVED AS RECOMMENDED.

4. PUBLIC COMMENT - On matters not on the agenda.

None.

5. NEW BUSINESS

5-1. ACTION: RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING WITH SEIU LOCAL 1021 FOR THE FISCAL YEAR 2012-2013 OR RESOLUTION ADOPTING THE HOUSING AUTHORITY'S LAST, BEST AND FINAL BARGAINING PROPOSAL TO SEIU LOCAL 1021 FOR THE FISCAL YEAR 2012-2013 LABOR NEGOTIATIONS

Chairperson Reed stated that this item would be discussed after item 5-4. and moved on to the next item of business on the agenda.

5-2. ACTION: RESOLUTION APPROVING HACA'S ANNUAL PHA PLAN FOR THE FISCAL YEAR 2013

Ron Dion, Deputy Director for Programs, presented the staff report. Mr. Dion reported that a meeting with HACA's Resident Advisory Board (RAB) was held to seek their input on the draft of HACA's Annual PHA Plan (Plan) and that the RAB had no proposed changes. He noted that the draft Plan has not been revised since it was presented to the Commission last month and recommended that the Commission approve the Plan as presented.

Recommendation: Adopt Resolution No. 13-02 approving HACA's Annual PHA Plan for Fiscal Year 2013.

Commission Discussion: Cmr. Steiner and Mr. Dion discussed the number of members on the RAB.

Motion/Second: Asher/Gacoscos.

Ayes: All Motion passed.

APPROVED AS RECOMMENDED.

5-3. ACTION: BUDGET/AUDIT/NEGOTIATING COMMITTEE APPOINTMENTS

Christine Gouig presented the staff report. The Commission discussed appointments to the Budget/Audit/Negotiating Committee for the fiscal year 2013. The following Commissioners volunteered to serve: Cmr. Biddle, Gerry and Steiner.

Recommendation: Appoint Cmr. Biddle, Gerry and Steiner to the Budget/Audit/Negotiating Committee for the 2013 fiscal year.

Motion/Second: Gacoscos/Steiner.

Ayes: All Motion passed.

APPROVED AS RECOMMENDED.

5-4. ACTION: SCHOLARSHIP COMMITTEE APPOINTMENTS

Christine Gouig presented the staff report. The Commission discussed appointments to the 2013 Scholarship Committee. The following Commissioners volunteered to serve: Cmr. Apodaca, Asher, Cashmere and Gacoscos.

Recommendation: Appoint Cmr. Apodaca, Asher, Cashmere and Gacoscos to the 2013 Scholarship Committee.

Motion/Second: Gacoscos/Steiner.

Ayes: All Motion passed.

APPROVED AS RECOMMENDED.

Chairperson Reed indicated that item 5-1. would be discussed later in the meeting and moved on to the next item on the agenda.

5-5. PRESENTATION: HUD'S RENTAL ASSISTANCE DEMONSTRATION PROGRAM

Christine Gouig presented the staff report. Ms. Gouig narrated a Powerpoint presentation on HUD's Rental Assistance Demonstration (RAD) Program. She described how the RAD program will work to convert public housing units to another form of subsidy.

Commission Discussion: Cmr. Asher asked how much it would cost to contract with the Tacoma Housing Authority and Ms. Gouig indicated that staff will report this information at a future meeting.

Cmr. Asher and Ms. Gouig discussed long term affordability and supportive services requirements under the RAD program. Cmr. Asher asked about tax-exempt bonds and Ms. Gouig explained how these are used to finance affordable housing. Cmr. Gerry inquired about the maintenance of HACA's public housing projects and Ms. Gouig described the work that has been done to the projects in Union City and the work that is planned for the project in Emeryville. Ms. Gouig also explained how maintenance activities could be carried out if the projects were to convert to the RAD program.

5-1. ACTION: RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING WITH SEIU LOCAL 1021 FOR THE FISCAL YEAR 2012-2013 OR RESOLUTION ADOPTING THE HOUSING AUTHORITY'S LAST, BEST AND FINAL BARGAINING PROPOSAL TO SEIU LOCAL 1021 FOR THE FISCAL YEAR 2012-2013 LABOR NEGOTIATIONS

Christine Gouig presented the staff report. Ms. Gouig explained why this item was written with an alternative action and noted that the recommended action for the Commission to consider is the adoption of the resolution approving a Memorandum of Understanding (MOU) with SEIU Local 1021 (SEIU). She introduced HACA's lead negotiator, Jack Hughes, attorney with Liebert Cassidy Whitmore. Mr. Hughes presented an overview of the negotiations between HACA and SEIU. Copies of the revised sections and provisions from the MOU were distributed to the Commission and to the public. A copy of a side letter agreement pertaining to a review of employee workloads was also distributed to the Commission and to the public. Mr. Hughes explained each of the revisions and the side letter agreement and reported that all parties have signed the MOU and the side letter agreement. Ms. Gouig announced that the Personnel Committee meeting scheduled to take place after the Commission meeting would be cancelled.

Recommendation: Adopt Resolution No. 13-01 approving a Memorandum of Understanding with SEIU Local 1021 for the fiscal year 2012-2013.

Commission Discussion: Chairperson Reed commented that she was pleased that an agreement had been reached and thanked those who worked on the negotiations. Mr. Hughes thanked the Commission for their time and commitment to the process.

Public Comment: None.

Motion/Second: Biddle/Apodaca

Ayes: All Motion passed.

APPROVED AS RECOMMENDED.

5-6. INFORMATION: PROCUREMENT AWARDS

Beverly Brewer, Procurement Analyst, presented the staff report. Ms. Brewer reported that a contract in the amount of \$46,800 was awarded to Green Earth Engineering and Construction for structural repair services for HACA's office on Mission Boulevard in Hayward.

Commission Discussion: Cmr. Steiner asked if HACA could release the Mission Boulevard office to be sold should all the public housing units convert to the RAD program. Ms. Gouig stated that staff will relocate to the building during the office remodel but thereafter would seek HUD approval to sell the building if all public housing units are converted to RAD.

5-7. INFORMATION: BUDGET STATUS REPORT

Christine Gouig presented the staff report. Ms. Gouig reported on the status of the federal budget and the sequester. She stated that she and Cmr. Cashmere will be attending the 2013 NAHRO Legislative Conference in Washington, D.C. and that she will participate in meetings with several key representatives to discuss the impact of budget and sequestration cuts on housing authorities.

5-8. INFORMATION: PROGRAM ACTIVITY REPORT

Christine Gouig presented the staff report. Report received with no questions or comments from the Commission.

6. COMMITTEE REPORTS

None.

7. COMMISSIONER REPORTS

Cmr. Gerry reported on the status of the rental housing market and shared his observations on the increase in the number of homes that are selling. Cmr. Steiner and Biddle commented that they also have noticed an increase in home sales and new homes being built in their cities.

8. COMMUNICATIONS

None.

9. ADJOURNMENT

There being no further business Chairperson Reed adjourned the meeting at 9:41 a.m.

Respectfully submitted,

Melissa Taesali
Executive Assistant

Christine Gouig, Executive Director/Commission Secretary

Approved:

Ursula Reed, Commission Chairperson

NEW BUSINESS

April 10, 2013

HOUSING AUTHORITY OF ALAMEDA COUNTY

AGENDA STATEMENT

Meeting: April 10, 2013

Subject: Recognize Tonya Edmond as HACA's Shining Star for April-September 2013

Exhibits Attached: None

BACKGROUND

In 2006 the Housing Authority created a Communications Committee composed of staff from all departments. The Committee created an "Employee of the Quarter" recognition program to acknowledge exceptional individual contributions of HACA employees. At the end of 2011 the Committee decided to revamp the program to allow more time for chosen employees to enjoy their recognition. The Committee re-named the award "HACA's Shining Star" and extended the recognition period to six months, so there will be two Shining Stars per year.

DISCUSSION

The Housing Authority is privileged to have on its staff Tonya Edmond, a Housing Specialist in HACA's Housing Assistance and Family Services department. Her selection was announced at an all-staff meeting held on March 27. Those who nominated Tonya recognized her for her outstanding work in the following categories: 1) Team Effort & Flexibility in Working with Others and 2) Problem Solving. Some of the comments made by those who nominated Tonya were:

"Tonya demonstrates amazing problem solving skills. I have observed both clients and staff seeking out her advice, especially on handling unusual cases, and it is because of her experience and skills with special and multi-programs that she is able to immediately come up with a plan of action."

"...I have overheard many calls she has had with both clients and landlords with multi needs and in times of crisis, and she is immediately able to reassure them and to provide them with the tools necessary to have their housing problem solved. She deserves recognition for her people skills and problem-solving techniques."

Staff recommends that your Housing Commission recognize Tonya Edmond as "HACA's Shining Star" for April-September 2013.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: April 10, 2013

Subject: Audit for the Fiscal Year Ending June 30, 2012

Exhibits Attached: Attachment A: Audit Reports and Certificates of Actual Modernization Cost

Recommendation: Accept Reports

Financial Statement: None

BACKGROUND

The Housing Authority’s (HACA) audit for the fiscal year ending June 30, 2012 was completed by the auditors, Patel & Associates, on March 12, 2013.

Your Commission’s Budget/Audit/Negotiating Committee met with Lilian Zhu from Patel & Associates on March 13, 2013. Ms. Zhu stated that Patel & Associates performed a “single audit,” as HACA received over \$500,000 of federal funding during FY 2012, and that the audit was designed and conducted in the areas of financial operation, internal control and OMB Circular A-133 compliance.

HACA also has a non-profit component unit, Preserving Alameda County Housing, Inc. (PACH), in the audit report. PACH was formed in March 2011 and started operations that September.

DISCUSSION and ANALYSIS

Independent Auditor’s Report (pages 1-2)

In the independent auditor's report addressed to the Board of Commissioners, Patel & Associates opines that HACA’s financial statements at the fiscal year ending June 30, 2012 were stated fairly in all material respects.

Management’s Discussion and Analysis (MD&A) (pages 3-9)

The MD&A serves as an introduction to the agency wide financial statements and is an overview of HACA’s financial activity. It highlights changes in our financial position as well as identifies significant financial and individual fund issues. It also discusses the

current year's results in comparison to the prior year's, with emphasis on the current year.

The *Statement of Net Assets* presents information about HACA's financial and capital resources (assets) and its obligations to creditors (liabilities), and is similar to a balance sheet.

The *Authority-Wide Statement of Net Assets* is shown on Table 1, page 5.

- ❖ Total assets were \$47.18 million.
- ❖ Total liabilities were \$1.78 million.
- ❖ Total assets exceeded total liabilities by \$45.39 million (net assets) and consist of the following:
 - \$9.40 million are invested in capital assets. This includes land, building and improvements, and furniture and equipment net of accumulated depreciation.
 - \$19.17 million are net restricted assets (NRA) and include \$11.00 million of restricted monies received from the net proceeds of the disposition of Arroyo Vista that was loaned to the redeveloper of the site. The remainder includes \$8.06 million of excess Housing Choice Voucher (HCV) and Veterans Affairs Supportive Housing (VASH) programs monies restricted for payment of housing assistance payments (HAP) to landlords up to the number of vouchers authorized by HUD and *cannot* be used for operations.
 - \$16.82 million are unrestricted net assets (UNA) and include the Housing Development Fund, Park Terrace (Hayward), Ocean Avenue (Emeryville), and Public Housing and HCV reserves.

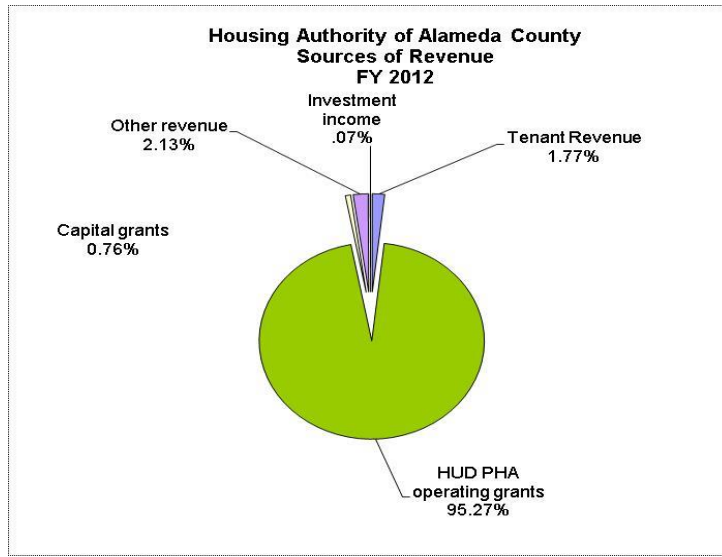
PACH has assets of \$3.05 million, liabilities of \$0.53 million and net assets of \$2.52 million.

The *Statement of Revenues, Expenses and Changes in Net Assets* reports HACA's revenues by source and type and its expenses by category to substantiate the change in net assets (similar to net income or loss) for the fiscal year.

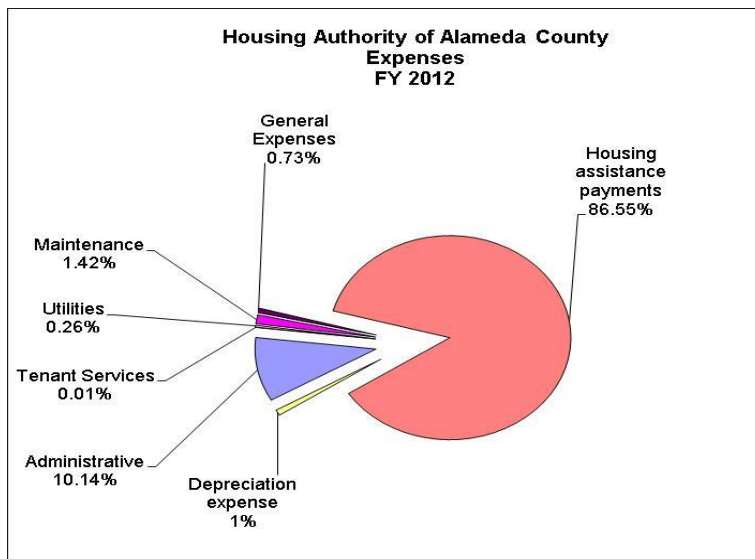
- ❖ Table 2 on page 6 shows total revenue of \$87.85 million compared to \$101.36 million in 2011, a decrease of \$13.51 million (13%). The decrease is largely the effect of one-time revenues received in the prior fiscal year that are related to the disposition of the Arroyo Vista property.
- ❖ HUD provided 96% of HACA's total revenue (\$84.37 million) so changes in HUD funding greatly impact operating results. The HCV program funding represents

the majority of HACA's total operating subsidies and grants revenue. Operating subsidies and grants revenue decreased by 2% from the previous fiscal year. The HCV program received \$1.8M less funding from HUD.

- ❖ PACH started operations in September 2011. Revenue and expenses account for its 10-month leasing operations. Expenses include administration (management fees and contracted services), utilities, maintenance and depreciation.



- ❖ HACA's total expenses were \$87.70 million compared to \$86.80 million in 2011, an increase of \$.90 million (1%). Most expenses changed slightly with the exception of tenant services, which included the relocation costs paid out as a result of the disposition of the Arroyo Vista project. The largest program expenditure as reflected in the chart was for HAP.



