

**CITY OF PLEASANTON**

**Pleasanton, California**

**HOUSING AUTHORITY OF THE CITY OF PLEASANTON  
FINANCIAL STATEMENTS  
(A Component Unit of the City of Pleasanton)**

**For the year ended June 30, 2015**

**HOUSING AUTHORITY OF THE  
CITY OF PLEASANTON**

**JUNE 30, 2015**

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**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements:</b>	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Fund Net Position	8
Statement of Cash Flows	9
<b>Notes to the Basic Financial Statements</b>	10
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	15
<b>Independent Accountants' Report on Applying Agreed-Upon Procedures</b>	17
<b>Supplementary Information:</b>	
Financial Assessment Subsystem – Financial Data Schedules	19



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***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, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

### ***Other Information***

Our audit was conducted 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 also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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* in considering Authority's internal control over financial reporting and compliance.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California  
December 23, 2015

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

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This section of the Housing Authority of the City of Pleasanton's (Authority) financial report presents an overview of the Authority's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Authority's basic financial statements.

### *Financial Highlights*

- The Authority expended federal funds totaling \$175,308 during the year.
- Net position decreased by \$23,982 or 4.6%.
- Cash receipts from leases during the year totaled \$182,096 which were used to pay operating expenses for FY 2014/15.
- The Authority's cash and cash equivalents decreased by \$97,244 from \$521,961 at June 30, 2014 to \$424,717 at June 30, 2015.

### *Using This Annual Report*

This annual report consists of two parts: Management's Discussion and Analysis, and Financial Statements. The Financial Statements also include notes that explain in more detail the information contained in those statements.

### *Required 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.

The Statement of Net Position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return; evaluating the capital structure of the Authority; and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about Authority's cash receipts, cash disbursements and changes in cash resulting from operations, investing, and capital and non capital financing activities. It provides answers to such questions as, "Where did the cash come from?", "For what was the cash used?", and "What was the change in cash balance during the reporting period?"

### *Financial Analysis of the Authority*

One of the most important questions asked about Authority finances is whether or not the Authority's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position report information about Authority activities in a way that will help answer this question. These two statements report the net position of the Authority and changes. You can think of Authority net position, the difference between assets and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in Authority net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider include changes in economic conditions and new or changed legislation.

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

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### *Comparative Analysis*

The following is the Authority's condensed statement of net position as of June 30, 2015 and June 30, 2014:

	<u>2015</u>	<u>2014</u>
Assets:		
Current assets	\$ 424,717	\$ 522,067
Capital assets	158,302	221,605
Total assets	<u>583,019</u>	<u>743,672</u>
Liabilities:		
Current liabilities	82,242	218,913
Total liabilities	<u>82,242</u>	<u>218,913</u>
Net Position:		
Net investment in capital assets	158,302	221,605
Unrestricted	342,475	303,154
Total net position	<u>\$ 500,777</u>	<u>\$ 524,759</u>

The following is the Authority's condensed statement of changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014:

	<u>2015</u>	<u>2014</u>
Revenues:		
Operating revenues	\$ 360,742	\$ 338,857
Interest income	1,524	1,464
Total revenues	<u>362,266</u>	<u>340,321</u>
Expenses:		
Operating expenses	386,248	400,015
Total expenses	<u>386,248</u>	<u>400,015</u>
Net income (loss)	<u>\$ (23,982)</u>	<u>\$ (59,694)</u>

The net position in FY 2014/15 decreased by \$23,982 or 4.6% due primarily to the decrease in capital assets due to depreciation expense of \$63,301. This was partially offset by an increase in rental income of \$5,664 and a decrease in operating expenses of \$13,767.

# **HOUSING AUTHORITY OF THE CITY OF PLEASANTON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015**

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The Authority was established in 1943 for the purpose of providing and maintaining affordable housing within the City. The City Council serves as the Authority's Board of Directors. The Authority has oversight for the Kottinger Place housing project in Pleasanton, California. 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 Authority, ongoing property management is provided under contract by Barcelon Associates Management Corporation.

### ***Major Project Activities***

The City and the Authority are currently pursuing plans for a major redevelopment of Kottinger Place and Pleasanton Gardens in partnership with MidPen Housing. Kottinger Place will be expanded from the current 50 units to 185 units (including adjacent Pleasanton Gardens property) and will continue to be restricted to independent living rental housing for very low income seniors 62 years and older.

