

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, 2013

**HOUSING AUTHORITY OF THE
CITY OF PLEASANTON**

JUNE 30, 2013

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Fund Net Position	7
Statement of Cash Flows	8
Notes to the Basic Financial Statements	9
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>	14
Independent Accountants' Report on Applying Agreed-Upon Procedures	16
Supplementary Information:	
Financial Assessment Subsystem – FDS	18



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, 2013, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2013, the respective 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 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 24, 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 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 24, 2013

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

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, 2013. Please read it in conjunction with the Authority's basic financial statements.

Financial Highlights

- The Authority expended federal funds totaling \$138,702 during the year.
- Net position decreased by \$70,890 or 10.8%.
- Cash receipts from leases during the year totaled \$163,515 which were used to pay operating expenses for 2012/13 FY.
- The Authority's cash and cash equivalents decreased by \$10,509 from \$414,012 at June 30, 2012 to \$403,503 at June 30, 2013.

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 position as of June 30, 2013 and June 30, 2012:

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 403,503	\$ 414,012
Capital assets	<u>298,650</u>	<u>377,239</u>
Total assets	<u>702,153</u>	<u>791,251</u>
Liabilities:		
Current liabilities	<u>117,700</u>	<u>135,908</u>
Total liabilities	<u>117,700</u>	<u>135,908</u>
Net Position:		
Net investment in capital assets	298,650	377,239
Unrestricted	<u>285,803</u>	<u>278,104</u>
Total net position	<u>\$ 584,453</u>	<u>\$ 655,343</u>

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

The following table indicates the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012:

	<u>2013</u>	<u>2012</u>
Revenues:		
Operating revenues	\$ 303,217	\$ 310,806
Grants	-	125,556
Interest income	1,843	1,681
Total revenues	<u>305,060</u>	<u>438,043</u>
Expenses:		
Operating expenses	<u>375,950</u>	<u>380,940</u>
Total expenses	<u>375,950</u>	<u>380,940</u>
Net income (loss)	<u>\$ (70,890)</u>	<u>\$ 57,103</u>

The net position in 2012/13 FY decreased \$70,890 or 10.8% due primarily to the decrease in capital assets of \$78,589. The decrease in capital assets was mainly attributable to depreciation expenses of \$92,860. The non-operating grant revenues decreased because the U.S. Department of Housing and Urban Development (HUD) loan was removed from the Authority's accounting records in the 2011/12FY to reflect that the loan was paid off in the prior fiscal year.

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 Authority is currently undertaking project improvements to improve the habitability of the residential units, including the recent installation of energy efficient windows in most of the apartments. In addition, 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 131 units 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, 2013

ASSETS

Current assets:		
Cash and cash equivalents		\$ 403,503
Total current assets		<u>403,503</u>
Capital assets:		
Non depreciable assets		51,750
Depreciable assets, net		<u>246,900</u>
Total capital assets		<u>298,650</u>
Total assets		<u>702,153</u>

LIABILITIES

Current liabilities:		
Accounts payable		13,802
Deferred revenue		92,280
Tenant security deposits		<u>11,618</u>
Total current liabilities		<u>117,700</u>
Total liabilities		<u>117,700</u>

NET POSITION

Net investment in capital assets		298,650
Unrestricted		<u>285,803</u>
Total net position		<u>\$ 584,453</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, 2013

OPERATING REVENUES:

Dwelling rental	\$ 163,515
Other income	139,702
Total operating revenues	<u>303,217</u>

OPERATING EXPENSES:

Administrative	140,831
Repairs and maintenance	75,081
Utilities	67,178
Depreciation	92,860
Total operating expenses	<u>375,950</u>

Operating loss	<u>(72,733)</u>
----------------	-----------------

NON-OPERATING REVENUES (EXPENSES):

Interest income	1,843
Total non-operating income (expenses)	<u>1,843</u>

Change in Net Position	(70,890)
------------------------	----------

NET POSITION:

Beginning of year	655,343
End of year	<u>\$ 584,453</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from tenants/other funds	\$ 288,932
Payments for employee services	(140,831)
Payments for suppliers for goods and services	(146,182)
Net cash provided by operating activities	<u>1,919</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition of capital assets	<u>(14,271)</u>
Net cash used by capital and related financing activities	<u>(14,271)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>1,843</u>
Net cash provided by investing activities	<u>1,843</u>
Net change in cash and cash equivalents	<u>(10,509)</u>

CASH AND CASH EQUIVALENTS:

Beginning of year	<u>414,012</u>
End of year	<u>\$ 403,503</u>

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

Operating income (loss)	\$ (72,733)
Adjustments to reconcile operating income (loss) to net cash provided in operating activities:	
Depreciation	92,860
Changes in assets and liabilities:	
Increase (decrease) in accounts payable	(3,923)
Increase (decrease) in deferred revenue	(14,072)
Increase (decrease) in tenant security deposits	(213)
Net cash provided by operating activities	<u>\$ 1,919</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

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 Position. The Statement of Revenues, Expenses and Changes in 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, 2013

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 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.