Audited Financial Statements (pages 10-14 and 30-31)

Patel & Associates conducted an audit of the financial statements of each of the programs administered by HACA. Each program is considered a separate accounting entity with its own assets, liabilities, net assets, revenues and expenses.

Page 12 shows the *Statement of Net Assets – Propriety Funds* for all programs individually and in total. Page 30 shows the individual funds that make up the total under the *Other Enterprise Non-Major Funds*.

The Low Rent Public Housing program has total net assets of \$14.69 million, which includes NRA of \$11.07 million and UNA of \$1.32 million.

The Housing Choice Voucher program has total net assets of \$10.57 million, which includes NRA of \$8.06 million and UNA of \$2.48 million.

The Housing Development Fund has a balance of \$14.60 million.

PACH has a balance of \$2.52 million.

Park Terrace has a balance of \$1.41 million and Ocean Avenue has \$1.43 million.

Pages 13 and 31 show the *Statement of Revenues, Expenses and Changes in Net Assets*. As your Commission will note, these statements, under the line item Income (Loss) before transfers (the fifth line from the bottom of the page), show balances that include depreciation expense. While depreciation is treated as an expense that reduces the results of operations, it does not have an impact on NRA or UNA. When the depreciation expense and, in some instances, changes due to acquisition, disposition and improvements of capital assets are excluded, the change in net assets balances shows the actual income or loss for the year.

HACA's Low Rent Public Housing program had income of \$2,338.

The Section 8 HCV program had a net income of \$226,832 (which is a combination of an *income* of \$616,752 due to funding received in excess of HAP payments made and are restricted for future HAP payments and an operating *loss* of \$389,920 due to the combination of unfunded FSS Coordinators for half a year and the cost of early retirement benefits extended to 7 employees).

The Housing Development Fund had a net loss of \$12,009.

PACH had a net loss of \$519,963.

Park Terrace had a net income of \$20,668 and Ocean Avenue a net income of \$37,428.

Summary of Auditor's Results (pages 33-40)

Patel & Associates issued an unqualified opinion on HACA's financial statements. This means that HACA complies with Generally Accepted Accounting Principles (GAAP) and that our financial statements were presented appropriately and fairly.

In the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, the following were reported:

- There were no instances of significant deficiencies disclosed during the audit of the financial statements.
- No material weaknesses or deficiencies were identified from the testing evaluation of HACA's internal control system.
- In testing HACA's compliance with certain provisions and requirements applicable to the programs it administered, the auditors identified instances of noncompliance with program requirements but these were not considered to be a material weakness for the Housing Choice Voucher Program.

Section 1 – *Summary of Auditor's Results* on page 37 shows that the audit was an unqualified audit. HACA is considered a low-risk auditee based on past experience and overall evaluation of its operations and because a single audit has been conducted where there were no significant findings in the past two years.

Sections II and III (page 38) – There were no financial statement findings. While there were no *material* non-compliance issues identified, there is one deficiency reported under the federal award findings and questioned costs for the HCV program with regard to timeliness of re-examinations.

There were no findings reported in the prior year (page 40).

Actual Modernization Cost Certificate

Annual Capital Fund. Every year, HUD provides Capital Funds to housing authorities for the development, financing, and modernization of public housing developments and for management improvements. Upon expenditure of all funds for a given grant year, a housing authority must submit to HUD an audited Actual Modernization Cost Certificate (AMCC) for review and approval for audit. After audit verification, HUD approves the AMCC.

The AMCCs for the Capital Fund program are attached. They were prepared by Patel & Associates as part of the audit of our fiscal year June 30, 2012 and cover the Capital Fund grants awarded to HACA in 2010 and 2011.

HACA 2010. The auditor determined that the total cost was \$356,953, that all costs have been paid and liabilities discharged and that HACA did not incur any budget overruns. The work funded was completed within the fiscal year and the AMCC now closes the grant.

HACA 2011. The auditor determined that the total cost was \$552,848, that all costs have been paid and liabilities discharged and that HACA did not incur any budget overruns. The work funded was completed within the fiscal year and the AMCC now closes the grant.

RECOMMENDATION

Staff recommends that your Commission accept the audited financial statements and reports for all HACA programs for the fiscal year ended June 30, 2012.

HOUSING AUTHORITY OF ALAMEDA COUNTY

AGENDA STATEMENT

Meeting: April 10, 2013

Subject: Adjustments to health benefits and furlough days for management employees

Exhibits Attached: Health Care Contribution Schedule for 96%-4% Split

Recommendation: Approve the adjustments to health benefits and furlough requirements as proposed

BACKGROUND

The Housing Authority has typically paid health insurance contributions for management employees at a level equal to the amount paid to SEIU represented employees. In addition, last year, when furlough days were first agreed to, management employees took the same number of days as represented employees. At your March 2013 meeting your Commission approved a successor Memorandum of Understanding (MOU) with SEIU Local 1021 for the term of June 8, 2012 through June 6, 2013. That MOU contained provisions with respect to health benefits and furlough days that staff recommends now be applied to management employees.

DISCUSSION AND ANALYSIS

Health Benefits

At the January 2013 Housing Commission meeting you authorized the Executive Director to pay an amount for each management employee covered by health insurance equal to 95% of the lowest priced health care premium (Kaiser). This contribution amount was based on the Housing Authority's final proposal to its SEIU represented employees of paying 95% of the lowest priced premium.

As part of the MOU that you approved at your March meeting, the Housing Authority is paying for each represented employee covered by health insurance an amount equal to 96% of the Kaiser premium, which is 1% more than in our final proposal. Staff recommends that you authorize the Executive Director to pay for each management employee covered by health insurance an amount equal to 96% of the lowest priced health insurance premium so that health benefits for management employees will be

comparable to those of represented employees. This would be effective with the pay period for which represented employees began paying 4% toward their medical coverage (pay period 13-07).

Furlough Days

At the December 2012 Housing Commission meeting you authorized the Executive Director to develop a schedule of furlough days for management employees. The number of days was projected to be between four and seven and was based on the number of days being discussed with the SEIU bargaining team.

After your December meeting, the Executive Director and the Housing Authority's management employees agreed on a schedule of five furlough days and management employees began taking their days. However, the MOU that your Commission approved at your March 2013 meeting has a requirement for only three furlough days for represented employees. Staff recommends that you authorize the Executive Director to reduce the furlough days for management employees to three and to make adjustments (e.g., a floating holiday) as appropriate for employees who have already taken more than three.

Health Care Contribution Schedule

KAISER	Annual 2013 rate 7.167% incr over 2012 (A)	Annual 2012 rate (B)	3% increase over 2012 rate HACA col (B) x 3% (C)	Diff over 3% incr EMPLOYEE cols (A) - (C) (D)
Self	7,246.80	6,762.24	6,965.11	281.69
Self + 1	14,493.60	13,524.48	13,930.21	563.39
Family	20,508.48	19,137.12	19,711.23	797.25

KAISER	Monthly 2013	Monthly 2012	Monthly HACA	Monthly EMPLOYEE
Self	603.90	563.52	580.43	23.47
Self + 1	1,207.80	1,127.04	1,160.85	46.95
Family	1,709.04	1,594.76	1,642.60	66.44

KAISER	Biweekly 2013	Biweekly 2012	Biweekly HACA	Biweekly EMPLOYEE
Self	278.72	260.09	267.89	10.83
Self + 1	557.45	520.17	535.78	21.67
Family	788.79	736.04	758.12	30.66

UNITED HEALTHCARE	Annual 2013 rate 11% over 2012 (A)	Annual 2012 rate (B)	3% increase over 2012 rate KAISER RATE HACA (C)	Diff over 3% incr EMPLOYEE cols (A) - (C) (D)
Self	10,977.36	9,934.08	6,965.11	4,012.25
Self + 1	21,953.76	19,867.68	13,930.21	8,023.55
Family	31,064.40	28,112.64	19,711.23	11,353.17

UNITED HEALTHCARE	Monthly 2013	Monthly 2012	Monthly HACA	Monthly EMPLOYEE
Self	914.78	827.84	580.43	334.35
Self + 1	1,829.48	1,655.64	1,160.85	668.63
Family	2,588.70	2,342.72	1,642.60	946.10

UNITED HEALTHCARE	Biweekly 2013	Biweekly 2012	Biweekly HACA	Biweekly EMPLOYEE
Self	422.21	382.08	267.89	154.32
Self + 1	844.38	764.14	535.78	308.60
Family	1,194.78	1,081.26	758.12	436.66

UNITED HEALTHCARE PPO	Annual 2013 rate 10% over 2012 (A)	Annual 2012 rate (B)	3% increase over 2012 rate KAISER RATE HACA (C)	Diff over 3% incr EMPLOYEE cols (A) - (C) (D)
Self	26,231.52	23,933.76	6,965.11	19,266.41
Self + 1	50,888.16	46,430.64	13,930.21	36,957.95
Family	71,870.40	65,575.20	19,711.23	52,159.17

UNITED HEALTHCARE PPO	Monthly 2013	Monthly 2012	Monthly HACA	Monthly EMPLOYEE
Self	2,185.96	1,994.48	580.43	1,605.53
Self + 1	4,240.68	3,869.22	1,160.85	3,079.83
Family	5,989.20	5,464.60	1,642.60	4,346.60

UNITED HEALTHCARE PPO	Biweekly 2013	Biweekly 2012	Biweekly HACA	Biweekly EMPLOYEE
Self	1,008.90	920.53	267.89	741.02
Self + 1	1,957.24	1,785.79	535.78	1,421.46
Family	2,764.25	2,522.12	758.12	2,006.12

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: April 10, 2013

Subject: Utility Allowance Schedule

Exhibits Attached: – Resolution
 – Proposed 07/01/2013 Utility Allowance Schedule

Recommendation: Adopt the attached Resolution

Financial Statement: Estimated \$144,000 increase in Section 8 program costs for FY 2014 and subsequent fiscal years.

Estimated \$336 savings for the Public Housing Program for FY 2014 and subsequent fiscal years.

BACKGROUND

HACA's Section 8 Program and Public Housing Program subsidies are applied against the family's rent and any utilities paid for by the family. The amount of the HACA utility subsidy is determined by our utility allowance schedule. The utility allowance schedule is based on the typical cost of essential utilities and services paid for by energy-conserving households that occupy housing of similar size and type in HACA's jurisdiction.

HUD requires that housing authorities review their utility allowance schedules at least annually and revise them if utility rates have changed, either up or down, by 10% or more. As rates have changed by more than this amount, staff has developed a revised utility allowance schedule for your approval. In the interest of saving every dollar possible, the revised schedule includes rates changed by less than 10% where the change provided a savings to HACA.

DISCUSSION AND ANALYSIS

The utility allowances for gas and electric service are based on the PG&E *California Alternate Rates for Energy* (CARE) program. Targeted to very low income families, the CARE program reduces typical PG&E rates by almost 20%. In order to obtain the CARE rates, families must submit a simple one-page form to PG&E. HACA is a Community Outreach Contractor for PG&E, providing information, applications and assistance to

Section 8 households and the public wishing to apply for the CARE program. In 2009, HACA surveyed its Section 8 participants to determine if they are participating in the CARE program. Seventy-percent (70%) of participants responded and we found that nearly 90% of them were participating. (Another 10% indicated the gas and electric bill for their unit was paid by the landlord or someone else so they weren't eligible for the CARE program.) As of February 2013, PG&E is reporting that 98% of the households eligible for the CARE program in Alameda County are enrolled in the program.

The underlying methodology for analyzing gas and electric rates follows that of an outside consultant retained by HACA in 2001, 2002 and 2004 except as otherwise noted.

Gas: In the past, a snapshot of the gas rates at a fixed point in time was used to set the annual utility allowance schedule. However, since rates fluctuate from month to month and year to year, HACA began incorporating a floating 12-month rate average in 2006 and continues this method for 2013. This year, gas rates decreased by 4% to 7%. Last year, gas rates increased by 3% to 4%. The proposed utility allowance schedule reflects decreases of \$1 to increases of \$1.

Electricity: Rates decreased in November 2004 and have not changed since. Consequently, the current HACA allowances for electricity are not changed on the schedule.

Water: Water rates increased by an average of 4% this year. Last year, water rates increased by 7%. The proposed utility allowance schedule reflects increases from \$0-\$12.

Sewer: Sewer rates for single family homes increased by 13% and sewer rates for attached homes increased by 2%. Last year, sewer rates for single family homes decreased by an average of 6% and sewer rates for attached homes increased by an average of 13%. The proposed utility allowance schedule reflects increases from \$3 to \$4.

Garbage: Garbage rates increased by 3-4% this year. Last year, garbage rates increased by 3-5%. The proposed utility allowance schedule reflects increases from \$0-\$7.

Tenant-Supplied Stove or Refrigerator: No increase is proposed over the current \$2 per month allowance.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

RESOLUTION NO. 13-03

APPROVING UPDATE TO THE UTILITY ALLOWANCE SCHEDULE

WHEREAS, the U. S. Department of Housing and Urban Development (“HUD”) requires that housing authorities review their utility allowance schedules at least annually and revise them if utility rates have changed by 10% or more; and

WHEREAS, rates for some utilities have changed by at least 10%;

NOW, THEREFORE, BE IT RESOLVED, that the Housing Commission of the Housing Authority of the County of Alameda does hereby adopt the utility allowance schedule presented at this meeting with an effective date of July 1, 2013 for annual re-examinations and move-ins with an effective date of July 1, 2013 or later.

PASSED, APPROVED, AND ADOPTED by the Housing Commission of the Housing Authority of the County of Alameda on this _____ day of _____ 2013 by the following vote:

AYES:

NOES:

ABSTAIN:

EXCUSED:

ABSENT:

Ursula Reed
Commission Chairperson

Attest:

Christine Gouig
Executive Director/ Housing Commission Secretary

Adopted: _____

Housing Authority of Alameda County
Section 8 Utility Allowance Schedule
Effective 07/01/2013 for Re-examinations and Move-Ins Effective 07/01/2013 or Later

Single Family Homes	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms
Electric Heating	10	10	18	23	41	44
Gas Heating	12	16	20	24	27	33
Electric Cooking	1	2	2	3	3	3
Gas Cooking	2	2	2	2	2	2
Electric Hot Water	10	11	19	25	26	26
Gas Hot Water	7	9	11	15	17	19
Refrigerator (If tenant-supplied)	2	2	2	2	2	2
Stove (If tenant-supplied)	2	2	2	2	2	2
Water	20	30	38	46	59	68
Sewer	23	23	23	23	23	23
Trash	22	22	22	38	38	66
Other Electric	11	14	20	24	28	31

Attached Homes	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms
Electric Heating	8	8	11	14	17	25
Gas Heating	10	12	14	16	19	19
Electric Cooking	1	2	2	3	3	3
Gas Cooking	2	2	2	2	2	2
Electric Hot Water	10	11	20	25	26	26
Gas Hot Water	7	9	11	15	18	19
Refrigerator (If tenant-supplied)	2	2	2	2	2	2
Stove (If tenant-supplied)	2	2	2	2	2	2
Water	22	30	40	49	60	72
Sewer	21	21	21	21	21	21
Trash	22	22	22	38	38	66
Other Electric	11	14	20	24	28	31

HOUSING AUTHORITY OF ALAMEDA COUNTY

AGENDA STATEMENT

Meeting: April 10, 2013

Subject: Administrative Plan Policy Revision

Exhibits Attached: Redline of policy revision

Recommendation: Approve proposed policy revision

Financial Statement: None

BACKGROUND

HACA’s Section 8 Housing Choice Voucher (HCV) Program Administrative Plan (Admin Plan) sets forth HACA’s policies for administering the Section 8 Program in a manner consistent with HUD requirements and HACA’s Agency Plan—its policies, programs, operations, and strategies for meeting local housing needs and goals. HACA’s Admin Plan is available for public review.

