

CITY OF PLEASANTON

Pleasanton, California

**HOUSING AUTHORITY OF THE CITY OF PLEASANTON
FINANCIAL STATEMENTS**

For the year ended June 30, 2012

**HOUSING AUTHORITY OF THE
CITY OF PLEASANTON**

JUNE 30, 2012

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Housing Authority of the City of Pleasanton
Pleasanton, California

We have audited the accompanying basic financial statements of the Housing Authority of the City of Pleasanton (Authority), a component unit of the City of Pleasanton, California (City), as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2012, 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 December 23, 2012, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the Financial Data Schedule for the Housing Authority of the City of Pleasanton, is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development (HUD) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Varrinet, Trine, Day & Co., LLP.

Pleasanton, California
December 23, 2012

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Our discussion and analysis of the Housing Authority of the City of Pleasanton's (Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2012. This discussion and analysis is the result of implementing Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. Please read it in conjunction with the Authority's basic financial statements.

Financial Highlights

- The Authority expended federal funds totaling \$156,777 during the year.
- Net assets increased by \$57,103 or 9.5%.
- Cash receipts from leases during the year totaled \$153,255 which were used to pay operating expenses for fiscal year 2011-12.
- The Authority's cash and investments increased by \$116,577 from \$297,435 at June 30, 2011 to \$414,012 at June 30, 2012.

Financial Statements

The Authority's financial statements are those of a special-purpose government engaged only in providing low-income housing at one location. The Authority's basic financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Comparative Analysis

The following table indicates the net assets as of June 30, 2012 and June 30, 2011:

	<u>2012</u>	<u>2011</u>
Assets:		
Current assets	\$ 414,012	\$ 297,435
Capital assets	377,239	463,118
Total assets	<u>791,251</u>	<u>760,553</u>
Liabilities:		
Current liabilities	135,908	100,266
Long-term debt outstanding	-	62,047
Total liabilities	<u>135,908</u>	<u>162,313</u>
Net Assets:		
Invested in capital assets, net of related debt	377,239	342,855
Unrestricted	278,104	255,385
Total net assets	<u>\$ 655,343</u>	<u>\$ 598,240</u>

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

The following table indicates the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011:

	<u>2012</u>	<u>2011</u>
Revenues:		
Operating revenues	\$ 310,806	\$ 348,291
Grants	125,556	66,153
Interest income	1,681	2,446
Total revenues	<u>438,043</u>	<u>416,890</u>
Expenses:		
Operating expenses	380,940	444,131
Interest expense	-	9,139
Total expenses	<u>380,940</u>	<u>453,270</u>
Net income (loss)	<u>\$ 57,103</u>	<u>\$ (36,380)</u>

The current assets increased 39.2% and the current liabilities increased 35.5% compared to the prior fiscal year due primarily to unspent grant revenues of \$106,352. The non-current liabilities decreased because the U.S. Department of Housing and Urban Development (HUD) loan was removed from the Housing Authority's accounting records in fiscal year 2011-12, as discussed in Note 5. The net assets invested in capital assets increased 10% due to the removal of the HUD loan.

The Housing Authority was established in 1943 for the purpose of providing and maintaining affordable housing within the City. The City Council serves as the Housing Authority's Board of Directors. The housing Authority has oversight for the Kottinger Place housing project in Pleasanton. Kottinger Place was constructed in 1972 and consists of 50 very low income senior independent living units. Kottinger Place is operated as a United States Department of Housing and Urban Development (HUD) low income senior Public Housing project. Kottinger Place provides quality housing and services at rents based on 30% of a household's income (adjusted for medical expenses, etc.). The units are comprised of single level cottage-style studio and one-bedroom apartments with full kitchen. While the development is owned by the Housing Authority, ongoing property management is provided under contract by Barcelon Associates Management Corporation.

Major Project Activities

The Authority is continuing to implement an on-going program to improve the habitability of the residential units at Kottinger Place. Recent projects include the installation of seismic earthquake shutoff valves and energy efficient windows in most of the apartments. In addition, the Authority is currently pursuing plans for a major project to rehabilitate and/or replace the existing units with a new development, potentially in conjunction with the adjacent Pleasanton Gardens project.