H. Changes in Accounting Principles

In the fiscal year June 30, 2013, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, with no significant impact on the financial statements.

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 3 - CASH AND INVESTMENTS

At June 30, 2013, the Authority's cash and cash equivalents including restricted funds consisted of the following:

	<u>Fair Value</u>
Authority's Treasury	
Cash deposits with banks	\$ 211,658
Cash on hand	300
Certificates of deposits	191,545
Total cash and cash equivalents	<u>\$ 403,503</u>

A. Deposits

The carrying amount of the Authority's cash deposits was \$403,503 at June 30, 2013. Bank balances before reconciling items were \$404,417. 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, 2013

NOTE 4 - CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2013, were as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance</u> <u>June 30, 2013</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	1,800,345	5,463	-	1,805,808
Equipment	136,459	8,808	-	145,267
Total capital assets, being depreciated	<u>1,936,804</u>	<u>14,271</u>	<u>-</u>	<u>1,951,075</u>
Less accumulated depreciation for:				
Building and improvements	(1,523,754)	(83,108)	-	(1,606,862)
Equipment	(87,561)	(9,752)	-	(97,313)
Total accumulated depreciation	<u>(1,611,315)</u>	<u>(92,860)</u>	<u>-</u>	<u>(1,704,175)</u>
Total capital assets, being depreciated, net	<u>325,489</u>	<u>(78,589)</u>	<u>-</u>	<u>246,900</u>
Total capital assets, net	<u>\$ 377,239</u>	<u>\$ (78,589)</u>	<u>\$ -</u>	<u>\$ 298,650</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

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, 2013

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, sewer, and garbage services. During the year ended June 30, 2013, the Authority made payments of \$22,171 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, 2013, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements and have issued our report thereon dated December 24, 2013.

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.

Varrinet, Trine, Day & Co., LLP.

Pleasanton, California
December 24, 2013



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 was 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	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 Authority as of and for the year ended June 30, 2013, and have issued our report thereon dated December 24, 2013. 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 24, 2013, 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.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
December 24, 2013

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

PROJECT BALANCE SHEET SUMMARY FOR THE YEAR ENDED JUNE 30, 2013

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2013

	CA081000001	OTHER PROJ	Total
111 Cash - Unrestricted	\$299,287		\$299,287
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$11,617		\$11,617
115 Cash - Restricted for Payment of Current Liabilities	\$92,599		\$92,599
100 Total Cash	\$403,503	\$0	\$403,503
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	\$403,503	\$0	\$403,503
161 Land	\$51,750		\$51,750
162 Buildings	\$1,805,808		\$1,805,808
163 Furniture, Equipment & Machinery - Dwellings	\$145,267		\$145,267
164 Furniture, Equipment & Machinery - Administration			
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$1,704,175		-\$1,704,175
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$298,650	\$0	\$298,650

(continued)

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

PROJECT BALANCE SHEET SUMMARY (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

171	Notes, Loans and Mortgages Receivable - Non-Current			
172	Notes, Loans, & Mortgages Receivable - Non Current - Past			
173	Grants Receivable - Non Current			
174	Other Assets			
176	Investments in Joint Ventures			
180	Total Non-Current Assets	\$298,650	\$0	\$298,650
190	Total Assets	\$702,153	\$0	\$702,153
311	Bank Overdraft			
312	Accounts Payable <= 90 Days	\$13,802		\$13,802
313	Accounts Payable >90 Days Past Due			
321	Accrued Wage/Payroll Taxes Payable			
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	\$11,617		\$11,617
342	Deferred Revenues	\$92,281		\$92,281
343	Current Portion of Long-term Debt - Capital			
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	\$117,700	\$0	\$117,700
351	Long-term Debt, Net of Current - Capital Projects/Mortgage			
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	\$117,700	\$0	\$117,700
508.1	Invested In Capital Assets, Net of Related Debt	\$298,650		\$298,650
511.1	Restricted Net Assets			
512.1	Unrestricted Net Assets	\$285,803	\$0	\$285,803
513	Total Equity/Net Assets	\$584,453	\$0	\$584,453
600	Total Liabilities and Equity/Net Assets	\$702,153	\$0	\$702,153