From time to time it becomes necessary to amend the Admin Plan in order to incorporate changed HUD regulations, revised HACA practices, program initiatives, or to make clarifications or corrections.

DISCUSSION AND ANALYSIS

A policy revision is proposed to HACA Admin Plan Chapter 10, Section II.B. regarding portability, i.e., a family’s ability to move with voucher assistance to an area where, at least, one housing authority administers a voucher program. Currently, if neither the head of household nor the spouse/co-head of an applicant family had a domicile (legal residence) in HACA’s jurisdiction at the time the family’s application for assistance was submitted, the family must live in HACA’s jurisdiction with voucher assistance for at least 12 months before requesting portability.

In 2009, your Commission approved a Memorandum of Understanding (MOU) with Alameda County Behavioral Health Care Services (BHCS) whereby HACA would provide inspection and housing subsidy management services for BHCS’s new Choices for Community Living Program (CHOICES). CHOICES works sequentially with groups of voluntary participants currently enrolled in one of a number of County or contract operated mental health service programs. CHOICES provides housing rental subsidy using County funds, schooling or employment, peer support and wellness services.

Subsequent to the initiation of the CHOICES Program, BHCS initiated the Forensic Assertive Community Treatment Program (FACT) targeted to a similar population as that targeted by CHOICES with the additional factor that the participants have criminal justice histories or are experiencing their first or second incarceration. As for the CHOICES Program, HACA provides inspection and housing subsidy management services for FACT.

Both CHOICES and FACT operate throughout Alameda County. As part of the MOU that HACA has entered into with BHCS regarding CHOICES and FACT, HACA has agreed to provide Section 8 Housing Choice Vouchers by the end of the first three-year period of the programs to the *lesser* of 50 percent of the combined CHOICES and FACT graduates or 75 Vouchers. HACA has agreed to issue these Vouchers at the rate of 5 per month.

The earliest CHOICES and FACT participants are now approaching graduation. A number of them reside in Alameda County outside of HACA's jurisdiction and wish to remain doing so. In order for HACA to honor its MOU commitment to BHCS and to accommodate the residential preference of a number of the participants of the programs, staff is proposing that HACA modify its Admin Plan to allow those participants of the programs to which HACA will issue a Section 8 Housing Choice Voucher to request portability despite not having lived in HACA's jurisdiction for at least 12 months. That modification is shown on the attached exhibit.

RECOMMENDATION

Staff recommends that you approve the revision to the Admin Plan. Once approved, staff training will be conducted and the revised Plan will be implemented.

10-II.B. INITIAL PHA ROLE

Allowable Moves under Portability

A family may move with voucher assistance only to an area where there is at least one PHA administering a voucher program [24 CFR 982.353(b)]. If there is more than one PHA in the area, the initial PHA may choose the receiving PHA [24 CFR 982.355(b)].

Applicant families that have been issued vouchers as well as participant families may qualify to lease a unit outside the HACA's jurisdiction under portability. The initial PHA, in accordance with HUD regulations and PHA policy, determines whether a family qualifies.

Applicant Families

Under HUD regulations, most applicant families qualify to lease a unit outside the HACA's jurisdiction under portability. However, HUD gives HACA discretion to deny a portability move by an applicant family for the same two reasons that it may deny any move by a participant family: insufficient funding and grounds for denial or termination of assistance.

HACA Policy

In determining whether or not to deny an applicant family permission to move under portability because HACA lacks sufficient funding or has grounds for denying assistance to the family, HACA will follow the policies established in section 10-I.B of this chapter.

In addition, HACA may establish a policy denying the right to portability to nonresident applicants during the first 12 months after they are admitted to the program [24 CFR 982.353(c)].

HACA Policy

With the exception of CHOICES or FACT Programs Graduates as described in Section 4-III C., Local Preferences - Section 8 Housing Choice Voucher Program (HCV), if neither the head of household nor the spouse/cohead of an applicant family had a domicile (legal residence) in the HACA's jurisdiction at the time the family's application for assistance was submitted, the family must live in HACA's jurisdiction with voucher assistance for at least 12 months before requesting portability.

HACA will consider exceptions to this policy for purposes of reasonable accommodation (see Chapter 2) or reasons related to domestic violence, dating violence, or stalking. However, any exception to this policy is subject to the approval of the receiving PHA [24 CFR 982.353(c)(3)].

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: April 10, 2013

Subject: Quarterly Investment Portfolio Report

Exhibits Attached: Investment Portfolio Report for Quarter ended March 31, 2013

Recommendation: Receive Report

Financial Statement: \$21,994,943 Invested at an Average Monthly Yield ranging from 0.10% to 0.330% (excluding FSS Escrow Participant Accounts)

BACKGROUND

Public Agencies are required to file an investment policy with their governing boards and to provide quarterly financial reports on the status of the Agency's investments and to certify to their compliance with the approved investment policy.

DISCUSSION AND ANALYSIS

The investment portfolio report that is attached reflects the investments at March 31, 2013 for each program that HACA administers.

The Housing Choice Voucher program has a total investment of \$7,998,613, which is 36% of the total investment portfolio.

The Housing Development Fund has a total investment of \$10,680,429, which is 49% of the total investment portfolio. Approximately 63% of its portfolio is in the State of California Local Agency Investment Fund (LAIF).

The Public Housing program has a total investment of \$1,606,403, which is 7% of the total investment portfolio.

Ocean Avenue and Park Terrace investments are 3% and 5% of the total investment, respectively.

The FSS Participant Escrow Accounts are maintained in a savings account, in accordance with HUD regulations, at Union Bank.

Housing Authority of Alameda County
Investment Portfolio
For the Quarter ended March 31, 2013

PROGRAM NAME	TYPE OF ACCOUNT	AMOUNT	INTEREST RATE	MATURITY DATE
HCV	Union Bank N.A. Commercial Paper	\$ 2,999,658.33	0.10001%	3/14/13
	Union Bank N.A. Commercial Paper	\$ 1,999,413.33	0.12004%	4/30/13
	Union Bank N.A. Commercial Paper	\$ 2,999,541.67	0.10002%	3/28/13
Ocean Avenue	Union Bank N.A. Commercial Paper	\$ 719,788.80	0.12004%	4/30/13
Park Terrace	Union Bank N.A. Commercial Paper	\$ 989,709.30	0.12004%	4/30/13
Housing Dev Fund	Union Bank N.A. Commercial Paper	\$ 3,999,388.89	0.10002%	3/28/13
	State of CA - Local Agency Investment Fund	\$ 6,678,140.28	0.330%	LAIF Avg Eff Yield 2/28/13
Local Fund (formerly DHA)	State of CA - Local Agency Investment Fund	\$ 2,899.72	0.330%	LAIF Avg Eff Yield 2/28/13
Public Housing	Union Bank N.A. Commercial Paper	\$ 199,977.22	0.10001%	3/14/13
	Union Bank NA Commercial Paper	\$ 899,897.50	0.10001%	3/14/13
	State of CA - Local Agency Investment Fund	\$ 506,527.78	0.330%	LAIF Avg Eff Yield 2/28/13
TOTAL		\$ 21,994,942.82		

The above investment portfolio is in compliance with the policy approved by the Housing Commission.


 Christine Gouig
 Executive Director

3-28-13
 Date

BUDGET STATUS **REPORT**

**Housing Authority of Alameda County
HOUSING CHOICE VOUCHER
Budget Status Report FYE 2012-2013
February 2013**

FY 2013 - HCV OPERATING BUDGET	Budgeted @ 2/28/2013	Actual @ 2/28/2013	OVER (UNDER)	PROJECTED TO 6/30/13	SCH. NO.	2012 BUDGET	2013 BUDGET	DIFFERENCE
INCOME								
Investment Income	2,400	1,845	(555)	2,768	A1	3,600	3,600	0
Misc. Income	138,667	69,971	(68,696)	171,199	A1	345,040	208,000	(137,040)
Administrative Fee Income	4,603,541	4,573,164	(30,376)	6,637,052	A	7,270,973	6,905,311	(365,662)
TOTAL INCOME	4,744,607	4,644,980	(99,627)	6,811,019		7,619,613	7,116,911	(502,702)
EXPENSES								
Administration								
Salaries	(2,908,096)	(2,634,071)	274,026	(3,804,769)	B-1& 2	(4,391,400)	(4,362,145)	29,255
Other Admin.	(774,318)	(887,856)	(113,538)	(1,454,258)	C-1&2	(1,077,012)	(1,161,477)	(84,465)
Total	(3,682,414)	(3,521,927)	160,487	(5,259,026)		(5,468,413)	(5,523,621)	(55,209)
General								
Insurance	(134,394)	(100,509)	33,885	(150,763)	E	(204,029)	(201,590)	2,439
Employee Benefits	(1,483,129)	(1,365,217)	117,912	(1,940,432)		(2,195,700)	(2,224,694)	(28,994)
Miscellaneous	0	0	0	0		0	0	0
Total	(1,617,523)	(1,465,726)	151,797	(2,091,195)		(2,399,729)	(2,426,284)	(26,555)
Total Routine Expenses	(5,299,937)	(4,987,653)	312,284	(7,350,222)		(7,868,142)	(7,949,905)	(81,763)
Capital Expenditures	0	0	0	0	D2	0	0	0
TOTAL EXPENSES	(5,299,937)	(4,987,653)	312,284	(7,350,222)		(7,868,142)	(7,949,905)	(81,763)
Income (Deficit) Unfunded 2012 FSS (1/2 year) - Use of Reserve				(158,607)	**		(158,607)	
Income (Deficit) UNSPECIFIED BUDGET REDUCTION				(380,596)			(674,387)	
NET INCOME (DEFICIT)	(555,329)	(342,672)	(411,911)	(539,203)		(248,529)	(832,994)	(584,465)

2012 Funding for FSS (unfunded)	103,020
Salaries and Benefits FSS expenses	<u>(261,627)</u>
Use of Reserve (unfunded FSS) for 1/2 2012 (July-Dec 2012) **	<u>(158,607)</u>

Unrestricted Net Assets @ 6/30/12	\$2,478,875
Use of Reserve (unfunded FSS) for 1/2 2012-July-December	** (158,607)
Projected Income/(Deficit) @ 6/30/13	(380,596)
Projected Unrestricted Net Assets @ 6/30/13	<u>\$1,939,672</u>

**Housing Authority of Alameda County
PUBLIC HOUSING
Budget Status Report FYE 2012-2013
February 2013**

FY 2013 - PH OPERATING BUDGET	YTD BUDGET 2/28/2013	YTD ACTUALS 2/28/13	OVER/ (UNDER) BUDGET	Projected to 6/30/13	SCH. NO.	2012 BUDGET	2013 BUDGET	Difference
INCOME								
Dwelling Rentals	355,740	331,102	(24,638)	496,653	A-1	804,948	533,610	(271,338)
Investment Income	1,467	1,698	231	2,547	A	2,025	2,200	175
Misc. Income	90,509	60,195	(30,314)	90,293	A-1	85,108	135,764	50,656
Transfer of Reserves from Ocean Ave				500,000			500,000	500,000
Operating Subsidy	253,719	409,781	156,061	380,579	A-1	496,628	380,579	(116,049)
Asset Reposition Fee	132,680	0	(132,680)	199,020	A-1	148,594	199,020	50,426
Capital Grant	172,252	0	(172,252)	258,378	A-1	169,275	258,378	89,103
TOTAL INCOME	1,006,367	802,776	(203,592)	1,927,470		1,706,579	2,009,551	302,971
EXPENSES								
Administration								
Salaries	(155,395)	(138,065)	17,330	(211,158)	B-1& 2	(383,445)	(233,093)	150,353
Other Admin.	(77,579)	(32,712)	44,867	(49,068)	C-1	(167,363)	(116,368)	50,995
Total	(232,974)	(170,777)	62,197	(260,226)		(550,808)	(349,461)	201,348
Tenant Services								
Resident Managers	(3,667)	(1,800)	1,867	(5,500)		(5,500)	(5,500)	0
Recreation	(5,000)	(147)	4,853	(7,500)		(7,500)	(7,500)	0
Total	(8,667)	(1,947)	6,720	(13,000)		(13,000)	(13,000)	0
Utilities								
Water	(49,333)	(32,886)	16,447	(67,000)		(74,000)	(74,000)	0
Electricity	(12,667)	(13,256)	(589)	(19,884)		(19,000)	(19,000)	0
Gas	(1,733)	(930)	804	(1,395)		(2,600)	(2,600)	0
Sewage	(31,733)	(16,178)	15,556	(47,600)		(47,600)	(47,600)	0
Total	(95,466)	(63,250)	32,218	(135,878)		(143,199)	(143,199)	0
Maintenance								
Salaries	(46,656)	(49,173)	(2,517)	(75,205)	B-2	(139,820)	(69,983)	69,836
Materials	(42,640)	(34,627)	8,012	(65,078)	D	(63,960)	(63,960)	0
Contract Costs	(396,105)	(245,879)	150,227	(611,737)	D	(466,552)	(594,158)	(127,606)
Total	(485,401)	(329,679)	155,722	(752,021)		(670,332)	(728,101)	(57,769)
General								
Insurance	(53,808)	(24,336)	29,473	(65,960)	E	(80,712)	(80,712)	0
Tax-In Lieu Of	(26,027)	(26,027)	0	(39,041)		(66,175)	(39,041)	27,134
Employee Benefits	(103,046)	(66,630)	36,416	(154,569)		(261,633)	(154,569)	107,064
Collection Loss	(667)	0	667	0		(1,000)	(1,000)	0
Miscellaneous	(667)	0	667	0		(1,000)	(1,000)	0
Total	(184,215)	(116,993)	67,223	(259,569)		(410,520)	(276,322)	134,198
Total Routine Expenses	(1,006,722)	(682,646)	324,078	(1,420,695)		(1,787,859)	(1,510,083)	277,776
Capital Expenditure-exterior renovation of Emery Glen				(500,000)		0	(500,000)	(500,000)
TOTAL EXPENSES	(1,006,722)	(682,646)	324,078	(1,920,695)		(1,787,859)	(2,010,083)	(222,224)
NET INCOME (DEFICIT)	(355)	120,131	120,487	6,775		(81,280)	(533)	80,747

Unrestricted Net Assets @ 6/30/12
 Projected Income/(Deficit) @ 6/30/13
 Projected Unrestricted Net Assets @ 6/30/13

\$1,318,583
 6,775
\$1,325,358

PROGRAM ACTIVITY **REPORT**

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: April 10, 2013

Subject: Programs Activity Report

Exhibits Attached: Section 8 Contract Report; Section 8 Average Contract Rent Report; Fraud Payments Report; Landlord Rental Listing Report; FSS Program Monthly Report

Recommendation: Receive Report

Financial Statement: None

SECTION 8 HOUSING CHOICE VOUCHERS

- **Lease-Up:** As of April 1, 2013, the Section 8 Housing Choice Voucher program had 5,779 units under contract. The fiscal year-to-date lease-up average is 95.72% units. The budget authority use average through February 2013 is 98.4%.
- **Program Utilization:** As of April 1, 2013, the average HAP subsidy is \$1,045 and the average tenant-paid rent portion is \$403 for an average Contract Rent of \$1,448.
 - ❖ As of April 1, 2013, HACA had 83 outgoing billed portability contracts (i.e., HACA voucher holders who are housed in another housing authority's jurisdiction).
 - ❖ As of April 1, 2013, HACA billed other housing authorities, primarily the Oakland Housing Authority, for 1,654 incoming portability contracts. HACA receives only 80% of the HUD-authorized Administrative Fee for billed incoming portability contracts.
- **Section 8 Contract Report:** A copy of the Contract Report is attached.
- **Fraud / Debt Recovery:** HACA retained \$1,185.64 in fraud and debt recovery payments for the month of February 2013. A total of \$13,273.77 was retained over the last six months.
- **Landlord Rental Listings:** As of April 2, 2013, there were 1,583 landlords with properties in HACA's jurisdiction utilizing the *GoSection8* rental listing service. There were no new landlords added to the Section 8 program this month. There were 35 active properties listed.

