

HOUSING AUTHORITY OF THE CITY OF  
SAN BUENAVENTURA

FINANCIAL STATEMENTS  
&  
SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2011

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YEAR ENDED SEPTEMBER 30, 2011

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**HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2011**

**Management's Discussion and Analysis**

The Housing Authority of the City of San Buenaventura (the "Authority") is pleased to present its basic financial statements for year ended September 30, 2011, which were prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of the three basic financial statements: the statement of net assets (balance sheet); the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. In addition GAAP requires the inclusion of this Management's Discussion and Analysis (MD&A) section as required supplementary information.

The MD&A is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (d) identify issues or concerns. This will now be presented at the front of each year's financial statements. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the financial statements, which follow this section.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned, and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net assets.

**Financial Highlights**

- Net assets at September 30, 2011, increased to \$35,634,071. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net assets were \$34,989,129 for 2010.
- The business-type activities operating revenue at September 30, 2011, increased to \$22,444,447. Total operating revenue was \$22,032,249 for 2010.
- The total operating expenses of all programs for September 30, 2011, increased to \$23,229,647. Total operating expenses were \$22,415,476 for 2010.
- Total capital grant contributions at September 30, 2011, decreased to \$1,745,223. Total capital grant contributions were \$2,133,409 for 2010.

**Overview of the Financial Statements**

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity.

This MD&A is intended to serve as an introduction to the Authority's basic financial statements.

The following statements are included:

- Statement of Net Assets – reports current financial resources (short-term expendable resources) with capital assets and long-term obligations.
- Statement of Revenue, Expenses, and Changes in Fund Net Assets - reports operating and nonoperating revenue, by major source along with operating and nonoperating expenses and capital contributions.
- Statement of Cash Flows – reports cash flows from operating, investing, capital, non-capital activities.

## The Authority's Programs

### Low Income Public Housing (LIPH)

Under this program, the Authority rents units that it owns within the City of San Buenaventura to low-income households. This program is operated under the annual contributions contract (ACC) with HUD, and HUD provides operating subsidy to enable the Authority to provide the housing at a cost that is based upon 30 percent of household income. The Authority currently owns and operates 716 subsidized units in this program.

The Authority is a "Standard Performer" under HUD's Interim Public Assessment System (PHAS).

### Section 8 Program

Within the Section 8 program, the Authority administers contracts with independent landlords that own and lease units within our community under the Housing Choice Voucher program (HCV). The Authority subsidizes the family's rent through a housing assistance payment (HAP) made to the landlord. The HAP matches the difference between the total rent that the landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Authority is not responsible for the protective services and maintenance of the units and properties associated with this program. However, the landlord must maintain the units in accordance with HUD's housing quality standards in order to participate in the program. The Authority currently administers 1,286 HCV vouchers, 50 Veterans Assistance vouchers (VASH) and 13 Shelter Plus Care vouchers (S+C). These programs are operated under the annual contributions contracts (ACC) with HUD, which enables the Authority to structure a lease that sets the participants' housing costs at 30 percent of household income.

The Authority is a "High Performer" under the Section Eight (8) Management Assessment Programs (SEMAP).

### Shelter Plus Care

The Authority receives grant funds that serve to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

### Capital Fund Program and ARRA

Under this program, The Authority receives funding for physical and management improvements to its owned public housing units within the low-income public housing program. The Capital Fund Program is operated under the annual contributions contract (ACC) with HUD and the award amounts are formula based.

The American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law on February 17, 2009. The Authority applied, through a competitive grant process, for ARRA funds and received an award of \$1,790,000 on February 29, 2009. This was the first time the Authority applied for this type of grant funding and was successfully awarded. The funds were used for comprehensive green renovation of all 28 units at the Authority's development located at Santa Clara Street. The grant was 100% expended by April 30, 2012, five months ahead of schedule.

### Resident Services Grants

Includes grants funded by HUD, such as Resident Opportunity and Self-Sufficiency Grant (ROSS). The ROSS programs are structured to encourage resident economic self-sufficiency, with the overarching goal to improve the safety and quality of life in the areas in and around public housing properties. ROSS also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

The HCV program also received a Family Self-Sufficiency (FSS) grant that works specifically with HCV voucher participants to assist them in setting life goals and objectives.

### Business Activities

The Authority accounts for its various non-federal activities under the business activities program.

### Affordable Housing Projects

The Authority is currently in the process of developing multiple affordable housing projects in the City of Ventura, California. The Authority incurs certain predevelopment costs associated with these projects – primarily funded by non-federal sources – until all necessary partners, investors and funding sources are identified at which time all project assets, liabilities and commitments are conveyed to the limited partnerships.

Encanto Del Mar Apartments – Encanto Del Mar Apartments will consist of a 37-unit 9% tax credit, affordable housing development. The total cost of the project is projected to be \$17.2 million. The project is to be owned and operated by Encanto Del Mar Apartments, L.P., a California limited partnership. Encanto Del Mar Apartments, LLC, whose sole member is Homecomings, Inc, is the acting general partner with a .01% ownership interest; the Authority is the project developer and management agent.

During the predevelopment stage, the Authority incurred two lines of credit in the amount of \$750,000 each from local financial institutions in order to finance certain predevelopment costs, including a real property acquisition until permanent financing sources could be obtained. At construction close in December 2010, the land and predevelopment costs incurred by the Authority were transferred to the limited partnership and both debts were repaid. Construction began in December 2010 and is expected to be completed in spring 2012.

Hansen Trust – The Authority has plans to develop a 24-unit farm worker housing project in Ventura, CA. The University of California has committed to the donation of approximately 2 acres of the 30-acre Hansen Trust site to the Authority which will be a fully improved building site ready for development. The project is expected to be financed by various sources, including USDA and Joe Serna Farmworker Housing funds. A recoverable grant of \$102,000 was awarded by the Ventura County Community Foundation for pre-development costs of which \$51,000 was received in the current year. The Authority's architect completed conceptual design plans consistent with the approved Specific Plan for the area. The City's Design Review Committee reviewed and commented on the conceptual plans in April 2011, a revised submittal was prepared and the final conceptual review is scheduled for the first quarter of 2012.

### City Programs

The Authority has five (5) contracts with the City of San Buenaventura (the "City") to provide contract services ranging from tenant/landlord services to assisting the City with its housing preservation programs.

### Housing Trust Fund

During 2008, in an effort to ensure the availability of safe and sanitary affordable housing for the citizens of the City of San Buenaventura (the "City"), the Authority and the City agreed to amend their existing

Cooperation Agreement – with HUD approval – to permit annual Payments in Lieu of Taxes (PILOT) to be deposited into a Housing Trust Fund held in the name of the Authority. These funds may be used to preserve or increase the supply of housing for low and very low income persons in the City, specifically priority shall be given in housing to employees of the Ventura County, Ventura Unified School District, and the City of Ventura for housing units in developments for which these funds are used as a funding source.

#### State and Local Program

The Authority administers various grants and housing programs from the local community. Congress amended the Housing and Community Development Act of 1974 (HCD Act) in 1981 to give each jurisdiction the opportunity to administer Community Development Block Grant (CDBG) funds for non-entitlement area. CDBG provides states, eligible metropolitan cities and urban counties with annual direct grants that they can use to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low- and moderate-income persons.

#### Neighborhood Stabilization Program - NSP-R Program Loan

In connection with the development of the Encanto Del Mar Apartments affordable housing project, permanent financing was obtained from various sources, including a \$9.4 million Neighborhood Stabilization Program (NSP-R) loan from the Department of Housing and Community Development of the State of California (the "Department") and an NSP 1 grant award from the County of Ventura in the amount of \$443,636. The loan is the obligation of the Encanto Del Mar Apartments, L.P. (the "Borrower"). However, the Authority is listed as the sponsor organization – as defined in the loan agreements – and has ultimate responsibility to ensure compliance with the terms and conditions of the program for the life of the loan. As the sponsoring organization, the Authority is subject to the same liability as the Borrower if it fails to ensure compliance. The outstanding loan balance and related transactions are included in the financial statements of the Borrower.

#### Component Unit

These are legally separate organizations for which the elected officials of the primary government are financially accountable or where the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The governing body of the Authority is its Board of Commissioners (the "Board") comprised of seven (7) members appointed by the City Council of the City of Ventura. The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board Statement No. 14, as amended, *The Reporting Entity*, and ("GASB No. 14") as the Board independently oversees the Authority's operations.

The component unit program consists of Triad Properties (Triad) and Homecomings, Inc (Homecomings).