### ***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 POSITION JUNE 30, 2015

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### ASSETS

Current assets:	
Cash and cash equivalents	\$ 424,717
Total current assets	<u>424,717</u>
Capital assets:	
Non depreciable assets	51,750
Depreciable assets, net	<u>106,552</u>
Total capital assets	<u>158,302</u>
Total assets	<u>583,019</u>

### LIABILITIES

Current liabilities:	
Accounts payable and accrued expenses	16,774
Unearned revenue	53,253
Tenant security deposits	<u>12,215</u>
Total current liabilities	<u>82,242</u>
Total liabilities	<u>82,242</u>

### NET POSITION

Net investment in capital assets	158,302
Unrestricted	<u>342,475</u>
Total net position	<u>\$ 500,777</u>

See accompanying notes to the financial statements.

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

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### OPERATING REVENUES:

Dwelling rental	\$ 182,096
Intergovernmental revenue	175,308
Miscellaneous revenue	<u>3,338</u>
Total operating revenues	<u>360,742</u>

### OPERATING EXPENSES:

Administrative	139,702
Repairs and maintenance	116,287
Utilities	66,958
Depreciation	<u>63,301</u>
Total operating expenses	<u>386,248</u>

Operating loss (25,506)

### NON-OPERATING REVENUES (EXPENSES):

Interest income	<u>1,524</u>
Total non-operating income (expenses)	<u>1,524</u>

Change in Net Position (23,982)

### NET POSITION:

Beginning of year	<u>524,759</u>
End of year	<u>\$ 500,777</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, 2015

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### CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from tenants and other sources	\$ 238,574
Payments for suppliers for goods and services	(340,680)
Miscellaneous revenue	3,338
Net cash provided by operating activities	<u>(98,768)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>1,524</u>
Net cash provided by investing activities	<u>1,524</u>
Net change in cash and cash equivalents	<u>(97,244)</u>

### CASH AND CASH EQUIVALENTS:

Beginning of year	<u>521,961</u>
End of year	<u>\$ 424,717</u>

### RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED IN OPERATING ACTIVITIES:

Operating income (loss)	\$ (25,506)
Adjustments to reconcile operating income (loss) to net cash provided in operating activities:	
Depreciation	63,301
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	106
Increase (decrease) in accounts payable	(17,566)
Increase (decrease) in unearned revenue	(119,106)
Increase (decrease) in tenant security deposits	3
Net cash provided by operating activities	<u>\$ (98,768)</u>

See accompanying notes to the financial statements.

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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### 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 only, 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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. 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.

#### B. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Authority's policy is to apply restricted net position 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, 2015

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### 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. Unearned Revenue

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

#### F. Net Position

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

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

#### 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.

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 3 - CASH AND INVESTMENTS

At June 30, 2015, the Authority's cash and cash equivalents including restricted funds consisted of the following:

	<u>Fair Value</u>
<b>Authority's Treasury</b>	
Cash deposits with banks	\$ 151,709
Cash on hand	300
Certificates of deposits	<u>272,708</u>
<b>Total cash and cash equivalents</b>	<u><u>\$ 424,717</u></u>

#### A. Deposits

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 California Government Code requires California banks to secure the Authority's deposit by pledging Government securities with a value of 110% of the Authority's deposit, or by pledging first trust deed mortgage notes having a value of 150% of the Authority's deposit.

#### 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, 2015

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### NOTE 4 - CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2015, were as follows:

	<u>Balance</u> <u>July 01, 2014</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
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:				
Building and improvements	1,805,808	-	-	1,805,808
Equipment	<u>145,267</u>	<u>-</u>	<u>-</u>	<u>145,267</u>
Total capital assets, being depreciated	<u>1,951,075</u>	<u>-</u>	<u>-</u>	<u>1,951,075</u>
Less accumulated depreciation for:				
Building and improvements	(1,674,420)	(54,538)	(2)	(1,728,960)
Equipment	<u>(106,800)</u>	<u>(8,763)</u>	<u>-</u>	<u>(115,563)</u>
Total accumulated depreciation	<u>(1,781,220)</u>	<u>(63,301)</u>	<u>(2)</u>	<u>(1,844,523)</u>
Total capital assets, being depreciated, net	<u>169,855</u>	<u>(63,301)</u>	<u>(2)</u>	<u>106,552</u>
Total capital assets, net	<u>\$ 221,605</u>	<u>\$ (63,301)</u>	<u>\$ (2)</u>	<u>\$ 158,302</u>

### NOTE 5 - 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 6 - ECONOMIC DEPENDENCE

A significant source of annual revenue is provided through an operating grant from HUD. 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 7 - 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).