FAMILY SELF SUFFICIENCY (FSS)

The FSS Department offered a busy and well-rounded month for their participants in March. It facilitated a HACA Scholarship workshop to encourage Public Housing residents and active FSS participants to compete for scholarships to attend college, adult school, vocational school and apprenticeship programs. The Department also had Gloria Brown conduct a round table discussion with FSS participants to help them focus and improve their life balance, and brought in Safe America Credit Union to offer a presentation on "Understanding Credit and Identity Theft." Finally, FSS staff conducted a Section 8 Homeownership orientation for elderly and/or disabled households, and plans to provide these orientations at least twice per year.

PUBLIC HOUSING

- **Occupancy:** As of April 1, 2013, the Public Housing program had 70 of 72 units leased and has a 98.04% fiscal year-to-date lease up rate.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Section 8 Contract and HAP Report for the Month of March 2013

City	Certificates		Vouchers		March 2013 TOTAL		March 2012	March 2011
	Number	HAP*	Number	HAP**	Number	HAP		
Albany	-	\$ -	35	\$ 36,610	35	\$ 36,610	39	45
Castro Valley	14	\$ 12,334	226	\$ 236,396	240	\$ 248,730	247	253
Dublin	2	\$ 1,762	322	\$ 336,812	324	\$ 338,574	300	285
Emeryville	6	\$ 5,286	105	\$ 109,830	111	\$ 115,116	112	95
Fremont	30	\$ 26,430	1,301	\$ 1,360,846	1,331	\$ 1,387,276	1,420	1,423
Hayward	114	\$ 100,434	2,452	\$ 2,564,792	2,566	\$ 2,665,226	2,572	2,461
Newark	2	\$ 1,762	275	\$ 287,650	277	\$ 289,412	282	294
Pleasanton	4	\$ 3,524	130	\$ 135,980	134	\$ 139,504	159	165
San Leandro	16	\$ 14,096	1,441	\$ 1,507,286	1,457	\$ 1,521,382	1,419	1,360
San Lorenzo	2	\$ 1,762	232	\$ 242,672	234	\$ 244,434	219	200
Union City	4	\$ 3,524	850	\$ 889,100	854	\$ 892,624	768	712
TOTALS	194	\$170,914.00	7,369	\$7,707,974.00	7,563	\$7,878,888.00	7537	7293

**Based on an average March Housing Assistance Payment (HAP) of \$881 per certificate contract*

***Based on an average March Housing Assistance Payment (HAP) of \$1045 per voucher contract*

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Section 8 Average Contract Rent Report for the month of: March 2013

City	Number of HAP Contracts	Average Contract Rent	Average HAP Paid by HACA	Average Rent Paid by Family	Average Family-Paid Rent as a Percentage of Average Contract Rent
Albany	36	\$1,288	\$988	\$300	23%
Castro Valley	225	\$1,359	\$940	\$419	31%
Dublin	294	\$1,607	\$1,213	\$393	24%
Emeryville	105	\$1,227	\$868	\$359	29%
Fremont	1,315	\$1,567	\$1,118	\$449	29%
Hayward	2,453	\$1,356	\$977	\$379	28%
Newark	280	\$1,793	\$1,243	\$549	31%
Pleasanton	133	\$1,383	\$972	\$411	30%
San Leandro	1,435	\$1,367	\$987	\$380	28%
San Lorenzo	229	\$1,643	\$1,206	\$437	27%
Union City	764	\$1,631	\$1,210	\$421	26%

*Some rents may vary by \$1 due to rounding

2012-2013

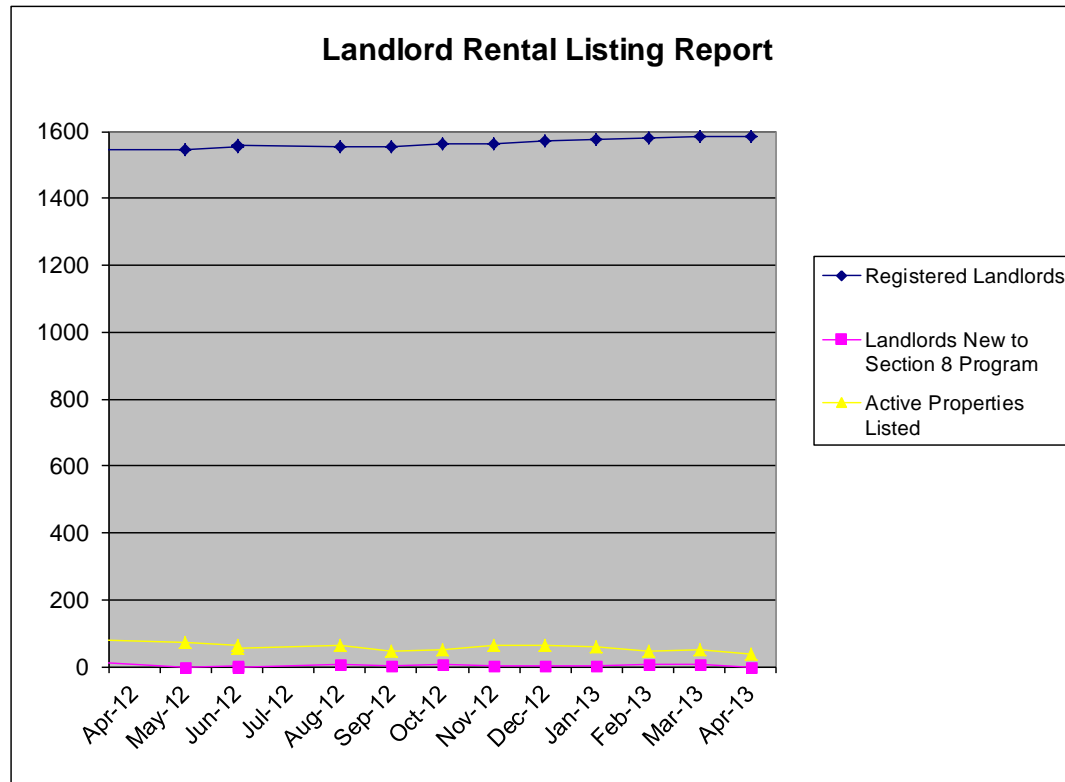
DEBT COLLECTIONS
FYE 06/30/13

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	GRAND
													TOTALS
<i>DAMAGE CLAIMS</i>	\$0.00	\$150.00	\$0.00	\$0.00	\$50.00	\$50.00	\$0.00	\$0.00					\$250.00
<i>FRAUD REPAYMENTS</i>	\$2,719.93	\$2,507.22	\$2,861.70	\$2,712.85	\$2,140.42	\$2,079.05	\$2,294.11	\$1,185.64					\$18,500.92
TOTALS	\$2,719.93	\$2,657.22	\$2,861.70	\$2,712.85	\$2,190.42	\$2,129.05	\$2,294.11	\$1,185.64	\$0.00	\$0.00	\$0.00	\$0.00	\$18,750.92

Landlord Rental Listing Report

Monthly

	3/29/2012	5/1/2012	6/1/2012	6/29/2012	8/1/2012	9/4/2012	10/1/2012	11/1/2012	12/1/2012	1/2/2013	2/4/2013	3/4/2013	4/2/2013
Registered Landlords	1544	1547	1552	1558	1552	1556	1562	1565	1572	1575	1579	1583	1583
Landlords New to Section 8 Program	15	0	4	0	6	3	6	2	3	3	5	5	0
Active Properties Listed	82	70	64	55	64	47	52	63	65	61	44	50	35





To: Christine Gouig, Executive Director
From: Sharon DeCray, HAFS Manager
Re: **FSS Program Summary**
CC: Ron Dion, Linda Evans, Phyllis Harrison, Mary Sturges
Date: April 2, 2013

Program Summary	March 2013
Total Clients Under Contract:	147
Graduates:	0
Escrow Disbursed:	\$0
Ports In:	0
Ports Out:	0
Terminations:	6
New Contracts:	1

FSS PROGRAM NEWS:

Workshops

On Thursday, March 14, the FSS Department facilitated a HACA Scholarship workshop for Public Housing residents and active FSS participants. Sharon DeCray reviewed the application and the importance of having references and a personal essay included with the application. The application deadline and disbursement amounts were explained. The workshop was open to anyone in the household enrolled in or planning to attend a public or private accredited adult school, community college, university, licensed vocational school or trade apprenticeship program.

On Thursday, March 21, Gloria Brown led a round table discussion called "Creating Successful Strategies for Life." The discussion centered on having balance in one's life. Gloria used a tool with the group called "The Wheel of Life." The exercise focused the participants' attention on each area of life and assessed those that were off balance. The activity was very interactive and many acknowledged that the tool will help them focus and improve their life balance.

On Saturday, March 23, Safe America Credit Union presented “Understanding Credit and Identity Theft.” Topics included:

- Understanding a credit report
- What makes up a credit score
- How to start repairing a credit score
- Protection from identity theft
- Common identity theft scams

The participants were highly engaged throughout the entire workshop and gave excellent reviews on the material and the presenter.

Orientation

On Wednesday, March 20, the FSS staff conducted a Section 8 Homeownership orientation for elderly and/or disabled households. The attendees were given information on the basic requirements of the program. Staff answered questions and gave direction as to the next steps in the process. Our goal is to have an elderly and/or disabled household orientation at least twice a year.

Referrals= Case Management = 55

ATTACHMENT A

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the County of Alameda (the Authority) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and OMB Circular A-133 as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 21, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- Management's estimate of the useful lives of capital assets is based on the intended use and is within generally accepted accounting principles guidelines. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the investments is based on fair value in accordance with GASB 31. We evaluated the key factors and assumptions used to develop the investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Disclosures: Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the Authority property sales to Preserving Alameda County Housing, Inc. in Note 15.
- The disclosure of reclassification of beginning net assets for Housing Choice Voucher and Other Non-major Enterprise Fund in Note 16.

Difficulties Encountered in Performing the Audit: We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 12, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

For the year ended June 30, 2012, we have an audit finding for the Housing Choice Voucher Program pertaining to Eligibility under the single audit compliance. This has been fully explained in the audit report under Finding 2012-1.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Patricia A. Asouhals
Oakland, California
March 12, 2013

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

 **Patel &**
Associates
Certified Public Accountant

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Housing Authority of the County of Alameda (the Authority) as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Authority, as of June 30, 2012, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) are presented for purposes of additional analysis and are 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 listed in the table of contents and the schedule of expenditure of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.


Oakland, California
March 12, 2013

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

The Housing Authority of the County of Alameda (the Authority) primarily provides housing assistance to low income individuals and families. Its primary sources of funding are through grants received from the U.S. Department of Housing and Urban Development (HUD) and rents collected from the properties it owns.

The Authority's Management's Discussion and Analysis (MD&A) is designed to:

- provide an overview of the Authority's financial activity,
- identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges),
- assist the reader in focusing on significant financial issues, and
- identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the attached financial statements.

FINANCIAL HIGHLIGHTS

Total assets of the Authority were \$47.18 million and total liabilities were \$1.78 million.

The assets of the Authority exceeded its liabilities at the close of the fiscal year (FY) by \$45.39 million (net assets). Of that amount, \$9.40 million was invested in capital assets; \$19.17 million was considered restricted and \$16.82 million was considered unrestricted and may be used to meet the Authority's ongoing obligations. The Authority's FY 2012 total net assets increased by \$0.15 million (0.3%) compared to the FY 2011 balance of \$45.24 million.

Total revenues, excluding Housing Assistance Payments-Portability in, decreased by approximately \$13.51 million (13%) during 2012, and were \$87.85 million and \$101.36 million for 2012 and 2011, respectively. The decrease is largely the effect of one-time revenues received in the prior fiscal year that are related to the disposition of the Arroyo Vista property. The Authority also experienced reduced HUD funding.

Total expenses, excluding Housing Assistance Payments-Portability in, increased by approximately \$0.90 million (1%). Total expenses were \$87.70 million and \$86.80 million for 2012 and 2011, respectively.

The Authority's component unit, Preserving Alameda County Housing, Inc. (PACH) was formed in March 2011. The Authority is the managing agent for the properties owned by PACH. For FY 2012, PACH was in operation for 10 months. It had total assets of \$3.05 million, total liabilities of \$0.53 million and net assets of \$2.52 million.

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business in that all enterprise fund type activities are consolidated into columns, which add to a total for the entire Authority. The Authority-wide financial statements report information on the Authority as a whole, net of inter-fund activity.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

The *Statement of Net Assets* is similar to a Balance Sheet. The Statement of Net Assets provides information about the Authority's financial and capital resources (assets) and its obligations to creditors (liabilities). Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year) and "Non-current". The statement is presented in the format where assets minus liabilities equal "Net Assets", formerly known as equity.

Net Assets (formerly equity) are reported in three broad categories:

- Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as security deposits, debt covenants), grantors, contributors, laws, regulations, etc.
- Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets". It represents the net available liquid assets, net of liabilities, for the entire Authority.

Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Fund Net Assets* is similar to an Income Statement. This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative costs, utilities, maintenance, depreciation, and Non-Operating Revenue & Expenses, such as grant revenue, investment income and interest expense. The focus of this statement is the "Change in Net Assets", which is similar to Net Income or Loss.

The *Statement of Cash Flows* discloses net cash provided by or used for operating activities, investing activities, non-capital financing activities, and from capital and related financing activities. This statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the fiscal year.