Request for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance of the City of Pleasanton, P.O. Box 520, Pleasanton, CA 94566.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>2012</u>
ASSETS	
Current assets:	
Cash and investments	\$ 414,012
Total current assets	<u>414,012</u>
Capital assets:	
Non depreciable assets	51,750
Depreciable assets, net	325,489
Total capital assets	<u>377,239</u>
Total assets	<u>791,251</u>
LIABILITIES	
Current liabilities:	
Accounts payable	17,725
Unearned revenue	106,352
Tenant security deposits	11,831
Total current liabilities	<u>135,908</u>
Total liabilities	<u>135,908</u>
NET ASSETS	
Invested in capital assets, net of related debt	377,239
Unrestricted	278,104
Total net assets	<u>\$ 655,343</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2012</u>
OPERATING REVENUES:	
Dwelling rental	\$ 153,255
Other income	157,551
Total operating revenues	<u>310,806</u>
OPERATING EXPENSES:	
Administrative	143,574
Repairs and maintenance	81,518
Utilities	60,604
Depreciation	95,244
Total expenses	<u>380,940</u>
Operating loss	<u>(70,134)</u>
NON-OPERATING INCOME (EXPENSES):	
Grants	125,556
Interest income	1,681
Total non-operating income (expenses)	<u>127,237</u>
Net income	57,103
NET ASSETS:	
Beginning of year	598,240
End of year	<u>\$ 655,343</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from tenants/other funds	\$ 417,017
Payment for employee services	(143,574)
Payments for suppliers for goods and services	(149,182)
Net cash provided by operating activities	<u>124,261</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Grants received	<u>125,556</u>
Net cash provided by noncapital financing activities	<u>125,556</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payment on long-term debt	(120,263)
Interest payment	(5,293)
Acquisition of capital assets	(9,365)
Net cash used by capital and related financing activities	<u>(134,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>1,681</u>
Net cash provided used by investing activities	<u>1,681</u>
Net change in cash and cash equivalents	<u>116,577</u>
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>297,435</u>
End of year	<u>\$ 414,012</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED IN OPERATING ACTIVITIES:	
Operating income (loss)	\$ (70,134)
Adjustments to reconcile operating income (loss) to net cash provided in operating activities:	
Depreciation	95,244
Changes in assets and liabilities:	
Increase (decrease) in accounts payable	(7,060)
Increase (decrease) in deferred revenue	106,352
Increase (decrease) in tenant security deposits	(141)
Net cash provided by operating activities	<u>\$ 124,261</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 - ORGANIZATION

The Housing Authority of the City of Pleasanton (Authority), a component unit of the City of Pleasanton, California (City), was established pursuant to the laws of the State of California to provide housing, transact business and to have those powers as defined by law. The Authority has entered into an annual contribution contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Conventional Low Rent Owned Housing Program.

The Authority is an integral part of the City, and the accompanying financial statements are included as an enterprise fund and as part of its business-type activities in the basic financial statements of the City. The financial statements are intended to present the financial position and results of operations for the Authority, and not the City as a whole.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Measurement Focus

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Proprietary funds apply all applicable pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements.

B. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority's policy is to apply restricted net assets first.

C. Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents for purposes of the accompanying Statement of Cash Flows.

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Capital Assets

Capital assets are stated at cost. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	40 years
Equipment	7-10 years

E. Deferred Revenue

Deferred revenue is recognized for transactions for which revenues have not yet been earned. Typical transactions recorded as deferred revenues are unspent grant funds.

F. Net Assets

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

G. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles in the United States (GAAP) required management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

H. Changes in Accounting Principles

In fiscal year ended June 30, 2012, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, with no significant impact on the financial statements.

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 3 - CASH AND INVESTMENTS

At June 30, 2012, the Authority's cash and investments including restricted funds consisted of the following:

	2012 Fair Value
Authority's Treasury	
Cash deposits with banks	\$ 223,859
Cash on hand	300
Certificates of Deposits	189,853
Total cash and investments	\$ 414,012

A. Deposits

The carrying amount of the Authority's cash deposits was \$414,012 at June 30, 2012. Bank balances before reconciling items were \$425,929. The total bank balance was collateralized or insured with securities held by the pledging financial institutions in the Authority's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Authority's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Authority's name.