#### Triad Properties

Triad is a California nonprofit public benefit corporation which was formed to promote and develop affordable housing and related services for low to moderate income households in the County of Ventura, California and be eligible to apply for specific HUD funding as a Community Housing Development Corporation (CHDO). Triad owns and operates twenty-two low-income housing units in the City of Ventura. Triad is considered a "Discrete Component Unit".

The relationship between the Authority and Triad is supportive in nature as Triad often carries out its stated purpose of providing decent, safe and affordable housing by supporting the operational goals and objectives of the Authority. In addition, the Board also acted as the original governing body for Triad. In March 2010, Triad's bylaws were amended and the Board appointed a new Board of Directors who is

now substantially different from that of the Authority's Board. The amended bylaws state that the Triad Board of Directors will serve four year terms and is now empowered to appoint any new director(s). Therefore, Triad will be discretely presented in the current year financial statements and notes. All interprogram balances and transactions between the primary government and the discretely presented component unit will be disclosed in the notes to the financial statements. Separately issued financial statements of Triad Properties may be obtained by contacting Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001.

*Homecomings, Inc*

Homecomings is a California nonprofit public benefit corporation which was formed to promote and develop affordable housing for low to moderate income households in the County of Ventura. It can also form partnerships and currently acts as the general partner in each of the following tax credit partnerships in which it has a .01% ownership interest.

- Chapel Lane, L.P. – 4% tax credit project with 38-senior units, in operation since September 2005
- Soho Associates, L.P. – 9% tax credit project with 12-family units, full occupancy was reached September 2011
- Encanto Del Mar Apartments, L.P. – 9% tax credit project with 37-family units, expected completion date is Spring of 2012

Homecomings accounts for its ownership interest in these tax credit partnerships using the equity method. Separately issued financial statements for the aforementioned tax credit partnerships may be obtained by contacting Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001. The Authority both directly and indirectly controls the operations of Homecomings, and the Authority's Board also acts as the governing body for the organization. Therefore, Homecomings will be presented as a blended component unit included in the balances of the primary government, thus all significant inter-program balances and transactions between Homecomings and the Authority have been eliminated.

## FINANCIAL ANALYSIS

The following tables focus on the net assets and the change in net assets of the primary government as a whole.

**TABLE 1 – STATEMENT OF NET ASSETS**

	<u>2011</u>	<u>2010</u>	<u>Variance</u>	<u>% Change</u>
Current Assets	\$ 4,005,270	\$ 3,022,504	\$ 982,766	32.51%
Capital Assets, Net	29,640,634	30,811,221	(1,170,587)	-3.80%
Notes Receivable	4,369,865	4,438,490	(68,625)	-1.55%
Total Assets	<u>\$ 38,015,769</u>	<u>\$ 38,272,215</u>	<u>\$ (256,446)</u>	-0.67%
Current Liabilities	\$ 1,125,828	\$ 2,030,859	\$ (905,031)	-44.56%
Noncurrent Liabilities	1,255,870	1,252,227	3,643	0.29%
Total Liabilities	<u>2,381,698</u>	<u>3,283,086</u>	<u>(901,388)</u>	-27.46%
Net Assets:				
Invested in Capital Assets	29,640,634	29,085,796	554,838	1.91%
Restricted	994,638	840,787	153,851	18.30%
Unrestricted	4,998,799	5,062,546	(63,747)	-1.26%
Total Net Assets	<u>35,634,071</u>	<u>34,989,129</u>	<u>644,942</u>	1.84%
Total Liabilities & Net Assets	<u>\$ 38,015,769</u>	<u>\$ 38,272,215</u>	<u>\$ (256,446)</u>	-0.67%

## MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Current assets increased by \$982,766 primarily due to an increase in cash and cash equivalents at year-end. The increase is attributable to positive results from operating activities as the Authority continues to operate its various projects and programs with overall success.

Capital assets decreased by \$1,170,587 due primarily to the normal depreciation of capital assets and the transfer of predevelopment costs and real property acquired by the Authority in connection with the Encanto Del Mar Apartment project to the owner and operator in December 2010. These decreases were offset by the capitalization of ongoing modernization efforts and improvements to certain public housing units primarily funded with capital fund and ARRA grants.

Notes receivable decreased by \$68,625 as the Authority received a principal payment during the year on the outstanding note receivable due from Triad.

Current liabilities decreased by \$905,031 primarily due to the repayment of two outstanding lines of credit incurred by the Authority in the prior year in order to finance certain predevelopment costs of the Encanto Del Mar Apartments project, including a real property acquisition, until permanent financing sources could be obtained. The obligations were paid off as part of the Encanto Del Mar Apartment closing and conveyance that occurred in December 2010.

Noncurrent liabilities remained relatively consistent compared to prior year.



**TABLE 2 – STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS**

The following schedule compares the revenue and expenses for the current and previous fiscal years. The Authority is engaged only in business-type activities.

	<u>2011</u>	<u>2010</u>	<u>Variance</u>	<u>% Change</u>
<b>Operating Revenues</b>				
Rental Income	\$ 3,143,048	\$ 3,165,704	\$ (22,656)	-0.72%
Federal Grants	17,917,895	17,456,753	461,142	2.64%
Other	1,383,504	1,409,792	(26,288)	-1.86%
Total Operating Revenues	<u>22,444,447</u>	<u>22,032,249</u>	<u>412,198</u>	<u>1.87%</u>
<b>Operating Expenses</b>				
Administration	4,205,889	4,301,871	(95,982)	-2.23%
Tenant Services	331,300	215,477	115,823	53.75%
Utilities	535,464	550,981	(15,517)	-2.82%
Maintenance	1,406,697	1,552,090	(145,393)	-9.37%
General	1,278,882	939,753	339,129	36.09%
Housing Assistance Payments	14,125,910	13,404,510	721,400	5.38%
Depreciation	1,345,505	1,450,794	(105,289)	-7.26%
Total Operating Expenses	<u>23,229,647</u>	<u>22,415,476</u>	<u>814,171</u>	<u>3.63%</u>
Operating Income (loss)	<u>(785,200)</u>	<u>(383,227)</u>	<u>(401,973)</u>	<u>104.89%</u>
<b>Nonoperating revenues (expenses):</b>				
Interest Revenue	32,604	32,138	466	1.45%
Loss from Disposal of Capital Assets	-	(446,357)	446,357	-100.00%
Interest Expense	(28,000)	(28,000)	-	0.00%
Special Items	(319,685)	-	(319,685)	-
Capital Contributions	1,745,223	2,133,409	(388,186)	-18.20%
Total Nonoperating Activity	<u>1,430,142</u>	<u>1,691,190</u>	<u>(261,048)</u>	<u>-15.44%</u>
Change in Net Assets	644,942	1,307,963	(663,021)	-50.69%
Beginning Net Assets	<u>34,989,129</u>	<u>33,681,166</u>	<u>1,307,963</u>	<u>3.88%</u>
Ending Net Assets	<u>\$ 35,634,071</u>	<u>\$ 34,989,129</u>	<u>\$ 644,942</u>	<u>1.84%</u>

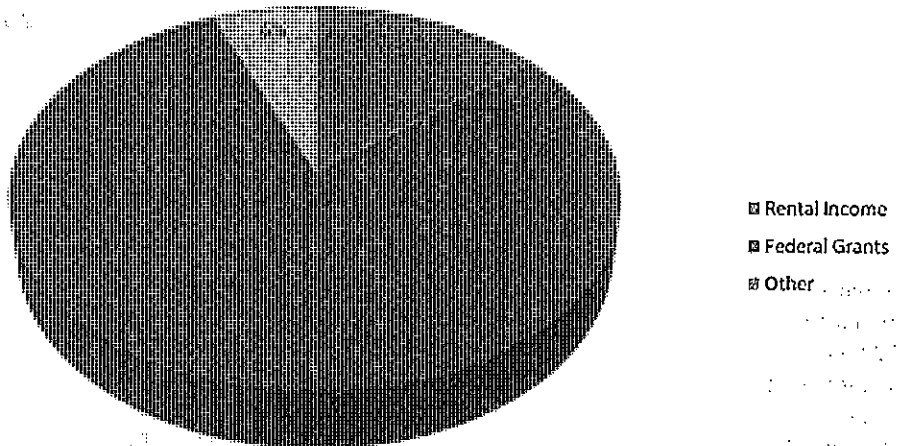
**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS**

**Total Operating Revenue**

Total operating revenue increased by \$412,198 to \$22,444,447 primarily due to increases in operating grants received from HUD under the Housing Choice Voucher Program.