The accompanying *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. The Enterprise method of accounting is similar to accounting utilized by the private sector where the determination of net income is necessary or useful to sound financial administration. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

using grants and other monies. They are reported using the full accrual method of accounting.

The Department of Housing and Urban Development (HUD) requires the Authority to maintain many of the funds. Others are segregated to enhance accountability and control.

FINANCIAL ANALYSIS

**TABLE 1
STATEMENT OF NET ASSETS
(in millions)**

	The Authority		PACH		TOTAL		Change	%
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011		
Current and other assets	\$ 26.78	\$ 35.01	\$ -	\$ -	\$ 26.78	\$ 35.01	\$ (8.23)	-24%
Non-current assets	11.00	3.48	-	-	11.00	3.48	7.52	216%
Capital assets	6.35	8.91	3.05	-	9.40	8.91	0.49	5%
Total assets	44.13	47.40	3.05	-	47.18	47.4	(0.22)	0%
Current liabilities	1.50	2.09	0.23	-	1.73	2.09	(0.36)	-17%
Noncurrent liabilities	(0.25)	0.07	0.30	-	0.05	0.07	(0.02)	-29%
Total liabilities	1.25	2.16	0.53	-	1.78	2.16	(0.38)	-18%
Net assets:								
Invested in capital assets	6.35	8.91	3.05	-	9.40	8.91	0.49	5%
Restricted	19.17	18.56	0.00	-	19.17	18.56	0.61	3%
Unrestricted	17.35	17.77	(0.53)	-	16.82	17.77	(0.95)	-5%
Total net assets	\$ 42.87	\$ 45.24	\$ 2.52	\$ -	\$ 45.39	\$ 45.24	\$ 0.15	0%

Major Factors Affecting the Statement of Net Assets (Table 1)

Current and other assets decreased by approximately \$8.23 million due to lesser amounts of cash and cash equivalents and investments as the remaining balance of the net proceeds from the disposition of the former Arroyo Vista project was loaned out to Eden Dougherty, LLP and lower amounts of accounts receivable balances.

Non-current assets increased by approximately \$7.52 million due to the increase in Notes Receivable from Eden Dougherty, LLP for a total amount of \$11 million. The disposition approval imposed that the net proceeds were to be loaned to the redeveloper of the former Arroyo Vista site, to use for the development of new low-income family and elderly housing units.

Total liabilities decreased by approximately \$0.38 million primarily due to decreases in deferred revenue, accounts payable – other and other liabilities.

Total net assets increased by \$0.15 million and were \$45.39 million and \$45.24 million (see note 15) in 2012 and 2011, respectively. Table 2 presents details on the change in Net Assets.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

Net assets invested in capital assets (e.g., land, buildings and improvements, furniture and equipment) increased by approximately \$0.49 and were \$9.40 million and \$8.91 million in 2012 and 2011, respectively. The increase was primarily due to capitalized repairs and improvements to units.

Restricted Net Assets balance increased by \$0.61 million to \$19.17 million as of June 30, 2012 and includes \$11.00 million of restricted monies received from the net proceeds of the disposition of Arroyo Vista which was loaned out to Eden Dougherty, LLC and \$8.06 million of excess HCV and VASH funds restricted for payments of housing assistance payments (HAP) up to the number of vouchers authorized by HUD that cannot be used for operations.

Unrestricted Net Assets decreased by \$0.95 million to \$16.82 million as of June 30, 2012 and may be used to meet the Authority's ongoing obligations to clients and creditors.

**TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(in millions)**

	The Authority		PACH		TOTAL		Change	%
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011		
Revenues								
Rental revenue – tenant	\$ 1.18	\$ 1.36	\$ 0.37	\$ -	\$ 1.55	\$ 1.36	\$ 0.19	14%
Operating subsidies and grants	84.37	86.06	-	-	84.37	86.06	(1.69)	-2%
Gain (loss) on disposition of capital assets	(2.81)	8.65	2.81	-	-	8.65	(8.65)	n/a
Investment income	0.06	0.07	-	-	0.06	0.07	(0.01)	-14%
Other revenue	1.87	5.22	-	-	1.87	5.22	(3.35)	-64%
Subtotal	84.67	101.36	3.18	-	87.85	101.36	(13.51)	-13%
Housing Assistance Payments-Portability in *	20.75	-	-	-	20.75	-	20.75	n/a
Total revenues	105.42	101.36	3.18	-	108.60	101.36	7.24	7%
Expenses								
Administrative	8.69	8.67	0.21	-	8.90	8.67	0.23	3%
Tenant service	0.01	0.22	-	-	0.01	0.22	(0.21)	-95%
Utilities	0.22	0.22	0.01	-	0.23	0.22	0.01	5%
Maintenance	1.04	1.14	0.20	-	1.24	1.14	0.10	9%
General	0.64	0.55	0.00	-	0.64	0.55	0.09	16%
Housing Assistance Payments	75.90	75.12	-	-	75.90	75.12	0.78	1%
Depreciation	0.54	0.88	0.24	-	0.78	0.88	(0.10)	-11%
Subtotal	87.04	86.80	0.66	-	87.70	86.80	0.90	1%
Housing Assistance Payments-Portability in *	20.75	-	-	-	20.75	-	20.75	n/a
Total expenses	107.79	86.80	0.66	-	108.45	86.80	21.65	25%
Net Income (Loss) – Change in Net Assets	\$ (2.37)	\$ 14.56	\$ 2.52	\$ -	\$ 0.15	\$ 14.56	\$ (14.41)	-99%

* Housing Assistance Payments-Portability in revenue and expense were netted out and not presented in the FY 2011 financial statements.

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Assets (Table 2)

Total revenues decreased by approximately \$13.51 million (13%) and total expenses increased by approximately \$0.90 million (1%) from a year ago.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

HUD provided 96% of the Authority's revenue in 2012 and 2011. The Housing Choice Voucher (HCV) program represents the majority of the Authority's total operating subsidies and grants revenue. Changes in HUD funding directly impact the Authority's operating results. Operating subsidies and grants decreased by 2% from the previous year. The HCV Program received \$1.8M less annual contributions from HUD as compared to last year.

Most expenses changed slightly with the exception of tenant services, which last year included the relocation costs paid out as a result of the disposition of the Arroyo Vista project.

The component unit, PACH, started operations in September 2011. Revenue and expenses account for the 10-month leasing operations. Expenses include administration (management fees and contracted services), utilities, maintenance and depreciation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (Table 3)

As of fiscal year ended June 30, 2012, the Authority had \$9.40 million invested in a variety of capital assets as reflected in the following table, which represents a net increase (addition, deductions (disposition and depreciation) of approximately \$0.49 million or 5% from the end of last year.

**TABLE 3
CAPITAL ASSETS AND DEBT ADMINISTRATION
(in millions)**

	The Authority		PACH		TOTAL		Change	%
	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>		
Land and land rights	2.45	3.59	1.14	-	\$ 3.59	\$ 3.59	\$ -	0%
Buildings and improvements	13.87	17.76	5.15	-	19.02	17.76	1.26	7%
Furniture and equipment	1.47	1.47	-	-	1.47	1.47	-	0%
Accumulated depreciation	(11.44)	(13.91)	(3.24)	-	(14.68)	(13.91)	(0.77)	6%
Total	\$ <u>6.35</u>	\$ <u>8.91</u>	\$ <u>3.05</u>	\$ <u>-</u>	\$ <u>9.40</u>	\$ <u>8.91</u>	\$ <u>0.49</u>	<u>5%</u>

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

The following reconciliation summarizes the change in capital assets, which is presented in detail in the notes to the financial statements.

**TABLE 4
CHANGE IN CAPITAL ASSETS
(in millions)**

	<u>The Authority</u>	<u>PACH</u>	<u>Total</u>
Beginning balance – July 1, 2011	\$ 7.77	\$ 1.14	\$ 8.91
Additions	0.79	0.47	1.26
Deductions (disposition)	(2.82)	2.82	-
Depreciation expense	(0.53)	(0.24)	(0.77)
Total	<u>\$ 5.21</u>	<u>\$ 4.19</u>	<u>\$ 9.40</u>

Debt Outstanding

As of year-end, the Authority had no debt (bonds, notes, etc.) outstanding. The component unit, PACH, had an outstanding indebtedness of \$300,000.

ECONOMIC FACTORS

The Authority continues to be dependent on funding from HUD for the Public Housing and Housing Choice Voucher programs. Together with the prolonged economic recession, Federal budget cuts enacted in prior years and expected to occur in future periods create challenges that need to be addressed. The Authority has responded in part by forming Preserving Alameda County Housing, Inc. (PACH) on March 23, 2011. PACH is a non-profit public benefit support corporation and a component unit of the Authority.

To continue providing affordable housing assistance with less reliance on HUD operating and capital grants, the Authority has disposed of most of its 230 Public Housing units to PACH. The Authority submitted an application to HUD to dispose of all 58 of its scattered-site Public Housing units in October 2009. That application was approved by HUD December 13, 2010. The Authority was funded for 58 replacement vouchers which it project based. The disposition was completed on June 29, 2012.

The Authority submitted another disposition application to HUD to dispose of all 100 of its Public Housing units designated for elderly or disabled tenants in December 2010. That application was approved by HUD in February 2012. The Authority applied for 100 replacement vouchers in March 2012. The Authority will project base them as well and dispose of the units to PACH. The disposition is expected to be completed by November 2012.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2012**

The need for affordable housing in Alameda County has historically and will continue to be very high. The number of people served and the level of service the Authority provide are constrained only by the amount of funds available for those services. The Authority is primarily dependent upon HUD for the funding of operations; therefore, it is affected more by the Federal budget than by local economic conditions. For a number of years, the Authority continues to be challenged with unpredictable and reduced HUD funding levels to administer federal housing programs. The reduction has required the Authority's management to implement a comprehensive strategy to find new ways of assisting its participants while reducing costs, and continuing to comply with regulatory requirements. The Authority continues to look for ways to improve the efficiency, effectiveness and economy of its programs and administration. It is anticipated that most programs will continue to receive renewal funding.

The Authority continues to be challenged by other significant external and economic factors beyond its control which includes the following:

- Local labor supplies and demand, which can affect salary and wage rates
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Supply of affordable housing
- Restructuring of the financial and health insurance industries
- Increasing pension liabilities

FINANCIAL CONTACT

The individual to be contacted regarding this report is Cathy Leoncio, Finance Director, at (510) 727-8521. Specific requests may be submitted to the Housing Authority of the County of Alameda, 22941 Atherton Street, Hayward, California 94541-6633.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Primary Government Business-Type Activities</u>
Assets	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 10,999,052
Investments (Note 2)	7,174,784
Accounts receivable - HUD	420,496
Accounts receivable - other	28,361
Prepaid and other assets	<u>4,877</u>
Total current assets	<u>18,627,570</u>
Restricted assets:	
Cash and cash equivalents (Note 2)	<u>8,146,491</u>
Total restricted assets	<u>8,146,491</u>
Non-current assets:	
Note receivable (Note 14)	<u>11,000,000</u>
Total non-current assets	<u>11,000,000</u>
Capital assets (Note 4)	24,085,335
Less accumulated depreciation (Note 4)	<u>(14,683,786)</u>
Capital assets, net	<u>9,401,549</u>
Total assets	<u>47,175,610</u>
Liabilities	
Current liabilities:	
Accounts payable	323,983
Accounts payable - HUD	9,200
Accounts payable - other	77,744
Accrued compensated absences - current portion (Note 1)	189,243
Deferred revenue (Note 9)	20,180
Tenants security deposits	103,090
Other liabilities	567,943
Accrued liabilities	<u>444,730</u>
Total current liabilities	<u>1,736,113</u>
Noncurrent liabilities:	
Accrued compensated absences - noncurrent portion (Note 1)	<u>48,654</u>
Total noncurrent liabilities	<u>48,654</u>
Total liabilities	<u>1,784,767</u>
Net assets:	
Investment in capital assets	9,401,549
Restricted	19,165,205
Unrestricted	<u>16,824,089</u>
Total net assets	<u>\$ 45,390,843</u>

The accompanying notes are an integral part of these financial statements

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
Primary government	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Total</u>
Business-type activities:					
Low Rent Public Housing Program	\$ 2,344,850	\$ 828,677	\$ 902,172	\$ 909,801	\$ 295,800
Housing Choice Voucher Program	81,322,292	-	80,050,256	-	(1,272,036)
Housing assistance payments-Portability-in	20,754,861	20,754,861	-	-	-
Housing Development Fund	371,481	143,373	-	-	(228,108)
Preserving Alameda County Housing	661,129	371,328	-	-	(289,801)
Shelter Plus Care	1,396,863	-	1,396,863	-	-
Moderate Rehabilitation 1	121,222	-	121,222	-	-
Moderate Rehabilitation 4	982,608	-	982,608	-	-
Choices Program	310,966	-	-	-	(310,966)
Ocean Avenue	72,732	72,986	-	-	254
Park Terrace	96,427	120,018	-	-	23,591
Union City Managed	<u>16,640</u>	<u>14,745</u>	<u>-</u>	<u>-</u>	<u>(1,895)</u>
Total Business-type activities	<u>\$ 108,452,071</u>	<u>\$ 22,305,988</u>	<u>\$ 83,453,121</u>	<u>\$ 909,801</u>	<u>(1,783,161)</u>
General revenues:					
Other revenue					1,873,585
Investment income					<u>59,490</u>
Total general revenues					1,933,075
Equity transfer (Note 13)					<u>1,895</u>
Change in net assets					151,809
Net assets - beginning					<u>45,239,034</u>
Net assets - ending					<u>\$ 45,390,843</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2012