# **HOUSING AUTHORITY OF THE CITY OF PLEASANTON**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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### **NOTE 8 - RELATED PARTY TRANSACTIONS**

The Authority is a component unit of the City of Pleasanton. The Authority pays monthly fees to the City of Pleasanton for water and sewer services. During the year ended June 30, 2015, the Authority made payments of \$18,403 to the City of Pleasanton.





**INDEPENDENT AUDITORS' 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***

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

We have audited, in accordance with the 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, the financial statements of the Housing Authority of the City of Pleasanton (Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements and have issued our report thereon dated December 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varrinck, Trine, Day & Co., LLP.

Pleasanton, California  
December 23, 2015



**INDEPENDENT ACCOUNTANTS' 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 were agreed to by the Housing Authority of the City of Pleasanton (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 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	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of 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 Authority as of and for the year ended June 30, 2015, and have issued our report thereon dated December 23, 2015. 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 Authority's Financial Data Schedule (FDS) dated December 23, 2015, was expressed in relation to the basic financial statements of the 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 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 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.

Varrinet, Trine, Day & Co. LLP.

Pleasanton, California  
December 23, 2015

**SUPPLEMENTARY INFORMATION**

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## PROJECT BALANCE SHEET SUMMARY

JUNE 30, 2015

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2015

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$357,774	\$357,774	\$357,774
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$12,213	\$12,213	\$12,213
115 Cash - Restricted for Payment of Current Liabilities	\$54,730	\$54,730	\$54,730
100 Total Cash	\$424,717	\$424,717	\$424,717
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts -Tenants			
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$424,717	\$424,717	\$424,717
161 Land	\$51,750	\$51,750	\$51,750
162 Buildings	\$1,805,808	\$1,805,808	\$1,805,808
163 Furniture, Equipment & Machinery - Dwellings	\$145,267	\$145,267	\$145,267
164 Furniture, Equipment & Machinery - Administration			
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$1,844,523	-\$1,844,523	-\$1,844,523
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$158,302	\$158,302	\$158,302
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			

(continued)

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## PROJECT BALANCE SHEET SUMMARY (CONTINUED)

JUNE 30, 2015

176	Investments in Joint Ventures			
180	Total Non-Current Assets	\$158,302	\$158,302	\$158,302
200	Deferred Outflow of Resources			
290	Total Assets and Deferred Outflow of Resources	\$583,019	\$583,019	\$583,019
311	Bank Overdraft			
312	Accounts Payable <= 90 Days	\$9,430	\$9,430	\$9,430
313	Accounts Payable >90 Days Past Due			
321	Accrued Wage/Payroll Taxes Payable	\$7,344	\$7,344	\$7,344
322	Accrued Compensated Absences - Current Portion			
324	Accrued Contingency Liability			
325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government			
341	Tenant Security Deposits	\$12,215	\$12,215	\$12,215
342	Unearned Revenue	\$53,253	\$53,253	\$53,253
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other			
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$82,242	\$82,242	\$82,242
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352	Long-term Debt, Net of Current - Operating Borrowings			
353	Non-current Liabilities - Other			
354	Accrued Compensated Absences - Non Current			
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities			
350	Total Non-Current Liabilities	\$0	\$0	\$0
300	Total Liabilities	\$82,242	\$82,242	\$82,242
400	Deferred Inflow of Resources			
508.4	Net Investment in Capital Assets	\$158,302	\$158,302	\$158,302
511.4	Restricted Net Position			
512.4	Unrestricted Net Position	\$342,475	\$342,475	\$342,475
513	Total Equity - Net Assets / Position	\$500,777	\$500,777	\$500,777
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$583,019	\$583,019	\$583,019

(concluded)

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## PROJECT REVENUE AND EXPENSE SUMMARY FOR THE YEAR ENDED JUNE 30, 2015