The following table provides further illustration of the Authority's total operating revenue for the year ended September 30, 2011:

### Total Operating Revenue

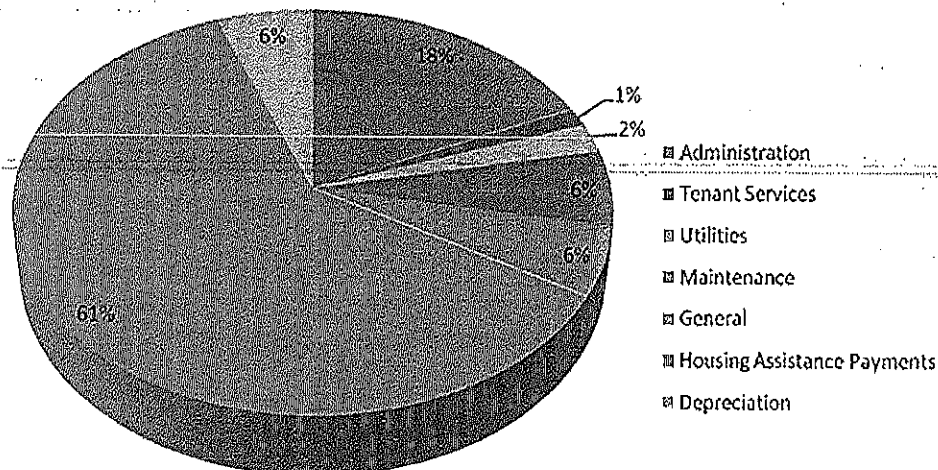


### Total Operating Expenses

Total operating expenses increased by \$814,171 to \$23,229,647 due to significant increases in housing assistance payments (HAP) resulting from increased participation in the program. General expenses also increased significantly from the prior year due to increases in the amount of soft costs allocated to the Capital Fund program and an increase in the amount of compensated absences expense reported in the current year. Tenant services also saw increases from prior year. Increases in tenant services were experienced in the Low Rent Public Housing Program and City Programs. These increases were offset by reductions in administration costs, utilities, maintenance activities, and depreciation expense. The Authority's continued modernization efforts and energy efficiency improvements have contributed to the decline in required maintenance and utility consumption.

The following table provides further illustration of the Authority's total operating expenses for the year ended September 30, 2011:

### Total Operating Expenses



## Nonoperating Revenues and Expenses

The Special Items reflects the contribution of equity in land and predevelopment costs – of the Encanto affordable housing project incurred by the Authority prior to construction close – to the limited partnership. A portion of the original Encanto land acquisition was financed by the NSP 1 Grant awarded to the project by the County of Ventura. The resulting interest in the property was transferred to Encanto Del Mar Apartments, L.P., the owner and operator of the project, in December 2010. Special Items also includes the write-off of certain predevelopment costs, including application fees and costs, incurred as the Authority was researching and assessing potential financing mechanisms for the Soho affordable housing project early in the pre-development stage of the project. These costs were not ultimately conveyed to the project as basis and have no future value to the Authority.

Capital contributions decreased by \$388,186 to \$1,745,223 due to a slight reduction in the level of activity related to the modernization and improvement of certain public housing projects.

## CAPITAL ASSETS

As of September 30, 2011, investment in capital assets for its business-type activities was \$29,640,634 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

Major capital asset purchases during the current fiscal year included the following:

- Modernization and improvement of certain public housing units
- Predevelopment costs of Encanto Del Mar Apartments incurred prior to conveyance in December 2010

Major capital asset disposals during the current fiscal year included the following:

- Sale/conveyance of land and certain predevelopment costs associated with the Encanto Del Mar Apartments project

The Authority had two uncompleted capital fund construction contracts at year-end. The remaining commitment on these contracts was approximately \$170,000 at September 30, 2011.

## DEBT OUTSTANDING

At September 30, 2011, the Authority had \$902,000 in debt outstanding compared to \$1,776,425 last year, a decrease of \$874,425. This debt is in the form of an \$800,000 ten year deferred HELP loan that accrues simple interest at a rate of 3.5% annually payable to the California Housing Finance Agency, and a recoverable grant in the amount of \$102,000 payable to the Ventura County Community Foundation. Proceeds were used to finance the activities of the various affordable housing projects being developed by the Authority.

The HELP loan will be paid-in-full at the closing of the Soho project permanent loan which is anticipated to occur in fiscal year ending September 30, 2013.

## **ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflation, recession and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.

## **FINANCIAL CONTACT**

This financial report is designed to provide a general overview of the finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Mr. Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 805-648-5008.

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To the Board of Commissioners  
Housing Authority of the City of San Buenaventura

Independent Auditor's Report

We have audited the accompanying basic financial statements of the Housing Authority of the City of San Buenaventura (the "Authority"), and its discretely presented component unit as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

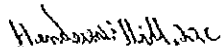
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority and of its discretely presented component unit as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof 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 issued our report dated June 04, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. ~~That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.~~

The management's discussion and analysis on pages 1 through 10 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental information, which includes the Statement and Certification of Actual Modernization Costs and the Financial Data Schedule (FDS), is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Henderson & Hill, LLC  
June 04, 2012



# HENDERSON & HILL, LLC

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To the Board of Commissioners  
Housing Authority of the City of San Buenaventura

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*

We have audited the basic financial statements of the Housing Authority of the City of San Buenaventura (the "Authority"), as of and for the year ended September 30, 2011, and have issued our report thereon dated June 04, 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

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 opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 11-01.

We noted certain matters that we reported to management of the Authority in a separate letter dated June 04, 2012.

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

This report is intended for the information of the Board of Commissioners, management, others within the entity and the Office of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

*Henderson & Hill, LLC*

Henderson & Hill, LLC  
June 04, 2012



# HENDERSON & HILL, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Commissioners  
Housing Authority of the City of San Buenaventura

Report on Compliance with Requirements Applicable to Each Major Program and Internal  
Control over Compliance in Accordance with OMB Circular A-133

### Compliance

We have audited the compliance of the Housing Authority of the City of San Buenaventura (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2011. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2011.

### Internal Control over Compliance

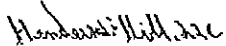
The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.



Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and the Office of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.



Henderson & Hill, LLC  
June 04, 2012

Housing Authority of the City of San Buenaventura  
Statement of Net Assets  
September 30, 2011

	Primary Government	Component Unit
<b>ASSETS</b>		
Current Assets:		
Unrestricted cash and cash equivalents	\$ 2,216,134	\$ 131,050
Restricted cash and cash equivalents	1,260,048	18,519
Accounts receivable:		
HUD	192,877	-
Other governments	83,906	-
Tenants, net of allowance of \$28,117 and \$0, respectively	37,143	3,618
Interest	48,950	-
Miscellaneous	127,584	55,063
Due from primary government to component unit	-	37,022
Inventories	8,892	-
Prepays and other assets	29,736	646
Total current assets	4,005,270	245,918
Noncurrent assets:		
Capital assets:		
Land	3,042,205	814,029
Building and equipment	51,140,364	2,125,759
Construction in progress	4,423,566	-
Less accumulated depreciation	(28,965,501)	(407,038)
Capital assets, net	29,640,634	2,532,750
Notes receivable	4,369,865	-
Total noncurrent assets	34,010,499	2,532,750
Total assets	\$ 38,015,769	\$ 2,778,668
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 64,364	\$ 17,601
Accrued liabilities	364,526	558
Intergovernmental payables	258,687	-
Tenant security deposits	190,986	18,519
Deferred revenue	104,610	1,077
Due to component unit from primary government	37,022	-
Notes payable, current portion	102,000	3,282
Other current liabilities	3,633	20,168
Total current liabilities	1,125,828	61,205
Noncurrent liabilities:		
Notes payable, net of current portion	800,000	2,790,417
Compensated absences, net of current portion	234,743	-
Noncurrent liabilities - other	221,127	5,019
Total noncurrent liabilities	1,255,870	2,795,436
Total liabilities	2,381,698	2,856,641
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	29,640,634	(260,949)
Restricted	994,638	-
Unrestricted	4,998,799	182,976
Total net assets	35,634,071	(77,973)
Total liabilities & net assets	\$ 38,015,769	\$ 2,778,668

*The accompanying notes are an integral part of these financial statements.*

Housing Authority of the City of San Buenaventura  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
For Year Ended September 30, 2011