	Major Enterprise Funds					Other	Total
	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	PACH	Mod Rehab-4	Enterprise Funds Non-Major	
Assets							
Current assets:							
Cash and cash equivalents (Note 2)	\$ 999,319	\$ 3,378,872	\$ 4,936,297	\$ 5,665	\$ -	\$ 1,678,899	\$ 10,999,052
Investments (Note 2)	505,627	-	6,669,157	-	-	-	7,174,784
Accounts receivable - HUD	-	15,212	-	-	314,233	91,051	420,496
Accounts receivable - other	13,714	7,340	-	2,073	-	5,234	28,361
Prepaid and other assets	346	3,421	-	1,110	-	-	4,877
Due from other funds (Note 3)	97,599	455,478	37,520	-	-	43,527	634,124
Total current assets	1,616,605	3,860,323	11,642,974	8,848	314,233	1,818,711	19,261,694
Restricted assets:							
Cash and cash equivalents (Note 2)	72,561	8,064,215	-	-	-	9,715	8,146,491
Total restricted assets	72,561	8,064,215	-	-	-	9,715	8,146,491
Non-current assets:							
Note receivable - interfund (Note 17)	-	-	300,000	-	-	-	300,000
Note receivable (Note 14)	11,000,000	-	-	-	-	-	11,000,000
Total non-current assets	11,000,000	-	300,000	-	-	-	11,300,000
Capital assets (Note 4)	10,290,558	138,286	5,014,930	6,287,161	-	2,354,400	24,085,335
Less accumulated depreciation (Note 4)	(7,995,989)	(106,775)	(2,342,209)	(3,241,786)	-	(997,027)	(14,683,786)
Capital assets, net	2,294,569	31,511	2,672,721	3,045,375	-	1,357,373	9,401,549
Total assets	14,983,735	11,956,049	14,615,695	3,054,223	314,233	3,185,799	48,109,734
Liabilities							
Current liabilities:							
Accounts payable	24,845	254,597	1,203	21,172	4,326	17,840	323,983
Accounts payable - HUD	-	7,925	-	-	-	1,275	9,200
Accounts payable - other	67,192	10,552	-	-	-	-	77,744
Accrued compensated absences - current portion (Note 1)	22,361	166,882	-	-	-	-	189,243
Deferred revenue (Note 9)	-	-	5,310	-	-	14,870	20,180
Tenants security deposits	72,561	-	-	18,714	-	11,815	103,090
Other liabilities	-	567,943	-	-	-	-	567,943
Accrued liabilities	91,938	184,347	10,951	122,818	-	34,676	444,730
Due to other funds (Note 3)	14,960	144,713	850	66,107	309,907	97,587	634,124
Total current liabilities	293,857	1,336,959	18,314	228,811	314,233	178,063	2,370,237
Noncurrent liabilities:							
Note payable - interfund (Note 17)	-	-	-	300,000	-	-	300,000
Accrued compensated absences - noncurrent portion (Note 1)	4,165	44,489	-	-	-	-	48,654
Total noncurrent liabilities	4,165	44,489	-	300,000	-	-	348,654
Total liabilities	298,022	1,381,448	18,314	528,811	314,233	178,063	2,718,891
Net assets:							
Investment in capital assets	2,294,569	31,511	2,672,721	3,045,375	-	1,357,373	9,401,549
Restricted	11,072,561	8,064,215	-	18,714	-	9,715	19,165,205
Unrestricted	1,318,583	2,478,875	11,924,660	(538,677)	-	1,640,648	16,824,089
Total net assets	\$ 14,685,713	\$ 10,574,601	\$ 14,597,381	\$ 2,525,412	\$ -	\$ 3,007,736	\$ 45,390,843

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Major Enterprise Funds					Other Enterprise Funds Non-Major	Totals
	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	PACH	Mod Rehab-4		
<u>Operating revenues</u>							
Rental revenue - tenants	\$ 828,677	\$ -	\$ 143,373	\$ 371,328	\$ -	\$ 207,749	\$ 1,551,127
Other revenue-HAP portability-in	-	20,754,861	-	-	-	-	20,754,861
Total operating revenues	828,677	20,754,861	143,373	371,328	-	207,749	22,305,988
<u>Operating expenses</u>							
Administration	853,271	7,546,812	23,275	210,074	105,979	156,635	8,896,046
Tenant service	11,963	-	-	-	-	-	11,963
Utilities	156,755	-	52,349	14,395	-	7,345	230,844
Ordinary maintenance and operations	888,917	-	118,763	192,795	-	43,673	1,244,148
General expenses	153,212	164,418	-	5,549	-	312,762	635,941
Depreciation	280,732	17,136	177,094	238,316	-	62,491	775,769
Housing assistance payments-Portability-in	-	20,754,861	-	-	-	-	20,754,861
Housing assistance payments	-	73,593,926	-	-	876,629	1,431,944	75,902,499
Total operating expenses	2,344,850	102,077,153	371,481	661,129	982,608	2,014,850	108,452,071
Operating loss	(1,516,173)	(81,322,292)	(228,108)	(289,801)	(982,608)	(1,807,101)	(86,146,083)
<u>Non-operating revenues</u>							
HUD PHA grants	902,172	80,050,256	-	-	982,608	1,518,085	83,453,121
Capital grants	909,801	-	-	-	-	-	909,801
Gain (loss) from capital assets (Note 15)	(2,815,213)	-	-	2,815,213	-	-	-
Other revenue	88,100	1,469,519	5,000	-	-	310,966	1,873,585
Investment income	8,759	12,213	34,005	-	-	4,513	59,490
Total non-operating revenues	(906,381)	81,531,988	39,005	2,815,213	982,608	1,833,564	86,295,997
Income/(loss) before transfers	(2,422,554)	209,696	(189,103)	2,525,412	-	26,463	149,914
Equity transfer (Note 13)	-	-	-	-	-	1,895	1,895
Change in net assets	(2,422,554)	209,696	(189,103)	2,525,412	-	28,358	151,809
Net assets at the beginning of year (Note 16)	17,108,267	10,364,905	14,786,484	-	-	2,979,378	45,239,034
Ending net assets	\$ 14,685,713	\$ 10,574,601	\$ 14,597,381	\$ 2,525,412	\$ -	\$ 3,007,736	\$ 45,390,843

The accompanying notes are an integral part of these financial statements

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

	Low-rent Public Housing	Housing Choice Vouchers	Housing Development Fund	PACH	Mod Rehab-4	Enterprise Funds Non-Major	Totals
Cash flows from operating activities:							
Cash collected from:							
Dwelling rental	\$ 797,824	\$ -	\$ 143,373	\$ 387,969	\$ -	\$ 209,152	\$ 1,538,318
Cash paid for							
Housing assistance payments	-	(73,776,900)	-	-	(863,256)	(1,433,006)	(76,073,162)
Employee expenses	(606,138)	(6,302,336)	-	-	-	(192,120)	(7,100,594)
Administrative expenses	(256,221)	(1,033,131)	(6,676)	(210,074)	(105,979)	35,485	(1,576,596)
General expenses	(333,949)	(228,355)	(52,349)	(21,054)	-	(320,107)	(955,814)
Maintenance expenses	(1,167,319)	-	(153,035)	(48,805)	-	337,019	(1,032,140)
Net cash (used)/provided by operating activities	<u>(1,565,803)</u>	<u>(81,340,722)</u>	<u>(68,687)</u>	<u>108,036</u>	<u>(969,235)</u>	<u>(1,363,577)</u>	<u>(85,199,988)</u>
Cash flows from non capital & related financing activities:							
Other revenue received	88,102	1,469,519	5,000	-	-	310,966	1,873,587
Interfund payments	(347,203)	(786,829)	-	-	(13,373)	(453,397)	(1,600,802)
Interfund receipts	669,068	413,641	351,535	66,108	-	100,450	1,600,802
Grant revenue received	1,811,973	80,050,256	-	-	982,608	1,518,085	84,362,922
Net cash provided by non capital financing activities	<u>2,221,940</u>	<u>81,146,587</u>	<u>356,535</u>	<u>66,108</u>	<u>969,235</u>	<u>1,476,104</u>	<u>86,236,509</u>
Cash flows from capital and related financing activities:							
Acquisition of capital assets, net	(661,408)	-	(106,626)	(468,479)	-	(32,752)	(1,269,265)
Proceeds from sale of capital assets	1	-	-	-	-	-	1
Loan to Component Unit	-	-	(300,000)	300,000	-	-	-
Note Receivable-balance of loan to Eden	(7,520,989)	-	-	-	-	-	(7,520,989)
Collection of Accounts Receivable from Other Government	-	-	1,500,000	-	-	-	1,500,000
Net cash (used)/provided by capital and related financing activities	<u>(8,182,396)</u>	<u>-</u>	<u>1,093,374</u>	<u>(168,479)</u>	<u>-</u>	<u>(32,752)</u>	<u>(7,290,253)</u>
Cash flows from investing activities:							
Proceeds from investment maturities	6,594,726	-	-	-	-	1,559,676	8,154,402
Purchase of investments	-	-	(2,023,853)	-	-	-	(2,023,853)
Interest received from investments	8,759	12,213	34,005	-	-	4,513	59,490
Net cash (used)/provided by investing activities	<u>6,603,485</u>	<u>12,213</u>	<u>(1,989,848)</u>	<u>-</u>	<u>-</u>	<u>1,564,189</u>	<u>6,190,039</u>
Net (decrease)/increase in cash and cash equivalents	(922,774)	(181,922)	(608,626)	5,665	-	1,643,964	(63,693)
Cash and cash equivalents at the beginning of the year (Note 2)	<u>1,994,654</u>	<u>11,625,009</u>	<u>5,544,923</u>	<u>-</u>	<u>-</u>	<u>44,650</u>	<u>19,209,236</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,071,880</u>	<u>\$ 11,443,087</u>	<u>\$ 4,936,297</u>	<u>\$ 5,665</u>	<u>\$ -</u>	<u>\$ 1,688,614</u>	<u>\$ 19,145,543</u>
Reconciliation of operating loss to net cash used in operating activities:							
Operating loss	\$ (1,516,173)	\$ (81,322,292)	\$ (228,108)	\$ (289,801)	\$ (982,608)	\$ (1,807,101)	\$ (86,146,083)
Adjustments to reconcile operating loss to net cash used in operating activities:							
Equity transfer in/out	-	-	-	-	-	1,895	1,895
Depreciation expense	280,732	17,136	177,094	238,316	-	62,491	775,769
(Increase)/Decrease in accounts receivable - HUD	-	-	-	-	9,442	(1,062)	8,380
(Increase)/Decrease in in accounts receivable - other	23,339	(15,212)	16,597	-	-	(310)	24,414
(Increase)/Decrease in in accounts receivable - other government	(10,164)	26,934	-	-	-	473,309	490,079
(Increase)/Decrease in accounts receivable - tenants	(3,491)	-	-	(2,073)	-	108	(5,456)
(Increase)/Decrease in prepaid expenses	6,079	24,131	-	(1,110)	-	-	29,100
Increase/(Decrease) in accounts payable	1,524	(14,021)	(20,121)	21,172	3,931	(9,320)	(16,835)
Increase/(Decrease) in wages/payroll taxes payable	1,428	2,083	-	-	-	-	3,511
Increase/(Decrease) in accounts payable - other government	(18,098)	10,552	-	-	-	6,487	(1,059)
Increase/(Decrease) in accrued compensated absences	(352)	(63,937)	-	-	-	-	(64,289)
Increase/(Decrease) in deferred revenue	(356,953)	(182,974)	514	-	-	(122,666)	(662,079)
Increase/(Decrease) in accrued liabilities	53,688	176,878	(14,663)	122,818	-	33,192	371,913
Increase/(Decrease) in tenant security deposit	(27,362)	-	-	18,714	-	(600)	(9,248)
Net cash (used)/provided by operating activities	<u>\$ (1,565,803)</u>	<u>\$ (81,340,722)</u>	<u>\$ (68,687)</u>	<u>\$ 108,036</u>	<u>\$ (969,235)</u>	<u>\$ (1,363,577)</u>	<u>\$ (85,199,988)</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization

The Housing Authority of the County of Alameda (the Authority) was established by the Alameda County Board of Supervisors on December 3, 1968. It is funded primarily by the Department of Housing and Urban Development (HUD) by means of Annual Contribution Contracts.

The Authority provides housing assistance to low and moderate-income families at rents they can afford. Eligibility is determined by family composition, income and residency in areas served by the Authority.

The accompanying financial statements are those of the Low Rent Public Housing Program, the Housing Choice Voucher Program, the existing Moderate Rehabilitation programs, the Authority administered Shelter Plus Care program and the Housing Development Fund. A summary of the programs administered by the Authority is provided below to assist the reader in interpreting such financial statements.

(b) Major Funds

Based on criteria established by the Governmental Accounting Standards Board's Statement No. 34, the Authority has reported the following major funds:

Low Rent Public Housing - Under the Low Rent Public Housing Program (LRPH), the Authority rents units that it owns to low-income households. The LRPH Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the Authority to provide housing at a rent that is based upon 30% of a household's adjusted gross income. The LRPH Program also includes the Capital Fund Program (CFP), which is the primary funding source for physical and management improvements to the Authority's properties.

In October 2009, the Authority submitted to HUD an application for the disposition of 58 of its public housing units with the plan to convert them to Section 8 Project-Based Vouchers. The disposition application was approved on December 13, 2010. Replacement vouchers were provided in two increments: 40 in April 2011 and 18 in July 2011.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program (HCV), the Authority administers contracts with independent landlords that own properties. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions funding to enable the Authority to structure

a lease that sets the participant's rent at 30% of adjusted gross income. The HCV program also provides rental assistance for homeless veterans with case management and clinical services through Veterans Affairs Supportive Housing provided by the Department of Veterans Affairs (VA). VA provides these services for participating veterans at VA medical centers (VAMC's) and community-based outreach clinics.

Housing Development Fund - The Authority maintains a Local Fund for low-income housing development and management improvements.

Moderate Rehabilitation Program - 4 - A form of the Section 8 Rental Assistance program in which the rental assistance is "tied" to the rental unit rather than to the family. The Authority has 83 units under this program.

Preserving Alameda County Housing On March 23, 2011, the Authority formed Preserving Alameda County Housing, Inc. (PACH), a non-profit public benefit support corporation and a component unit as defined by GASB 14. PACH was organized under the Nonprofit Public Corporation Law for the purpose of acquiring, owning, leasing, rehabilitating and operating affordable housing units and to serve as a support corporation for the Authority. The Authority acts as the agent for the management of the properties owned by PACH.

Non-major Funds - In addition to the major funds above, the Authority also maintains the following non-major funds. Non-major funds are defined as funds that have assets, liabilities, revenues, or expenses less than 10% of the Authority's total assets, liabilities, revenues or expenses:

Shelter Plus Care Program - This program provides rental assistance and supportive services for homeless individuals who have long-term disabilities resulting mainly from serious mental illness, alcohol and drug abuse, or an HIV positive medical condition and is funded through the Alameda County Housing and Community Development Agency, for which the Authority provides the housing subsidy administration.

Moderate Rehabilitation Program-1 - A form of the Section 8 Rental Assistance program in which the rental assistance is "tied" to the rental unit rather than to the family. The Authority has 13 units under this program.

Other Business Activities - The Authority owns non-assisted units in Hayward known as Park Terrace (9 units) and in Emeryville known as Ocean Avenue (6 units) that are rented to low-income families. The Authority owns land in Union City to be developed for low-income housing. The Authority also manages, for a fee, 2 houses owned by the City of Union City and these homes are also rented to low-income families. In December 2009, the Authority also established the CHOICES program with the Alameda County Behavioral Health Care Services Department (BHCS). The program provides a monthly housing subsidy for designated BHCS clients with serious mental health issues.

(c) **Basis of Accounting**

The basic accounting and reporting entity is a "fund". A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the basic financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement.

The Authority is accounted for as an enterprise fund, which is used to account for operations similar to a private business enterprise where the intent of the Authority is that the costs and expenses, including depreciation, of providing services to the members on a continuing basis be financed or recorded primarily through user charges.

As an enterprise fund, the Authority uses the full accrual basis of accounting. With the economic resources measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net assets, all revenues are recognized when earned, and all expenses, including depreciation, are recognized when incurred. Enterprise fund net assets include investment in capital assets, restricted net assets, and unrestricted net assets.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

Statement of Net Assets – The statement of net assets is designed to display the financial position of the Authority. Fund equity is reported as net assets and is broken down into three categories defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- Unrestricted – This component of net assets consists of net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

Statement of Revenues, Expenses, and Changes in Net Assets – The statement of revenues, expenses, and changes in net assets is the operating statement for the enterprise fund. Revenues are reported by major source. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income.