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2015

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$182,096	\$182,096	\$182,096
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$182,096	\$182,096	\$182,096
70600 HUD PHA Operating Grants	\$175,308	\$175,308	\$175,308
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$1,524	\$1,524	\$1,524
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$3,338	\$3,338	\$3,338
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$362,266	\$362,266	\$362,266
91100 Administrative Salaries	\$45,280	\$45,280	\$45,280
91200 Auditing Fees	\$9,000	\$9,000	\$9,000
91300 Management Fee	\$33,914	\$33,914	\$33,914
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$19,487	\$19,487	\$19,487
91600 Office Expenses	\$14,723	\$14,723	\$14,723
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other			
91000 Total Operating - Administrative	\$122,404	\$122,404	\$122,404
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$8,607	\$8,607	\$8,607
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$2,182	\$2,182	\$2,182
92500 Total Tenant Services	\$10,789	\$10,789	\$10,789

(continued)



**HOUSING AUTHORITY OF THE CITY OF PLEASANTON**

**PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

93100 Water	\$6,905	\$6,905	\$6,905
93200 Electricity	\$25,128	\$25,128	\$25,128
93300 Gas	\$21,224	\$21,224	\$21,224
93400 Fuel			
93500 Labor			
93600 Sewer	\$11,498	\$11,498	\$11,498
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$780	\$780	\$780
93000 Total Utilities	\$65,535	\$65,535	\$65,535
94100 Ordinary Maintenance and Operations - Labor	\$34,171	\$34,171	\$34,171
94200 Ordinary Maintenance and Operations - Materials and Other	\$29,842	\$29,842	\$29,842
94300 Ordinary Maintenance and Operations Contracts	\$51,476	\$51,476	\$51,476
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$115,489	\$115,489	\$115,489
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation	\$8,728	\$8,728	\$8,728
96140 All Other Insurance			
96100 Total insurance Premiums	\$8,728	\$8,728	\$8,728
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$322,945	\$322,945	\$322,945
97000 Excess of Operating Revenue over Operating Expenses	\$39,321	\$39,321	\$39,321

(continued)

# HOUSING AUTHORITY OF THE CITY OF PLEASANTON

## PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2015

97100	Extraordinary Maintenance			
97200	Casualty Losses - Non-capitalized			
97300	Housing Assistance Payments			
97350	HAP Portability-In			
97400	Depreciation Expense	\$63,303	\$63,303	\$63,303
97500	Fraud Losses			
97600	Capital Outlays - Governmental Funds			
97700	Debt Principal Payment - Governmental Funds			
97800	Dwelling Units Rent Expense			
90000	Total Expenses	\$386,248	\$386,248	\$386,248
10010	Operating Transfer In			
10020	Operating transfer Out			
10030	Operating Transfers from/to Primary Government			
10040	Operating Transfers from/to Component Unit			
10050	Proceeds from Notes, Loans and Bonds			
10060	Proceeds from Property Sales			
10070	Extraordinary Items, Net Gain/Loss			
10080	Special Items (Net Gain/Loss)			
10091	Inter Project Excess Cash Transfer In			
10092	Inter Project Excess Cash Transfer Out			
10093	Transfers between Program and Project - In			
10094	Transfers between Project and Program - Out			
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$23,982	-\$23,982	-\$23,982
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0
11030	Beginning Equity	\$524,759	\$524,759	\$524,759
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050	Changes in Compensated Absence Balance			
11060	Changes in Contingent Liability Balance			
11070	Changes in Unrecognized Pension Transition Liability			
11080	Changes in Special Term/Severance Benefits Liability			
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100	Changes in Allowance for Doubtful Accounts - Other			
11170	Administrative Fee Equity			
11180	Housing Assistance Payments Equity			
11190	Unit Months Available	588	588	588
11210	Number of Unit Months Leased	586	586	586
11270	Excess Cash	\$316,939	\$316,939	\$316,939
11610	Land Purchases	\$0	\$0	\$0
11620	Building Purchases	\$0	\$0	\$0
11630	Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650	Leasehold Improvements Purchases	\$0	\$0	\$0
11660	Infrastructure Purchases	\$0	\$0	\$0
13510	CFFP Debt Service Payments	\$0	\$0	\$0
13901	Replacement Housing Factor Funds	\$0	\$0	\$0

(concluded)