	<u>Primary Government</u>	<u>Component Unit</u>
Operating revenues		
Rental income	\$ 3,143,048	\$ 296,023
Federal grants	17,917,895	-
Other	<u>1,383,504</u>	<u>226,653</u>
Total operating revenues	<u>22,444,447</u>	<u>522,676</u>
Operating expenses		
Administration	4,205,889	170,744
Tenant services	331,300	-
Utilities	535,464	69,410
Maintenance	1,406,697	76,768
General	1,278,882	207,440
Housing assistance payments	14,125,910	-
Depreciation	<u>1,345,505</u>	<u>80,087</u>
Total operating expenses	<u>23,229,647</u>	<u>604,449</u>
Operating Income (loss)	(785,200)	(81,773)
Nonoperating revenues (expenses):		
Interest revenue	32,604	-
Interest expense	<u>(28,000)</u>	<u>(14,789)</u>
Income (loss) before contributions and special items	(780,596)	(96,562)
Capital contributions	1,745,223	-
Special items	<u>(319,685)</u>	<u>-</u>
Change in net assets	644,942	(96,562)
Total net assets - beginning of the year	<u>34,989,129</u>	<u>18,589</u>
Total net assets - end of the year	<u>\$ 35,634,071</u>	<u>\$ (77,973)</u>

*The accompanying notes are an integral part of these financial statements.*

Housing Authority of the City of San Buenaventura  
Statement of Cash Flows  
For Year Ended September 30, 2011

	Primary Government	Component Unit
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from tenants	\$ 3,183,088	\$ 284,864
Federal and other governmental grants	17,851,929	-
Other receipts	1,259,644	425,197
Payments to suppliers & Section 8 Landlords	(17,412,999)	(469,885)
Payments to or on behalf of employees	(4,450,289)	(43,188)
	<u>431,373</u>	<u>206,988</u>
Net cash provided (used) by operating activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from conveyance of capital assets	406,362	-
Purchase of capital assets	(2,227,486)	-
Capital contributions	1,745,223	-
Principal payments on notes payable	(42,370)	(71,673)
Interest payments on notes payable	-	(14,789)
Proceeds from the issuance of notes payable	443,466	-
	<u>325,195</u>	<u>(86,462)</u>
Net cash provided (used) by capital financing activities		
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance of note payable	51,000	-
	<u>51,000</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	8,129	-
Principal payments received from note receivable	68,625	-
	<u>76,754</u>	<u>-</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	864,322	120,526
Balances - beginning of the year	2,591,860	29,043
Balances - end of the year	<u>\$ 3,476,182</u>	<u>\$ 149,569</u>
<b>Reconciliation of income (loss) to net cash provided (used) by operating activities</b>		
Operating income (loss)	\$ (785,200)	\$ (81,773)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,345,505	80,087
Change in assets and liabilities:		
Receivables, net	(116,350)	(58,681)
Due from primary government to component unit	(249,128)	249,128
Inventories, net	35,580	722
Prepays and other assets	6,821	(159)
Accounts payable	(63,468)	(9,818)
Intergovernmental payables	(467)	-
Deferred revenue	39,399	1,077
Other liabilities	(27,536)	24,465
Accrued liabilities	150,594	558
Compensated absences	36,988	-
Accrued OPEB liability	48,891	-
Tenant security deposits	9,764	1,382
	<u>431,373</u>	<u>206,988</u>
Net cash provided (used) by operating activities		
<b>SUPPLEMENTAL INFORMATION</b>		
Non-cash capital and related financing activities:		
Payoff of notes payable for conveyance of real and personal property	\$ 1,326,521	\$ -

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Housing Authority of the City of San Buenaventura (the "Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and therefore, presents only the financial statements required for enterprise funds, in accordance with GASB Statement 34, paragraph 138. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of –
  - \* Statement of Net Assets
  - \* Statement of Revenues, Expenses and Changes in Fund Net Assets
  - \* Statement of Cash Flows
- Notes to financial statements
- Required supplemental information other than MD&A

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "primary government" in the basic financial statements. Significant Authority policies are described below.

**A. The Reporting Entity**

The Authority was established as a tax-exempt quasi-governmental entity under the United States Housing Act of 1937 for the purpose of providing affordable housing to low and moderate income families in Ventura County, California. The governing body of the Authority is composed of a 7 member appointed Board of Commissioners (the "Board"). The Mayor appoints the Board, who in turn hires the Chief Executive Officer. The Authority is governed by its charter and by-laws, state and local laws and federal regulations. The Board is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Authority's management.

For financial reporting purposes, the financial reporting entity consists of (1) the primary government (the "Authority"), (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The Authority is financially accountable if it appoints a voting majority of an organization's governing body and (a) it is able to impose its will on the organization or, (b) there is potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the Authority. The Authority may be financially accountable if an organization is fiscally dependent on the Authority. Based on these criteria; the following entities have been identified as component units of the Authority.

*Triad Properties*

Triad Properties (Triad) is a California nonprofit public benefit corporation which was formed to promote and develop affordable housing and related services for low to moderate income households in the County of Ventura, California and be eligible to apply for specific HUD funding as a Community Housing

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Development Corporation (CHDO). Triad is a tax exempt entity under section 501(c)(3) of the Internal Revenue Code (IRC). Triad owns and operates twenty-two low-income housing units in the City of Ventura.

The relationship between the Authority and Triad is supportive in nature as Triad often carries out its stated purpose of providing decent, safe and affordable housing by supporting the operational goals and objectives of the Authority. In addition, the Authority's Board also acted as the original governing body for Triad. In March 2010, Triad's bylaws were amended and the Board appointed a new Board of Directors who is now substantially different from that of the Authority's Board. The amended bylaws state that the Triad Board of Directors will serve four year terms and is now empowered to appoint any new director(s). Therefore, Triad will be discretely presented in the current year financial statements as its own "component unit" column with separate "component unit" disclosures in the notes to the financial statements. All interprogram balances and transactions between the primary government and the discretely presented component unit will be disclosed in the notes to the financial statements (*see Note 12 – Transactions with Discretely Presented Component Unit*). Separately issued financial statements of Triad Properties may be obtained by contacting Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001.

*Homecomings, Inc*

Homecomings, Inc (Homecomings) is a California nonprofit public benefit corporation which was formed to promote and develop affordable housing for low to moderate income households in the County of Ventura. It can also form partnerships and currently acts as the general partner in each of the following tax credit partnerships in which it has a .01% ownership interest.

- Chapel Lane, L.P. – 4% tax credit project with 38-senior units, in operation since September 2005
- Soho Associates, L.P. – 9% tax credit project with 12-family units, full occupancy was reached September 2011
- Encanto Del Mar Apartments, L.P. – 9% tax credit project with 37-family units, expected completion date is Spring of 2012

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Homecomings accounts for its ownership interest in these tax credit partnerships using the equity method. Separately issued financial statements for the aforementioned tax credit partnerships may be obtained by contacting Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001. The Authority both directly and indirectly controls the operations of Homecomings, and the Authority's Board also acts as the governing body for the organization. Therefore, Homecomings will be presented as a blended component unit included in the balances of the primary government, thus all significant inter-program balances and transactions between Homecomings and the Authority have been eliminated.

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**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Authority's financial statements are accounted for on the flow of economic resources management focus using the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and changes in cash flow.

All assets and liabilities associated with a proprietary fund's activities are included on the Statement of Net Assets. Proprietary fund net assets are segregated into Invested in Capital Assets, Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets. Revenues are recognized when they are earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are rental charges to tenants and operating subsidy grants from HUD. Operating expenses for proprietary funds include the cost of administrative expenses, maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority applies restricted resources to fund restricted costs and unrestricted resources to fund unrestricted costs. All material inter-program accounts and transactions of the primary government are eliminated in the preparation of the basic financial statements.

The Authority applies all relevant GASB pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989. The Authority follows all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 for proprietary activities, unless they conflict with GASB pronouncements.

The Authority has previously adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with this statement, the Authority accounted for all grants that qualify as non-exchange transactions, recognizing receivables and revenues when all applicable eligibility requirements are met. In addition, capital contributions are recorded on the Statement of Revenues, Expenses and Changes in Fund Net Assets after income before contributions and before changes in net assets.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net asset categories:

- *Invested in capital assets, net of related debt* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- *Restricted* – Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions, debt service and Housing Assistance Payment (HAP) equity mandated by HUD.
- *Unrestricted* – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board or may otherwise be limited by contractual agreements with outside parties.

**C. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, demand deposits and money market accounts. For purposes of the statement of cash flows, the Authority considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported on the balance sheet approximate fair values because of the short maturities of those investments.

**D. Receivables**

Receivables include amounts from tenants for rental of housing units, grant receivables due from HUD, amounts due from the City of San Buenaventura for contract services rendered, and accrued interest and management fee receivables due from affiliated organizations (see Note 13 – *Affiliated Organizations*). All receivables are current and due within one year. Receivables are reported net of an allowance for

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. At September 30, 2011, the allowance account is \$28,117 based on the Authority's estimates.