(d) **Measurement Focus**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The proprietary fund types are accounted for on an “income determination” or “cost of services” measurement focus. Accordingly, all assets and liabilities are included on the statement of net assets, and the reported net assets provide an indication of the historical net worth of the fund. Operating statements for proprietary fund types report increases (revenues) and decreases (expenses) in total historical net worth.

Proprietary funds use the accrual basis of accounting, i.e., revenues are recognized in the period earned and expenses are recognized in the period incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses result from providing goods and services related to the fund’s ongoing operations. The principal operating revenue of the Authority’s enterprise funds is dwelling rental income. Operating expenses include the cost of services provided, administrative expenses and depreciation on fixed assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(e) **Cash, Cash Equivalents and Investments**

The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments. For purposes of the statement of cash flows, cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds’ share in the cash and investment pool of the Authority. Cash equivalents have an original maturity date of three months or less from the date of purchase.

The Authority pools cash and investments of all funds. Each fund’s share in this pool is displayed in the accompanying financial statements as *cash* and *investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund’s average cash and investment balance.

Investments are reported at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools.

(f) **Capital Assets**

The Authority's established capitalization policy requires all acquisitions of property and equipment in excess of \$3,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

	<u>Years</u>
Furniture and equipment	5
Building improvements	10
Buildings	27.5

(g) **Accounts Receivable**

Receivables are principally amounts due from other governments and tenants. Allowance for doubtful accounts has been provided based on the likelihood of the recoverability.

(h) **Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(i) **Accrued Compensated Absences**

Accumulated vacation benefits are recorded as liabilities on the books of the Authority. The total liability for the Authority is \$237,897 based on year-end hourly rates. Of this total amount, \$189,243 is the current portion, and \$48,654 is the non-current portion.

(j) **Net Assets**

Net assets consist of investment in capital assets, restricted net assets, and unrestricted net assets. Unrestricted net assets are designated for use for expenditures in future periods. Restricted net assets are designated for tenant security deposits, family self-sufficiency escrow deposits, capital fund program and HAP equity.

(k) **Taxes**

The Authority is exempt from federal and state income taxes. The Authority is also exempt from property taxes but makes payments in lieu of taxes on owned public housing.

(l) **Deferred Revenues**

Deferred revenues represent funds received that have not yet been earned. As the funds are earned, the liability is reduced.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30, 2012 are classified on the Statement of Net Assets as follows:

Unrestricted cash, cash equivalents and investments:	
Deposits with financial institution	\$ 10,998,652
Investments	7,174,784
Cash on hand	400
Restricted cash, cash equivalents and investments for tenant security deposits, family self-sufficiency escrow, and capital fund program:	
Deposits with financial institution	<u>8,146,491</u>
Total cash, cash equivalents and investments	<u>\$ 26,320,327</u>

The Authority had the following cash, cash equivalents and investments at June 30, 2012:

Cash and cash equivalents:	
Deposits with financial institution	\$ 4,743,340
Commercial papers	14,401,803
Cash on hand	400
Investments:	
State of California Local Agency Investment Fund (LAIF)	<u>7,174,784</u>
Total cash, cash equivalents and investments	<u>\$ 26,320,327</u>

A. Deposits

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. Generally credit risk is the risk that an issuer will not be able to fulfill its obligation to the holder of the investment. All time and savings deposits (which include money market deposit accounts and other interest-bearing checking accounts) maintained in an insured depository institution insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC) depending upon the type of deposit and the location of the insured depository institution. These accounts are held with a single financial institution. In addition to the insurance coverage provided by the financial institution, the Authority purchased unlimited insurance coverage for all the bank deposits. At June 30, 2012, no cash deposited with financial institution was exposed to credit risk.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pool such as LAIF.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The Authority considers the investments in LAIF to be highly liquid as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF. At June 30, 2012, an account was maintained in the name of the Authority for \$7,174,784, its fair value.

B. Investments

The Authority is authorized by State statutes and in accordance with the Authority's Investment Policy (Policy) to invest in the following:

- Securities issued or guaranteed by the Federal Government or its agencies
- State of California Local Agency Investment Fund (LAIF)
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The Authority's investments comply with the established policy.

NOTE 3: DUE FROM/TO OTHER FUNDS

During the course of operation, numerous transactions occur between the individual programs of the Authority for goods provided and services rendered. The receivables and payables balances at June 30, 2012, between the various funds of the Authority are as follows:

The Authority has a revolving disbursement account which provides for the pooling of cash to provide a method for the payment of items chargeable to multiple sources. The majority of disbursements are made from this disbursement fund with an appropriate receivable from the subsidiary general ledger whose costs are being paid. Interfund receivables and payables are eliminated as expeditiously as possible. Interfund due from/to in the Authority-wide Statement of Net Assets have been eliminated as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables.

	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Housing Development Program</u>	<u>Park Terrace</u>	<u>Ocean Avenue</u>	<u>U. C. Managed</u>	<u>Choices</u>	<u>Shelter Plus Care</u>	<u>Other Federal Program</u>	<u>Total Interfund Payable</u>
<u>Due From</u>										
Housing Choice Vouchers	\$ 66,300	\$ -	\$ 34,886	\$ 6,253	\$ 389	\$ 3,013	\$ 21,432	\$ 11,165	\$ 1,275	\$ 144,713
Low Rent Public Housing	-	12,423	2,537	-	-	-	-	-	-	14,960
Housing Development Fund	850	-	-	-	-	-	-	-	-	850
Moderate Rehab	-	400,958	-	-	-	-	-	-	-	400,958
PACH	24,010	42,097	-	-	-	-	-	-	-	66,107
Union City Managed	2,288	-	97	-	-	-	-	-	-	2,385
Ocean Avenue Development	1,336	-	-	-	-	-	-	-	-	1,336
Park Terrace	<u>2,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,815</u>
Total Interfund Receivable	<u>\$ 97,599</u>	<u>\$ 455,478</u>	<u>\$ 37,520</u>	<u>\$ 6,253</u>	<u>\$ 389</u>	<u>\$ 3,013</u>	<u>\$ 21,432</u>	<u>\$ 11,165</u>	<u>\$ 1,275</u>	<u>\$ 634,124</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

<u>Items</u>	<u>Balance at June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2012</u>
Capital assets not being depreciated:				
Land and land rights	\$ <u>3,588,497</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,588,497</u>
Total capital assets not being depreciated	<u>3,588,497</u>	<u>-</u>	<u>-</u>	<u>3,588,497</u>
Capital assets being depreciated:				
Building and improvements	17,757,588	1,269,262	-	19,026,850
Furniture and equipment	<u>1,469,988</u>	<u>-</u>	<u>-</u>	<u>1,469,988</u>
Total capital assets being depreciated	<u>19,227,576</u>	<u>1,269,262</u>	<u>-</u>	<u>20,496,838</u>
Less: accumulated depreciation for:				
Buildings and improvements	(13,041,969)	(707,991)	-	(13,749,960)
Furniture and equipment	<u>(866,048)</u>	<u>(67,778)</u>	<u>-</u>	<u>(933,826)</u>
Total accumulated depreciation	<u>(13,908,017)</u>	<u>(775,769)</u>	<u>-</u>	<u>(14,683,786)</u>
Total capital assets being depreciated, net	<u>5,319,559</u>	<u>493,493</u>	<u>-</u>	<u>5,813,052</u>
Total capital assets, net	\$ <u><u>8,908,056</u></u>	\$ <u><u>493,493</u></u>	\$ <u><u>-</u></u>	\$ <u><u>9,401,549</u></u>

Depreciation expense for the year ended June 30, 2012 was \$775,769.

A summary of enterprise funds capital assets at June 30, 2012 is shown below:

Capital Assets

Land and land rights	\$ 3,588,497
Buildings and improvements	19,026,850
Furniture and equipment	<u>1,469,988</u>
 Total capital assets	 24,085,335
 Less: Accumulated depreciation	 <u>(14,683,786)</u>
 Net capital assets	 <u>\$ 9,401,549</u>

NOTE 5: PAYMENT IN LIEU OF TAXES

In connection with the Low Rent Public Housing Program, the Authority is obligated to make annual payments in lieu of property taxes based on the lesser of assessable value of owned housing times the current tax rate or 10% of the dwelling rents net utilities expense. At June 30, 2012, accounts payable to others included \$67,192 for payment in lieu of taxes.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Plan Description:

The Authority provides retirement benefits for all its full-time employees through the Alameda County Employees Retirement Association (ACERA). ACERA began operations on January 1, 1948, and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, procedures and policies adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for Alameda County and five participating special districts located in the County, but ACERA is not under the control of the Alameda County Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2011 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

Plan Membership. All full time employees appointed to permanent positions are required by statute to enroll in the plan when they are hired.

Membership of ACERA at December 31, 2011, is as follows:

Retirees and beneficiaries currently receiving benefits	7,903
Active members	10,746
Inactive members	<u>1,826</u>
Total	<u><u>20,475</u></u>

Funding Policy

The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their date of entry and the actuarially calculated benefits, and are between 6.37 percent and 20.92 percent of their annual covered salary. Member contributions are refundable upon termination from the retirement system.

Alameda County and special districts are required by statute to contribute the amounts necessary to finance the estimated benefits accruing to their employees. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. The Authority's contribution for the fiscal year ended June 30, 2012 was \$1,486,969 including \$482,894 for the cost of early retirement benefit extended to 7 employees.

NOTE 7: CONTINGENT LIABILITIES

The Authority has received funds from various Federal and local grant programs. It is possible that at some future date, it may be determined that the Authority was not in compliance with applicable grant requirements. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

NOTE 8: RISK MANAGEMENT

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management pool has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public official's liability forms are used to cover the respective perils. Insurance for these perils is underwritten by a housing authority insurance pool: Housing Authorities Risk Retention Pool (HARRP).

HARRP is a Joint Powers Authority organized under the intergovernmental cooperation laws of the states of Washington, Oregon, California, and Nevada, to manage the self-insurance program of housing authorities. The relationship between the Authority and HARRP is not a component unit of the Authority for financial reporting purposes. Through HARRP, the Authority currently maintains general liability coverage for claims up to \$2 million and property insurance for claims up to \$2 million and also business auto, fidelity bonds and errors and omission coverages.

Condensed audited financial information for the year ended December 31, 2011 is as follows:

Total assets	\$ <u>32,768,241</u>
Total liabilities	6,705,607
Minority interest	15,133
Member's equity	<u>26,047,501</u>
Total liabilities and equity	\$ <u>32,768,241</u>
Total revenues	\$ 6,481,035
Total expenses	<u>7,268,446</u>
Expenses in excess of revenues	(787,411)
Minority interest in income of subsidiary	(5,116)
Member's equity at beginning of year	<u>26,840,028</u>
Member's equity at end of year	\$ <u>26,047,501</u>

NOTE 9: DEFERRED REVENUE

The changes in the Authority's deferred revenue account for the year ended June 30, 2012, were as follows:

Balance at the beginning of year	\$ 682,260
Decreases	<u>(662,080)</u>
Balance at the end of the year	\$ <u>20,180</u>

NOTE 10: OPERATING TRANSFERS IN/(OUT)

Operating transfers in/(out) for the year ended June 30, 2012 consisted of the following:

	Low Rent Public <u>Housing</u>	Capital Fund <u>Program</u>	Total <u>Transfers</u>
Low Rent Public Housing	\$ 239,293	\$ -0-	\$ 239,293
Capital Fund Program	<u>-0-</u>	<u>(239,293)</u>	<u>(239,293)</u>
Total transfers	\$ <u>239,293</u>	\$ <u>(239,293)</u>	\$ <u>-0-</u>

The transfer between the Capital Fund Program and Low Rent Public Housing Program resulted from the closeout of capital projects.

NOTE 11: RESTRICTED CASH AND INVESTMENTS

The Authority reports amounts as restricted cash for any security deposits received from tenants at the time of move-in. Those monies will be returned to the tenant upon move-out after all outstanding costs have been deducted. Also, the Authority reports amounts as restricted cash for FSS Escrow balances which are maintained in a separate bank account for tenants who participate in the Family Self Sufficiency Program. These monies are given to the tenant upon graduation from the program or are forfeited by the tenant if they do not graduate. The Authority also restricts net HAP assets in line with HUD requirements. All of these monies are restricted because they can not be used for the day-to-day operations of the Authority.

NOTE 12: JOINT POWERS AGREEMENT

The Authority participates in a joint venture under a joint powers agreement (JPA) with the California Housing Workers' Compensation Authority (CHWCA). CHWCA was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2011, there were thirty-three members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information as of and for the year ended December 31, 2011, is as follows:

Total assets	\$ 22,820,914
Total liabilities	13,764,696
Net assets	<u>9,056,218</u>
Total liabilities and net assets	\$ <u>22,820,914</u>
Operating revenues and non-operating revenues	\$ <u>4,859,639</u>
Operating expenses	<u>8,892,349</u>
Net decrease in net assets	(4,032,710)
Net assets, beginning of year	<u>13,088,928</u>
Net assets, end of year	\$ <u><u>9,056,218</u></u>

NOTE 13: EQUITY TRANSFER

The equity transfer of \$1,895 in the Union City Managed Fund is for the shortage between the amounts of rent collected, and expenses at the property. This amount is a receivable by the Authority from the City of Union City. This arrangement is based upon a property management agreement between the Authority and the City of Union City.

NOTE 14: NOTE RECEIVABLE

On March 4, 2011, pursuant to the disposition and development agreement dated June 25, 2007 and with HUD disposition approval, DHA disposed of all of its public housing units to Eden Housing, Inc. and Citation Homes. The HUD disposition approval also imposed restrictions on the use of the net proceeds from the disposition. Net proceeds of \$11 million were to be loaned to Eden Dougherty, LLP, the developer of the former Arroyo Vista site, to use for the development of new low-income family and elderly housing units on the former Arroyo Vista site.

On March 4, 2011, the Authority entered into a construction permanent note agreement in the amount of \$11,000,000 with Eden Dougherty, LLP. (the Borrower), which will use the funds on the redevelopment project. The loan is evidenced by the Note, secured by the Regulatory Agreement and the Deed of Trust that encumbers the Project to secure repayment of the loan in the form provided by the Authority. The Deed of Trust and the Regulatory Agreement have been recorded against the Property in the Office of the Recorder of the County of Alameda. The Note has a term that expires on the date 55 years from the date of project completion, which is determined by the date of issuance of a certificate of occupancy or equivalent. The Borrower shall use Residual Receipts generated by the project to repay the note on each June 1 following the completion of project construction. The note bears no interest until the earlier of i) the permanent loan conversion or ii) the third anniversary of the note closing; thereafter, the note shall bear simple annual interest rate not to exceed 3%. At June 30, 2012, the Authority had note receivable from the Borrower in the amount of \$11,000,000.