The market value of pledged securities must equal at least 110% of the Authority's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total cash deposits. The Authority may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

B. Investments

Under the provisions of the Authority's investment policy, and in accordance with Section 53601 of California Government Code, the Authority may invest or deposit in the following:

- Bankers' acceptances
- Commercial paper
- Local Agency Investment Fund Mutual funds
- Medium-term corporate notes
- Money market funds
- Negotiable certificates of deposit Repurchase agreements
- Securities of the Federal government or its agencies

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 - CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2012, were as follows:

	Balance July 1, 2011	Additions	Adjustments/ Deletions	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 51,750	\$ -	\$ -	\$ 51,750
Total capital assets, not being depreciated	<u>51,750</u>	<u>-</u>	<u>-</u>	<u>51,750</u>
Capital assets, being depreciated:				
Buildings	1,796,347	3,998	-	1,800,345
Machinery and equipment	131,091	5,368	-	136,459
Total capital assets, being depreciated	<u>1,927,438</u>	<u>9,366</u>	<u>-</u>	<u>1,936,804</u>
Less accumulated depreciation for:				
Buildings	(1,438,812)	(84,942)	-	(1,523,754)
Machinery and equipment	(77,258)	(10,303)	-	(87,561)
Total accumulated depreciation	<u>(1,516,070)</u>	<u>(95,245)</u>	<u>-</u>	<u>(1,611,315)</u>
Total capital assets, being depreciated, net	<u>411,368</u>	<u>(85,879)</u>	<u>-</u>	<u>325,489</u>
Total capital assets, net	<u>\$ 463,118</u>	<u>\$ (85,879)</u>	<u>\$ -</u>	<u>\$ 377,239</u>

NOTE 5 - NOTES PAYABLE

The Housing Authority issued a note payable to the Federal Financing Bank to finance Kottinger Place, the housing project. The mortgage was repaid from grants from the U.S. Department of Housing and Urban Development in 2009; consequently, the payable balance was removed from the Housing Authority's accounting records in fiscal year 2011-12. Changes to the note payable were as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Classification	
					Amount Due Within One Year	Amount Due in More Than One Year
Note Payable	<u>\$ 120,263</u>	<u>\$ -</u>	<u>\$ (120,263)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 6 - CONTINGENCIES

Grants have been received by the Authority for specific purposes that are subject to review and additional audit by HUD. Such audits could lead to a request for reimbursement for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by HUD cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE 7 - ECONOMIC DEPENDENCE

Grant receipts from HUD are subject to audits to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations.

NOTE 8 - RISK MANAGEMENT

The Authority is a component unit of the City of Pleasanton, as such it is subject to the insurance programs and policies of the City. All individuals involved in the operation of the Authority are City officials or employees, and are subject to the City's workers' compensation, as well as its errors and omissions coverage. Similarly, the Authority is covered under the City's policies with regard to the general liability exposures, and its housing project is listed on the City's schedule of covered properties with respect to property insurance. Finally, any private company contracted to manage and administer the housing project is required to carry workers' compensation and liability insurance and to indemnify the Authority and the City in case of a third party claim. For more information regarding the City's risk management, please see the related footnote in the City of Pleasanton Comprehensive Annual Financial Report (CAFR).



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

To the Board of Directors
of the Housing Authority of the City of Pleasanton
Pleasanton, California

We have audited the basic financial statements of the Housing Authority of the City of Pleasanton (Authority), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 23, 2012. 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 Authority 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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors of the Authority, others within the entity, State Controller and 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.

Varrinet, Trine, Day & Co., LLP.

Pleasanton, California
December 23, 2012



INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
of the Housing Authority of the City of Pleasanton
Pleasanton, California

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of Pleasanton (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Circular A-133 reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below.

Procedures	UFRS Rule Information	Hard Copy Documents	Agreed	Does Not Agree
1	Balance Sheet, Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	X	
2	Footnotes (data element G5000-010)	Footnotes to audited Basic Financial Statements	X	
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	X	
4	Audit finding narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	X	
5	General information (data element G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	X	
6	Financial Statement Report Information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
7	Federal Program Report Information (G4000-020 & G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
8	Type of compliance requirement (G4200-020 & G4000-030)	OMB Data Collection Form	X	
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive auditor's reports)	X	

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the Housing Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated December 23, 2012. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated December 23, 2012, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the reporting package required by OMB Circular A-133, which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California
December 23, 2012

SUPPLEMENTARY INFORMATION