**E. Restricted Assets and Liabilities**

Debt covenants, HUD regulations, and inter-local agreements restrict the use of certain assets. Restricted assets are offset by related liabilities in accordance with their liquidity.

**F. Inventories**

Inventories are accounted for under the consumption method and recorded at the lower of cost or market. Materials and supplies are recorded as inventories when purchased and as expenditures when used.

**G. Prepaids**

Prepaids represent payments made to vendors for services that will benefit beyond September 30, 2011.

**H. Capital Assets**

Capital assets include property, furniture, equipment and machinery. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Construction in progress consists of capital improvements funded by modernization grant programs. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings & Improvements	7-40
Improvements other than buildings	7-30
Furniture, equipment, and machinery	3-7

**I. Compensated Absences**

The Authority's policy allows each employee to accumulate up to 240 vacation hours and be paid for them upon separation. The Authority has no maximum accrual for sick leave. If an employee has completed 5 years of service, they shall be paid for 20% of accumulated sick leave at their current hourly rate upon separation. Time accrued beyond that is forfeited unless exception is granted by the Board. The majority of employees utilize their annual accrual of vacation and sick leave during the year accrued. The Authority records compensated absences expense in the period earned and uses a systematic allocation process to allocate between short-term and long-term liability classification.

**J. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 2 – CASH DEPOSITS AND INVESTMENTS**

Cash and investments may be invested in the following HUD-approved vehicles:

- Direct obligations of the federal government backed by the full faith and credit of the United States;
- Obligations of government agencies;
- Securities of government sponsored agencies;
- Demand and savings deposits; and,
- Time deposits and repurchase agreements.

At September 30, 2011, cash was in bank deposits or money market funds. All of the Authority's federal funds were insured or collateralized with securities held by the Authority or by its agent in the Authority's name. A portion of the Authority's non-federal deposits in the amount of approximately \$38,000 were not insured or collateralized at year-end.

*Interest Rate Risk* – The Authority's formal investment policy does not specifically address the exposure to this risk.

*Credit Risk* - The Authority's formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.

*Custodial Credit Risk* – The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

*Concentration of Credit Risk* – The Authority's investment policy does not restrict the amount that the Authority may invest in any one issuer.

**NOTE 3 – CAPITAL ASSETS**

**A. Changes in Capital Assets**

Capital asset activity for the year ended September 30, 2011 was as follows:

	Primary Government				
	Beginning Balance	Additions	Decreases	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	\$ 3,846,705	\$ -	\$ (804,500)	\$ -	\$ 3,042,205
Construction in process	3,445,948	2,225,686	(1,248,068)	-	4,423,566
Total capital assets not being depreciated	<u>7,292,653</u>	<u>2,225,686</u>	<u>(2,052,568)</u>	<u>-</u>	<u>7,465,771</u>
Capital assets being depreciated					
Buildings and improvements	49,997,459	-	-	-	49,997,459
Equipment	1,141,105	1,800	-	-	1,142,905
Total capital assets being depreciated	<u>51,138,564</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>51,140,364</u>
Less accumulated depreciation for:					
Buildings and improvements	(26,566,617)	(1,307,468)	-	-	(27,874,085)
Equipment	(1,053,379)	(38,037)	-	-	(1,091,416)
Total accumulated depreciation	<u>(27,619,996)</u>	<u>(1,345,505)</u>	<u>-</u>	<u>-</u>	<u>(28,965,501)</u>
Capital assets, net	<u>\$ 30,811,221</u>	<u>\$ 881,981</u>	<u>\$ (2,052,568)</u>	<u>\$ -</u>	<u>\$ 28,640,634</u>

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 3 – CAPITAL ASSETS (Continued)**

	Component Unit				
	Beginning Balance	Additions	Decreases	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	\$ 814,029	\$ -	\$ -	\$ -	\$ 814,029
Total capital assets not being depreciated	<u>814,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,029</u>
Capital assets being depreciated					
Buildings and improvements	2,125,759	-	-	-	2,125,759
Total capital assets being depreciated	<u>2,125,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,125,759</u>
Less accumulated depreciation for:					
Buildings and improvements	(326,951)	(80,087)	-	-	(407,038)
Total accumulated depreciation	<u>(326,951)</u>	<u>(80,087)</u>	<u>-</u>	<u>-</u>	<u>(407,038)</u>
Capital assets, net	<u>\$ 2,612,837</u>	<u>\$ (80,087)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,532,750</u>

**B. Net Capital Assets**

The following is a summary of net capital assets as shown on the statement of net assets:

	Primary Government	Component Unit
Land	\$ 3,042,205	\$ 814,029
Construction in progress	4,423,566	-
Buildings and improvements	49,997,459	2,125,759
Equipment	<u>1,142,905</u>	<u>-</u>
	58,606,135	2,939,788
Less: accumulated depreciation	<u>(28,965,501)</u>	<u>(407,038)</u>
Capital assets, net	<u>\$ 29,640,634</u>	<u>\$ 2,532,750</u>

**C. Capital Contributions**

The Authority receives capital grants from HUD. The Authority recognized \$1,745,223 in capital contributions for the fiscal year ended September 30, 2011.

**D. Construction Commitments**

At September 30, 2011, the Authority had two uncompleted construction contracts. The remaining commitment on these contracts was approximately \$170,000.

**E. Capitalized Interest**

During the year ended September 30, 2011, the Authority capitalized approximately \$11,000 of interest incurred on debt used to finance development projects.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 4 – NOTES RECEIVABLE**

Notes receivable consists of the following at September 30, 2011:

***Primary Government:***

Note receivable due from component unit, bearing no interest, annual payments are based on residual receipts of the project as defined in the loan agreement. No payment is expected to be collected within the next twelve months. \$ 2,383,141

Development note receivable due from Soho Associates, L.P., bearing simple interest at 4.47% per annum, the loan agreement calls for two special prepayment provisions to occur at specified dates on or before October 2012, post construction annual payments are based on residual receipts of the project as defined in the loan agreement. No payment is expected to be collected within the next twelve months. 1,314,073

Seller note receivable due from Soho Associates, L.P., bearing no interest, post construction annual payments are based on residual receipts of the project as defined in the loan agreement. No payment is expected to be collected within the next twelve months. 672,651

Total Notes Receivable \$ 4,369,865

**NOTE 5 – NOTES PAYABLE**

Notes payable consists of the following at September 30, 2011:

***Primary Government:***

Housing Enabled by Local Partnership (HELP) loan from the California Housing Finance Agency, accruing simple interest at 3.5% per annum, payment is deferred until maturity in October 2017. \$ 800,000

Recoverable grant payable to the Ventura County Community Foundation, bearing no interest, payment is deferred until the repayment date in July 2012. 102,000

Less current portion 902,000

Noncurrent portion \$ 800,000

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 5 -- NOTES PAYABLE (Continued)**

**Component Unit:**

Note payable to local municipality, bearing no interest, due and payable upon the sale of certain real property located in Ventura, California.	\$ 184,000
Note payable to local financial institution, variable interest rate based on 10-year swap rate plus 2.75%, 6.25% at September 30, 2011, secured by certain real property located in Ventura, California, maturing September 2039.	226,558
Note payable to the primary government, bearing no interest, secured by certain real property located in the Ventura, California, annual payments based on residual receipts of the project as defined in the loan agreement, maturing October 2057.	<u>2,383,141</u>
	2,793,699
Less current portion	<u>(3,282)</u>
Noncurrent portion	<u><u>\$ 2,790,417</u></u>

The anticipated aggregated maturities of these notes payable for the years subsequent to September 30, 2011 are as follows:

	Primary Government			Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 102,000	\$ 28,000	\$ 130,000	\$ 3,282	\$ 14,067	\$ 17,349
2013	800,000	28,000	828,000	3,493	13,856	17,349
2014				3,717	13,631	17,348
2015	-	-	-	3,956	13,392	17,348
2016	-	-	-	4,211	13,138	17,349
2017-2021	-	-	-	25,483	61,260	86,743
2022-2026	-	-	-	34,804	51,940	86,744
2027-2031	-	-	-	47,533	39,211	86,744
2032-2036	-	-	-	64,916	21,827	86,743
2037 and thereafter	-	-	-	2,602,304	2,533	2,604,837
<b>Total</b>	<b>\$ 902,000</b>	<b>\$ 56,000</b>	<b>\$ 958,000</b>	<b>\$2,793,699</b>	<b>\$244,855</b>	<b>\$3,038,554</b>

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 6 – NONCURRENT LIABILITIES**

Noncurrent Liabilities at September 30, 2011 consisted of the following:

	Primary Government				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accr. Compensated Absences	\$ 223,838	\$ 118,140	\$ 81,152	\$ 255,807	\$ 26,083
Notes Payable	1,776,425	494,466	1,368,891	902,000	102,000
Accr. OPEB Liability*	97,812	62,091	13,200	146,703	-
Family Self-Sufficiency Escrow Liabilities*	101,960	22,884	50,420	79,443	-
Total Noncurrent Liabilities	<u>\$ 2,200,035</u>	<u>\$ 697,581</u>	<u>\$ 1,513,663</u>	<u>\$ 1,383,953</u>	<u>\$ 128,083</u>

	Component Unit				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	\$ 2,865,372	\$ -	\$ 71,673	\$ 2,793,699	\$ 3,282
Noncurrent liabilities - other	-	5,019	-	5,019	-
Total Noncurrent Liabilities	<u>\$ 2,865,372</u>	<u>\$ 5,019</u>	<u>\$ 71,673</u>	<u>\$ 2,798,718</u>	<u>\$ 3,282</u>

\* Amounts reported as Noncurrent liabilities - other on the Statement of Net Assets

**NOTE 7 – PENSION PLANS**

**CalPERS Defined Benefit Plan**

**Plan Description:** The Authority is a part of the Miscellaneous 2.7% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. The Authority's Plan is labeled the Miscellaneous Plan of the San Buenaventura (Ventura) City Housing Authority. This defined benefit plan provides retirement benefits to plan members and beneficiaries. The Plan is affiliated with the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan.

The System assigns the authority to establish and amend the benefit provisions of the plans that participate in CalPERS to the respective employer entities; for the Miscellaneous Plan of the San Buenaventura (Ventura) City Housing Authority, that authority rests with the Authority's Board. The System issues a publicly available financial report that includes financial statements and required supplementary information for CalPERS. That report may be obtained by writing California Public Employees' Retirement System P.O. Box 1494, Sacramento, CA 95812 or by calling 1-888-225-7377.

**Funding Policy:** On January 23, 2008, the Authority's Board approved an amendment to the Authority's CalPERS retirement plan. This amendment added a second tier for new hires entering into the CalPERS Plan after April 5, 2008. Plan members hired prior to April 5, 2008 are required to contribute to the plan at 8% of salary. Second tier plan members hired after April 5, 2008 are required to contribute to the plan at 7% of salary. Employee contributions for the fiscal year ended September 30, 2011 amounted to approximately \$277,000. The Authority is required to contribute at an actuarially determined rate for both the first tier and second tier; the rates effective for the fiscal year ended September 30, 2011 are 16.222% and 7.733% respectively, of annual covered payroll. The contribution requirements of plan members and the Authority are established using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration, and may be amended by the Authority's Board. Employer contributions to the plan for the years ended September 30, 2009, 2010, & 2011 were \$392,063, \$407,548 and \$404,601, respectively, equal to the required contributions for each year.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 7 – PENSION PLANS (Continued)**

**CalPERS/ING Deferred Compensation 457(b) Benefit Plan**

The Authority has a Deferred Compensation 457(b) benefit plan with ING, Inc. for its employees which are administered by CalPERS. The plan was adopted by the Board of Commissioners on June 15, 1977. This plan has since been converted to the CalPERS/ING Deferred Compensation plan on July 31, 2009. Only the Board has the authority to approve any amendments to the plan. In a deferred compensation plan, benefits depend solely on amounts contributed to the plan by the individual employee. Employees are eligible for the plan after six months of service and are not required to participate in the plan. The Authority does not contribute to this plan. During the past year, the total contributions made by the Authority's employees to the plan were approximately \$90,000. Employees, through salary deductions, can contribute up to the IRC 402(g) limit, which has been determined to be \$16,500 for 2011.

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description

The Authority single-employer defined benefit healthcare plan that provides medical insurance benefits to eligible retirees. Employees who meet all of the following requirements are eligible to continue health insurance coverage of which the Authority will contribute up to \$220 per month to offset the cost of the monthly premiums:

- Must have at least 20 years of service with the Authority and
- Must retire in good standing, and
- Must be at least 60 years of age, employees hired prior to April 5, 2008 may retire earlier than age 60.

Funding Policy

The funding policy of postemployment benefits is established and may be amended by the Board. The Authority has chosen to fund the postemployment benefits on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation.

Annual required contribution	\$ 62,463
Interest on net OPEB obligation	4,891
Actuarial adjustment	<u>(5,263)</u>
Annual OPEB cost	\$ 62,091
Contributions made	<u>(13,200)</u>
Change in net OPEB obligation	48,891
Net OPEB obligation - beginning of year	97,812
Net OPEB obligation - end of year	<u>\$ 146,703</u>
Annual OPEB Cost FYE 2011	\$ 62,091
Percentage of Annual OPEB cost contributed	21%
Net OPEB Obligation at FYE 2011	\$146,703

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for FY 2011 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 62,463	22%	\$ 48,921
2010	\$ 62,091	21%	\$ 97,812
2011	\$ 62,091	21%	\$ 146,703

Funded Status and Funding Progress

As of April 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$568,992, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$568,992. The covered payroll was \$3,248,111, and the ratio of the UAAL to the covered payroll was 18%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
.....	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
4/1/2010	\$0	\$ 568,992	\$ 568,992	0%	\$ 3,248,111	18%

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and the plan members to that point. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	4/1/2010
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	N/A

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Actuarial assumptions:	
Investment rate of return*	5.0%
Projected salary increases*	3.0%
Medical cost trend rate	4.0%
Year of ultimate trend rate	2009
*Includes an inflation assumption of 3.0%.	

**NOTE 9 – OPERATING LEASES**

The Authority leases office space for its Housing Choice Voucher program from Chapel Lane, LP. The lease is for a period of 30 years, commencing December 1, 2005, with two subsequent 20 year renewal options and requires annual lease payments of \$83,000. The required future minimum lease payments for the years ending September 30 are as follows:

2012	\$ 83,000
2013	83,000
2014	83,000
2015	83,000
2016	83,000
2017-2021	415,000
2022-2026	415,000
2027-2031	415,000
2032-2034	<u>228,251</u>
Total	<u>\$ 1,888,251</u>

**NOTE 10 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the funds affected. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. During the current year and the prior three years, settled claims have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with prior year.

**NOTE 11 – CONCENTRATION OF RISK**

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on availability of funding.



HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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**NOTE 12 – TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNIT**

The Authority acts as the managing agent for housing units owned by Triad. All receipts and disbursements of the entity are administered by the Authority. The Authority charges Triad certain agreed upon fees for time and services rendered by the Authority while managing Triad's operation. The Authority also charges Triad rent for office space used. Total rent and fees charged to Triad by the Authority for the fiscal year ended September 30, 2011 amounted to approximately \$90,500. During the year, Triad received approximately \$25,000 from the Authority for the administration of one of the Authority's non-federal business activities. Triad also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2011, Triad received approximately \$203,000 in HAP from the Authority.

In addition, Triad makes certain advances to the Authority to assist with the development of the Authority's affordable housing projects. During the year, Triad forgave approximately \$80,000 of such advances made in a prior year that were no longer deemed to be collectible from the related project. At fiscal year ended September 30, 2011, Triad had a balance due from the Authority in the amount of approximately \$37,000. Triad also holds a note payable to the Authority in the amount of \$2,383,141 (see *Note 5 – Notes Payable*).

**NOTE 13 – AFFILIATED ORGANIZATIONS**

The affiliations mentioned below do not meet the criteria under GASB 14, as amended by GASB 39, for the inclusion in the reporting entity of the Authority.

*Chapel Lane, L.P. (Chapel Lane)*

The Authority provides services to Chapel Lane, L.P., a California Limited Partnership who owns and operates a 38-unit senior housing complex. The Authority has an agreement with Chapel Lane to provide management and accounting services for an annual fee and the Authority's component unit, Homecomings, is the general partner with a .01% ownership interest. In addition, the Authority makes certain advances for operating expenses incurred by Chapel Lane. For the fiscal year ended September 30, 2011, the Authority recognized approximately \$42,000 in property management fees which is included in other revenues on the face of the statement of revenues, expenses and changes in fund net assets. As of September 30, 2011, Chapel Lane owes the Authority approximately \$97,500 in accrued partnership management fees. This receivable is included in accounts receivable - miscellaneous on the face of the balance sheet.

Other transactions between the Authority and Chapel Lane include the Authority leasing office space from Chapel Lane. The Authority leases this office space for their Housing Choice Voucher program operations (see *Note 9 - Operating Leases*).