NOTE 15: PROPERTY SALES TO PACH

In October 2009, the Authority submitted to HUD an application for the disposition of 58 of its public housing units with the plan to convert them to Section 8 Project-Based Vouchers. On July 26, 2011, HUD approved Preserving Alameda County Housing, Inc. (PACH), a non-profit housing corporation affiliated with HACA as the acquiring entity for the disposing units at a negotiated price of \$1. The disposition will provide HACA with the opportunity to replace existing and inadequate public housing subsidy with a Section 8 Project-Based funding stream. The entire 58 units were disposed to PACH between September 2011 and June 2012. For fiscal year ended June 30, 2012, realized gain and loss from the disposition for PACH and HACA were \$2,815,213 and (\$2,815,213), respectively.

On December 30, 2010, the Authority submitted to HUD an application for the disposition of an additional 26 dwelling buildings containing 100 of its public housing units with the plan to convert them to Section 8 Project-Based Vouchers. The disposition application was approved on February 14, 2012.

NOTE 16: RECLASSIFICATION OF BEGINNING NET ASSETS

Beginning net assets for the Housing Choice Voucher (HCV) and Veterans Affairs Supportive Housing (VASH) programs have been reclassified as of July 1, 2011. Net assets for VASH in the amount of \$1,003,702 were included in non-major program as a separate fund for fiscal year ended June 30, 2011. Starting 2011, the VASH program was funded under the Housing Choice Voucher (HCV) program. The reclassification caused changes in beginning net assets as follows:

	<u>Housing Choice Voucher</u>	<u>Other Enterprise Fund Non- Major</u>	<u>Total</u>
Net Assets – beginning of year	\$ 9,361,203	\$ 3,983,080	\$ 13,344,283
Reclassification	<u>1,003,702</u>	<u>(1,003,702)</u>	<u>-0-</u>
Opening net assets as reclassified	<u>\$ 10,364,905</u>	<u>\$ 2,979,378</u>	<u>\$ 13,344,283</u>

NOTE 17: INTERFUND NOTE

On July 20, 2011, HACA entered into a promissory note with PACH to support the rehabilitation of disposed units. The note covers a line of credit in the principal amount of \$1,000,000 with interest accruing at 5% per annum on the amount drawn. At June 30, 2012, the outstanding balance on note was \$300,000. The Note matures on August 1, 2016.

NOTE 18: EVALUATION OF SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through March 12, 2013, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2012

	Shelter Plus Care	Mod Rehab-1	Ocean Avenue	Union City Property	Park Terrace	Union City Managed	Choices	Other Federal Program	Total
Assets									
Current assets:									
Cash and cash equivalents	\$ -	\$ -	\$ 712,887	\$ -	\$ 966,012	\$ -	\$ -	\$ -	\$ 1,678,899
Accounts receivable - HUD	-	91,051	-	-	-	-	-	-	91,051
Accounts receivable - other	-	-	1,721	-	1,618	1,895	-	-	5,234
Due from other funds	11,165	-	389	-	6,253	3,013	21,432	1,275	43,527
Total current assets	11,165	91,051	714,997	-	973,883	4,908	21,432	1,275	1,818,711
Restricted assets:									
Cash and cash equivalents (Note 2)	-	-	4,391	-	5,324	-	-	-	9,715
Total restricted assets	-	-	4,391	-	5,324	-	-	-	9,715
Capital assets	-	-	1,302,385	170,000	882,015	-	-	-	2,354,400
Less accumulated depreciation	-	-	(582,831)	-	(414,196)	-	-	-	(997,027)
Capital assets, net	-	-	719,554	170,000	467,819	-	-	-	1,357,373
Total assets	11,165	91,051	1,438,942	170,000	1,447,026	4,908	21,432	1,275	3,185,799
Liabilities									
Current liabilities:									
Accounts payable	11,165	-	104	-	-	9	6,562	-	17,840
Accounts payable - HUD	-	-	-	-	-	-	-	1,275	1,275
Deferred revenue	-	-	-	-	-	-	14,870	-	14,870
Tenants security deposits	-	-	4,391	-	5,324	2,100	-	-	11,815
Accrued liabilities	-	-	1,350	-	32,912	414	-	-	34,676
Due to other funds	-	91,051	1,336	-	2,815	2,385	-	-	97,587
Total current liabilities	11,165	91,051	7,181	-	41,051	4,908	21,432	1,275	178,063
Total liabilities	11,165	91,051	7,181	-	41,051	4,908	21,432	1,275	178,063
Net assets:									
Investment in capital assets	-	-	719,554	170,000	467,819	-	-	-	1,357,373
Restricted	-	-	4,391	-	5,324	-	-	-	9,715
Unrestricted	-	-	707,816	-	932,832	-	-	-	1,640,648
Total net assets	\$ -	\$ -	\$ 1,431,761	\$ 170,000	\$ 1,405,975	\$ -	\$ -	\$ -	\$ 3,007,736

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Shelter Plus Care	Mod Rehab-1	Ocean Avenue	Union City Property	Park Terrace	Union City Managed	Choices	Total
<u>Operating revenues</u>								
Rental revenue - tenants	\$ -	\$ -	\$ 72,986	\$ -	\$ 120,018	\$ 14,745	\$ -	\$ 207,749
Total operating revenues	-	-	72,986	-	120,018	14,745	-	207,749
<u>Operating expenses</u>								
Administration	69,542	16,599	25,393	-	33,766	11,335	-	156,635
Utilities	-	-	6,438	-	-	907	-	7,345
Ordinary maintenance and operations	-	-	4,727	-	34,548	4,398	-	43,673
General expenses	-	-	851	-	945	-	310,966	312,762
Depreciation	-	-	35,323	-	27,168	-	-	62,491
Housing assistance payments	1,327,321	104,623	-	-	-	-	-	1,431,944
Total operating expenses	1,396,863	121,222	72,732	-	96,427	16,640	310,966	2,014,850
Operating income/(loss)	(1,396,863)	(121,222)	254	-	23,591	(1,895)	(310,966)	(1,807,101)
<u>Non-operating revenues</u>								
HUD PHA grants	1,396,863	121,222	-	-	-	-	-	1,518,085
Gain (loss) from capital assets (Note 15)	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	310,966	310,966
Investment income	-	-	1,851	-	2,662	-	-	4,513
Total non-operating revenues	1,396,863	121,222	1,851	-	2,662	-	310,966	1,833,564
Income/(loss) before transfers	-	-	2,105	-	26,253	(1,895)	-	26,463
Equity transfer	-	-	-	-	-	1,895	-	1,895
Changes in net assets	-	-	2,105	-	26,253	-	-	28,358
Net assets at the beginning of year (Note 16)	-	-	1,429,656	170,000	1,379,722	-	-	2,979,378
Ending net assets	\$ -	\$ -	\$ 1,431,761	\$ 170,000	\$ 1,405,975	\$ -	\$ -	\$ 3,007,736

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development :			
Low Rent Public Housing	14.850a		\$ 902,172
Public Housing Capital Fund Program	14.872		909,801
Section 8 - Moderate Rehabilitation	14.856		1,103,830
Housing Choice Vouchers	14.871		<u>80,050,256</u>
Subtotal Direct Programs			82,966,059
Pass-Through Program From:			
Alameda County Housing and Community Development - Shelter Plus Care	14.238	N/A	<u>1,396,863</u>
Total U.S. Department of Housing and Urban Development			<u>84,362,922</u>
Total Expenditures of Federal Awards			<u>\$ 84,362,922</u>

N/A: Not Available

Note: Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the County of Alameda as of and for the year ended June 30, 2012, which collectively comprise the Housing Authority of the County of Alameda's basic financial statements and have issued our report thereon dated March 12, 2013. 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.

Internal Control Over Financial Reporting

Management of the Housing Authority of the County of Alameda is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Housing Authority of the County of Alameda's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the County of Alameda's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Alameda's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the County of Alameda's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding 2012-1.

The Housing Authority of the County of Alameda's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of the County of Alameda's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, Board of Commissioners, others within the Housing Authority of the County of Alameda, the U.S. Department of Housing and Urban Development, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Patricia V. Associates
Oakland, California
March 12, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

Compliance

We have audited the Housing Authority of the County of Alameda's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Housing Authority of the County of Alameda's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the County of Alameda's management. Our responsibility is to express an opinion on the Housing Authority of the County of Alameda's compliance based on our audit.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the County of Alameda'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. Our audit does not provide a legal determination of the Housing Authority of the County of Alameda's compliance with those requirements.

In our opinion, the Housing Authority of the County of Alameda complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed for the Housing Choice Voucher Program instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2012-1.

Internal Control Over Compliance

Management of the Housing Authority of the County of Alameda is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the County of Alameda's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Authority of the County of Alameda'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 requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of the County of Alameda's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the management, Board of Commissioners, others within the Housing Authority of the County of Alameda, the U.S. Department of Housing and Urban Development, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Palmer Associates
Oakland, California
March 12, 2013

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered being material weakness?	Yes
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program
14.872	Public Housing Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs:	\$2,530,888
Auditee qualified as low-risk auditee?	Yes

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

14.871 Housing Choice Voucher Program - Eligibility

Finding 2012-1

Criteria or specific requirement:

The Authority is required to conduct the annual reexamination of family income and composition on an annual basis and in an accurate manner. The Authority is also required to submit current forms HUD-50058 for each family to HUD.

Condition:

During our testing of tenant files, we came across instances of inaccurate and delayed annual reexamination as described below:

In the case of 3 out of 25 tenant files selected for our testing, an inaccurate HAP payment was identified. In the case of 4 out of the same 25 tenant files, we noted that the Authority did not conduct the tenant annual reexamination and accordingly failed to submit forms HUD-50058 for these families in a timely manner.

Questioned Costs:

We are unable to determine the questioned cost.

Effect:

Late submission of forms HUD-50058 prevents HUD from obtaining income information through its monthly and quarterly computer matching program and also may result in ineligible payments and/or assistance on behalf of the families with an overdue annual reexamination of family income and composition.

Cause:

The primary cause was due to the lack of human resources to complete the annual reexamination in a timely and accurate manner.

Recommendation:

The Authority should conduct tenant annual re-examinations and submit current forms HUD-50058 for each family to HUD in a timely and accurate manner.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Views of responsible officials and planned corrective actions:

We concur with the finding that all re-examinations have not been completed within the timeframes required by HUD regulations. Severe cuts to the funding that Housing Authorities receive from HUD to administer the Section 8 Program have resulted in the lowest Administrative Fee proration since the beginning of the Section 8 program in the 1970's. Cuts of this magnitude have had, and will continue to have, a significant impact on HACA's operations and neither HUD nor the public can expect the same level of service. Last year, HACA reduced its staff by six, so has fewer program staff to complete the required work. The sequester that went into effect on March 1, 2013, will mean further cuts to the Administrative Fee. HUD needs to provide relief from its overly-rigorous regulations and requirements so that HACA can comply with them given a reduced staffing level.

Completing annual reexaminations is a high priority for HACA. Staff is working to streamline and automate processes. Staff is implementing any changes that are proposed by HUD, that make sense for HACA, to reduce the burden of recertification processing. HACA is networking with staff at other Housing Authorities to review our procedures and practices to increase productivity and program compliance.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2012**

There were no findings reported in the prior year.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF ACTUAL PROJECT COST AND FUNDING
THE CAPITAL FUND PROJECT -
PROJECT NO. CA39P06750110

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

We have audited the Housing Authority of the County of Alameda's (the Authority) Statement of Actual Project Cost and Funding (the Statement), through June 30, 2012, pertaining to the Development of the Authority, Project No. CA39P06750110. The Statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the Authority's Statement was prepared in conformity with the basis of accounting and reporting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which is a comprehensive basis of accounting other than generally accepted accounting principles. Further, the Statement represents the financial statements of the project.

In our opinion, the Statement referred to above, presents fairly, in all material respects, the actual cost of the above project of the Authority, through June 30, 2012, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the board of directors and management of the Authority and HUD and is not intended to be and should not be used by anyone else other than these specified parties.

Ramin Asanlou
Oakland, California
March 12, 2013

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
HAYWARD, CALIFORNIA
STATEMENT OF ACTUAL PROJECT COST AND FUNDING
THE CAPITAL FUND PROJECT -
PROJECT NO. CA39P06750110**

Project funding		
HUD grant	\$	<u>356,953</u>
Project cost		
Operations	\$	142,000
Site improvement		<u>214,953</u>
Total cost	\$	<u><u>356,953</u></u>

Notes:

- (1) The distribution of cost by major cost accounts as shown on the Statement of Actual Project Cost and Funding is in agreement with the Authority's records.
- (2) All development work in connection with the Project has been completed.
- (3) All development costs have been paid and all related liabilities have been discharged through payment.
- (4) The Authority did not incur any budget overruns.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
HAYWARD, CALIFORNIA
NOTES TO STATEMENT OF ACTUAL PROJECT COST AND FUNDING**

NOTE 1: ORGANIZATION

The Housing Authority of the County of Alameda (the Authority) was established by the Alameda County Board of Supervisors on December 3, 1968. It is funded primarily by the Department of Housing and Urban Development (HUD) by means of two Annual Contribution Contracts. The Authority provides housing assistance to low and moderate-income families at rents they can afford. Eligibility is determined by family composition, income and residency in areas served by the Authority.

The Authority does not have any component units as defined under generally accepted accounting principles.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Statement of Actual Project Cost and Funding has been prepared in conformity with the accounting and reporting standards prescribed by HUD in the Audit Guide for Auditing Development Costs of HUD Projects. These standards differ in some respects from U.S. generally accepted accounting principles mainly due to the following additional HUD accounting and reporting principles:

- (a) Costs are to be exclusive of kickbacks, rebates or trade discounts. For this project, there were no kickbacks, rebates or trade discounts.

- (b) Financing charges are limited to the lesser of amounts actually paid, or amounts approved by HUD. For this project, there were no financing charges paid.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF ACTUAL PROJECT COST AND FUNDING
THE CAPITAL FUND PROJECT -
PROJECT NO. CA39P06750111

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

We have audited the Housing Authority of the County of Alameda's (the Authority) Statement of Actual Project Cost and Funding (the Statement), through June 30, 2012, pertaining to the Development of the Authority, Project No. CA39P06750111. The Statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the Authority's Statement was prepared in conformity with the basis of accounting and reporting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which is a comprehensive basis of accounting other than generally accepted accounting principles. Further, the Statement represents the financial statements of the project.

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This report is intended solely for the information and use of the board of directors and management of the Authority and HUD and is not intended to be and should not be used by anyone else other than these specified parties.

Patel & Associates
Oakland, California
March 12, 2013

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
HAYWARD, CALIFORNIA
STATEMENT OF ACTUAL PROJECT COST AND FUNDING
THE CAPITAL FUND PROJECT -
PROJECT NO. CA39P06750111**

Project funding	
HUD grant	\$ <u>552,848</u>
Project cost	
Operations	\$ 97,293
Site improvement	<u>455,555</u>
Total cost	\$ <u><u>552,848</u></u>

Notes:

- (1) The distribution of cost by major cost accounts as shown on the Statement of Actual Project Cost and Funding is in agreement with the Authority's records.
- (2) All development work in connection with the Project has been completed.
- (3) All development costs have been paid and all related liabilities have been discharged through payment.
- (4) The Authority did not incur any budget overruns.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
HAYWARD, CALIFORNIA
NOTES TO STATEMENT OF ACTUAL PROJECT COST AND FUNDING**

NOTE 1: ORGANIZATION

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