(concluded)

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

PROJECT REVENUE AND EXPENSE SUMMARY FOR THE YEAR ENDED JUNE 30, 2013

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2013

	CA081000001	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$163,515		\$163,515
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$163,515	\$0	\$163,515
70600 HUD PHA Operating Grants	\$124,631		\$124,631
70610 Capital Grants	\$14,071		\$14,071
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	\$1,843		\$1,843
71200 Mortgage Interest Income		\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$1,000		\$1,000
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$305,060	\$0	\$305,060
91100 Administrative Salaries	\$55,229		\$55,229
91200 Auditing Fees	\$5,400		\$5,400
91300 Management Fee	\$25,200		\$25,200
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$11,959		\$11,959
91600 Office Expenses	\$13,058		\$13,058
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other			
91000 Total Operating - Administrative	\$110,846	\$0	\$110,846
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$8,205		\$8,205
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$1,637		\$1,637
92500 Total Tenant Services	\$9,842	\$0	\$9,842

(continued)

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

93100 Water	\$11,463		\$11,463
93200 Electricity	\$23,295		\$23,295
93300 Gas	\$20,772		\$20,772
93400 Fuel			
93500 Labor			
93600 Sewer	\$10,966		\$10,966
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$683		\$683
93000 Total Utilities	\$67,179	\$0	\$67,179
94100 Ordinary Maintenance and Operations - Labor	\$32,015		\$32,015
94200 Ordinary Maintenance and Operations - Materials and	\$9,996		\$9,996
94300 Ordinary Maintenance and Operations Contracts	\$33,071		\$33,071
94500 Employee Benefit Contributions - Ordinary Maintenance	\$11,564		\$11,564
94000 Total Maintenance	\$86,646	\$0	\$86,646
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	\$8,578		\$8,578
96140 All Other Insurance			
96100 Total insurance Premiums	\$8,578	\$0	\$8,578
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	\$283,091	\$0	\$283,091
97000 Excess of Operating Revenue over Operating Expenses	\$21,969	\$0	\$21,969

(continued)

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

93100 Water	\$11,463		\$11,463
93200 Electricity	\$23,295		\$23,295
93300 Gas	\$20,772		\$20,772
93400 Fuel			
93500 Labor			
93600 Sewer	\$10,966		\$10,966
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$683		\$683
93000 Total Utilities	\$67,179	\$0	\$67,179
94100 Ordinary Maintenance and Operations - Labor	\$32,015		\$32,015
94200 Ordinary Maintenance and Operations - Materials and	\$9,996		\$9,996
94300 Ordinary Maintenance and Operations Contracts	\$33,071		\$33,071
94500 Employee Benefit Contributions - Ordinary Maintenance	\$11,564		\$11,564
94000 Total Maintenance	\$86,646	\$0	\$86,646
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	\$8,578		\$8,578
96140 All Other Insurance			
96100 Total insurance Premiums	\$8,578	\$0	\$8,578
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	\$283,091	\$0	\$283,091
97000 Excess of Operating Revenue over Operating Expenses	\$21,969	\$0	\$21,969

(continued)

HOUSING AUTHORITY OF THE CITY OF PLEASANTON

PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

97100	Extraordinary Maintenance			
97200	Casualty Losses - Non-capitalized			
97300	Housing Assistance Payments			
97350	HAP Portability-In			
97400	Depreciation Expense	\$92,860		\$92,860
97500	Fraud Losses			
97600	Capital Outlays - Governmental Funds			
97700	Debt Principal Payment - Governmental Funds			
97800	Dwelling Units Rent Expense			
90000	Total Expenses	\$375,951	\$0	\$375,951
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	-\$70,891	\$0	-\$70,891
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0
11030	Beginning Equity	\$655,344	\$0	\$655,344
11040	Prior Period Adjustments, Equity Transfers and Correction			
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			
11100	Changes in Allowance for Doubtful Accounts - Other			
11170	Administrative Fee Equity			
11180	Housing Assistance Payments Equity			
11190	Unit Months Available	588	0	588
11210	Number of Unit Months Leased	586	0	586
11270	Excess Cash	\$262,213	\$0	\$262,213
11610	Land Purchases	\$0	\$0	\$0
11620	Building Purchases	\$5,463	\$0	\$5,463
11630	Furniture & Equipment - Dwelling Purchases	\$8,807	\$0	\$8,807
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)