*Soho Associates, L.P. (Soho)*

The Authority is the developer and management agent for Soho Associates, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 12-unit residential rental property consisting of multifamily affordable housing located in Ventura, California. Homecomings, Inc. – a blended component unit of the Authority – is the sole member of Soho Housing, LLC who is the general partner with a .01% ownership interest in the limited partnership. The project was completed and full occupancy was reached in September 2011. The property management agreement provides for an annual fee not to exceed 3.5% of gross rental receipts. No management fee was earned in the current year. At September 30, 2011, Soho owes the Authority \$1,986,724 in the form of two notes payable and accrued interest in the amount of \$48,950 (see *Note 4 – Notes Receivable*).

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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**NOTE 13 – AFFILIATED ORGANIZATIONS (Continued)**

*Encanto Del Mar Apartments, L.P. (Encanto)*

The Authority is also the developer and management agent for Encanto Del Mar Apartments, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 37-unit 9% tax credit, affordable housing development located in Ventura, California. Homecomings, Inc – a blended component unit of the Authority – is the sole member of Encanto Del Mar Apartments, LLC who is the general partner with a .01% ownership interest in the limited partnership. The project is currently in the construction phase and is expected to be completed in spring 2012. During the year, the Authority received approximately \$274,500 in developer fees which is included in other revenues on the face of the statement of revenues, expenses, and changes in fund net assets. The property management agreement provides for an annual fee not to exceed 6.5% of gross potential rents. No management fee was earned in the current year. The Authority also has certain compliance monitoring responsibilities as it relates to this development (*see Note 14(C) – Commitments and Contingencies*).

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

**B. Litigation**

The Authority is a defendant in various lawsuits and has been notified of various claims against it arising from matters relating to its normal operation. The Authority intends to vigorously defend itself in all litigation. The Authority's potential liability in these matters, if any, cannot yet be reasonably determined.

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**C. NSP-R Program Loan Guarantee**

In connection with the development of the Encanto Del Mar Apartments affordable housing project, permanent financing was obtained from various sources, including a \$9.4 million Neighborhood Stabilization Program (NSP-R) loan from the Department of Housing and Community Development of the State of California (the "Department") and an NSP 1 grant award from the County of Ventura in the amount of \$443,636. The loan is the obligation of the Encanto Del Mar Apartments, L.P. (the "Borrower"). However, the Authority is listed as the sponsor organization – as defined in the loan agreements – and has ultimate responsibility to ensure compliance with the terms and conditions of the program for the life of the loan. As the sponsoring organization, the Authority is subject to the same liability as the Borrower if it fails to ensure compliance. The outstanding loan balance and related transactions are included in the financial statements of the Borrower.

**NOTE 15 – RESTRICTED NET ASSETS**

Restricted Net Assets consists of excess Housing Assistance Payment (HAP) funds available to the Authority under the Section 8 Housing Choice Vouchers program. These funds are to be used only for HAP expenditures for the program. These funds are also known as Restricted Net Assets since there is no offsetting liability. Total restricted net assets related to this excess were \$994,638 as of the end of the fiscal year.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

**NOTE 16 – SPECIAL ITEMS**

Special Items reflects the contribution of equity in land and predevelopment costs – of the Encanto affordable housing project incurred by the Authority prior to construction close – to the limited partnership. A portion of the original Encanto land acquisition was financed by the NSP 1 Grant awarded to the project by the County of Ventura. The resulting interest in the property was transferred to Encanto Del Mar Apartments, L.P., the owner and operator of the project, in December 2010. Special Items also includes the write-off of certain predevelopment costs, including application fees and costs, incurred as the Authority was researching and assessing potential financing mechanisms for the Soho affordable housing project early in the pre-development stage of the project. These costs were not ultimately conveyed to the project as basis and have no future value to the Authority.

**NOTE 17 – INTERPROGRAM BALANCES**

Interprogram balances at September 30, 2011 consisted of the following:

	Interprogram Due From	Interprogram Due To
Low Rent Public Housing	\$ 14,583	\$ -
Business Activities	93,244	(93,244)
Capital Fund Stimulus (Formula)	-	(6,601)
Capital Fund Stimulus (Competitive)	-	(7,982)
Total	\$ 107,827	\$ (107,827)

These interprogram balances exist because in the normal course of operations, certain programs may pay for common costs or advance funds to meet the operational needs of other programs which create interprogram receivables or payables. These balances are expected to be repaid within one year from the balance sheet date. In addition, these interprogram balances have been eliminated in the preparation of the basic financial statements.

**NOTE 18 – SUBSEQUENT EVENTS**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through June 04, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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10-01 Financial Reporting

*Condition and Criteria:* During the audit, we identified certain deficiencies in the Authority's internal controls over financial reporting that we determined to be material weaknesses as defined in *Statement on Auditing Standards (SAS) 115*.

A *control deficiency* 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 of the financial statements on a timely basis. A *material weakness* is a deficiency, or 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.

*Cause:* During the period under audit, the Authority's internal controls over recording, processing and monitoring financial transactions were insufficient to ensure the completeness and accuracy of the general ledger accounting system.

*Effect:* The accuracy and completeness of the Authority's financial reporting relies heavily on significant manual procedures during the month-end and year-end close out process. As such, we determined it is at least a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Given the volume and relative complexity of the Authority's financial transactions, such a reliance on manual processes and procedures creates an inefficient and potentially ineffective internal control structure over the financial reporting process.

*Auditor's Recommendation:* We recommend the Authority review the internal controls over financial reporting to ensure the general ledger accounting system completely, accurately and timely captures all the financial transactions of the Authority. Specifically, the Authority should enhance the lines of communication between operating personnel, especially the Affordable Housing Development Department, and the finance department. In addition, the Authority should expand the month-end close out processes and procedures to ensure consistency across all programs, projects and managed entities. The month-end procedures should also include a balance sheet review process and analysis.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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*Grantee Response:*

Management concur that certain control deficiencies exist. Moreover, management had previously identified and initiated specific corrective actions pertaining to certain control deficiencies noted in audit finding 10-01 Financial Reporting prior to the audit. Accordingly, management is in the process of implementing additional accounting process activities and controls, including significant accounting software changes to effectively mitigate all reported deficiencies in audit finding 10-01 Financial Reporting. While the auditors reported certain control deficiencies, it should be noted that all Housing Authority funds and assets were appropriately safeguarded and significant financial transactions were properly accounted for and recorded.

*Current Year Status:*

The Authority's management has effectively implemented the necessary changes to remediate the control deficiency.

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HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED SEPTEMBER 30, 2011

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Primary Government Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs:			
Shelter Plus Care	14.238		\$ 115,370
Low Rent Public Housing Program	14.850		1,180,541
Resident Opportunity and Supportive Services	14.870		95,285
Housing Choice Vouchers	14.871		<u>15,595,163</u>
Capital Fund Program Cluster:			
Public Housing Capital Fund Program	14.872		1,401,803
Public Housing Capital Fund Program Stimulus (Competitive)	14.884		1,212,854
Public Housing Capital Fund Program Stimulus (Formula)	14.885		62,102
Total Capital Fund Program Cluster			<u>2,676,759</u>
Total U.S. Department of Housing and Urban Development Direct Programs			<u>19,663,118</u>
U.S. Department of Housing and Urban Development Pass-Through Programs From:			
Department of Housing and Community Development of the State of California - NSP-R Program Loan - CDBG Funds	14.228	09-NSP-R-6555	3,861,839
Department of Housing and Community Development of the State of California - County of Ventura - NSP 1 Grant Program - CDBG Funds	14.228	NSP1-DA-HACSB	443,636
Total U.S. Department of Housing and Urban Development Pass-Through Programs			<u>4,305,475</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 23,968,593</u>

*The accompanying notes are an integral part of these financial statements.*

**Note A – Basis of Presentation**

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

**Note B – NSP-R Program Loan**

The Authority is the sponsor organization – as defined in the NSP-R Loan Agreements (the "Agreements") between the Department of Housing and Community Development of the State of California (the "Department") and Encanto Del Mar Apartments, L.P. (the "Borrower") – and has ultimate responsibility to ensure compliance with the terms and conditions of the Agreements for the life of the loan. As the sponsoring organization, the Authority is subject to the same liability as the Borrower if it fails to ensure compliance. The outstanding loan balance and related transactions are included in the financial statements of the Borrower.

**Note C – Subrecipients**

Of the federal expenditures presented in the schedule, the Authority provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amounts Provided to Subrecipients</u>
14.228	Department of Housing and Community Development of the State of California - NSP-R Program Loan	\$ 3,861,839
14.228	Department of Housing and Community Development of the State of California - County of Ventura - NSP 1 Grant Program	\$ 443,636

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

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Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Are any material weaknesses identified?        Yes   x   No

Are any significant deficiencies identified not considered to be material weaknesses?        Yes   x   None Reported

Is any noncompliance material to financial statements noted?   x   Yes        No

**Federal Awards**

Type of auditor's report issued on compliance for major programs: Unqualified

Internal control over major programs:  
 Are any material weaknesses identified?        Yes   x   No

Are any significant deficiencies identified not considered to be material weaknesses?        Yes   x   None Reported

Are any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?        Yes   x   No

Identification of major programs:

- U.S. Department of Housing and Urban Development
- CFDA #14.871 - Housing Choice Vouchers Program
- CFDA #14.228 - NSP-R Program Loan
- CFDA #14.228 - NSP 1 Grant Program
- Capital Fund Program Cluster
  - CFDA #14.872 - Public Housing Capital Fund Program
  - CFDA #14.885 - Public Housing Capital Fund Program Stimulus (Formula)
  - CFDA #14.884 - Public Housing Capital Fund Program Stimulus (Competitive)

Dollar threshold used to distinguish between Type A and Type B programs: \$719,058

Is the auditee qualified as low-risk auditee?        Yes   x   No

**Section II - Financial Statement Findings**

See pages 38 & 39

**Section III - Federal Award Findings and Questioned Costs**

None

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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11-01 Cost Reasonableness – Overhead Allocation

*Condition and Criteria:* In fiscal year 2008, the Authority adopted a new financial management and reporting model under the new Operating Fund finale rule. The Authority chose to convert to an Allocated Overhead reporting model (without a COCC) under Asset Management, commonly referred to as Section 226. Under this reporting model, the Authority does not establish a Central Office Cost Center (COCC) and must aggregate fee expenses (overhead costs) into expense cost pools to be allocated out to the projects and other programs based on some reasonable allocation method in accordance with OMB Circular A-87.

HUD guidelines state that all public housing authorities reporting under asset management must comply with Cost Reasonableness by 2011. For PHAs reporting using the allocated overhead method, allocated overhead expense is considered reasonable if it does not exceed the fee standards set by HUD in Sections 7.4, 7.5, and 7.6 in the Supplement to HUD Handbook 7475.1 (24 CFR Section 990.280(b)(4)).

*Cause:* The overhead allocation plan/method implemented by the Authority does not ensure fee expenses (overhead costs) are allocated to all projects and programs relative to the benefits received. Currently, only the HCV and Low Rent programs are being charged an overhead allocation. In addition, the Authority did not fully embrace the concept of cost pools and cost objectives under the Section 226 model compared to a model which includes a full functioning COCC.

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*Effect:* During our audit, we noted the Authority did not comply with Cost Reasonableness and was allocating overhead to its federal programs, specifically the Housing Choice Voucher Program and the Low Rent Public Housing Program that exceeded the *Safe Harbor* fee standards set by HUD.

*Auditor's Recommendation:* We recommend the Authority continue to evaluate current staffing levels and pursue other cost cutting measures. In addition, the Authority should review the overhead allocation plan to ensure it is prepared in accordance with OMB Circular A-87 and results in an equitable allocation of costs to all programs/projects in proportion to the relative derived benefits.



HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR YEAR ENDED SEPTEMBER 30, 2011

*Grantee Response:*

The Housing Authority appreciates the explanation and time the auditors took in detailing the salient components of this finding, as this was not clearly detailed in previous audits.

The Housing Authority immediately began identifying all overhead and its allocations to the various public housing business components, e.g., AMPs and Section 8. The Housing Authority is in the process of reviewing staffing levels, employee compensation and AMP configurations to ensure that as we move forward we have fairly applied overhead costs and that they can be justified. The analyses and recommendations are underway.

Through this process the Housing Authority is looking to move from the Section 226 method of overhead allocation to the fee-for-service model. Staff is in the process of reviewing and realigning current cost classifications to ensure all front line costs are properly identified and evaluating the overhead allocation plan to make certain fee expenses (overhead costs) are properly and equitably allocated in proportion to the services received and within HUD's Safe Harbor standards.

To that end, the Housing Authority engaged the services of Nan McKay to provide technical assistance on this matter to ensure that we are properly identifying and establishing our cost allocation schedules.

The identification and classification of costs is in progress and accordingly, the Housing Authority is in the process of developing the timeline to bring the overhead costs into alignment while simultaneously reviewing impacts and feasibility.

The timeline that the Housing Authority has developed for completion is as follows:

Task	Completed	Completion Date
Engage Technical Assistance to provide guidance in reviewing current cost allocation method and provide recommendations.	Completed-Nan McKay was engaged and engagement concluded with report - May 16, 2012	
Review recommendations and begin drafting feasibility plan	No	In process and review with Adhoc Personnel committed on June 25, 2012 scheduled
Review Budget impacts and recommendations to Finance Committee	No	Finance Committee meeting to be scheduled July 2012
Recommendations and impacts referred to Board	No	July/August 2012
Board adoption of 2012/13 budget	No	NLT than September 2012
Implementation		October 1, 2012

This timeline does not preclude staff from taking action on certain personnel issues and functions prior to October 2012. This timeline is provided for context and to give the Board the progression of activities as defined by staff.

*Estimated Date of Finding Resolution: September 30, 2012*

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2011

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	<u>CA16-P035-501-08</u>
Funds Approved	\$ 1,284,116
Funds Expended	<u>\$ 1,284,116</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced (HUD Grants)	\$ 1,284,116
Funds Expended	<u>\$ 1,284,116</u>
Excess of Funds Advanced	<u>\$ -</u>

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1. The distribution of costs by project as shown on the Final Statement of Modernization Cost all dated January 24, 2011, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Authority's records.

2. All Modernization costs have been paid and all related liabilities have been discharged through payment.

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# HENDERSON & HILL, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

265 RIVERCHASE PARKWAY EAST, SUITE 100  
PHONE: (205) 982-0992

BIRMINGHAM, ALABAMA 35244  
FAX: (205) 982-0997

To the Board of Commissioners  
Housing Authority of the City of San Buenaventura

### Independent Accountant's Report on Applying Agreed-Upon Procedure

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of San Buenaventura (the "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 related hard copy documents. 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 electronically submitted information and hard copy documents as shown in the chart below.

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 September 30, 2011, and have issued our reports thereon dated June 04, 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 Authority's Financial Data Schedule (FDS) dated June 04, 2012, was expressed in relation to the basic financial statements of the Authority taken as a whole.

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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.

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Balance Sheet and Revenue And Expense	Financial Data Schedule, all CFDA's	X	
2	Footnotes	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS	Auditor's supplemental Report on FDS	X	
4	Audit findings narrative	Schedule of Findings and Questioned Costs	X	
5	General Information	OMB Data Collection Form	X	
6	Financial Statement Report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
7	Federal program report Information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
8	Federal agencies required to receive reporting package	OMB Data Collection Form	X	
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

*Henderson & Hill, LLC*

Henderson & Hill, LLC  
June 04, 2012

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 FINANCIAL DATA SCHEDULE -- BALANCE SHEET  
 SEPTEMBER 30, 2011

	Project Total	14,288 Shelter Plus Clubs	14,370 Resident Opportunity and Supportive	14,885 Formula Capital Fund Substate Grant	11,884 Competitive Capital Fund Stimulus Grant	14,871 Housing Choice Vouchers	8 Component Units	4 Business Activities	14,684 HUD VETERANS AFFAIRS SUPPORTIVE	14,228 Community Development Block	Subtotal	ELM	Total
111 Cash - Unrestricted	\$ 1,442,405	\$ -	\$ -	\$ -	\$ -	\$ 388,729	\$ 131,950	\$ 387,000	\$ -	\$ -	\$ 2,347,184	\$ -	\$ 2,347,184
112 Cash - Restricted - Metropolitan and Employment													
110 Cash - Other Restricted	22,819					1,048,143	18,519	1,069,692			1,069,692		1,069,692
114 Cash - Tenant Security Deposits	160,893							268,505			268,505		268,505
115 Cash - Restricted for Payment of Current Liabilities													
100 Total Cash	1,626,117					1,436,872	148,469	3,827,057			3,827,057		3,827,057
121 Accounts Receivable - PHA Projects													
122 Accounts Receivable - HUD Other Projects	5,723			8,801	7,882	172,571					182,877		182,877
123 Accounts Receivable - Other Government								83,908			83,908		83,908
125 Accounts Receivable - Metropolitan	100,684					22,768	55,083	4,231			182,847		182,847
120 Accounts Receivable - Tenants	53,898						3,818				57,516		57,516
128.1 Allowance for Doubtful Accounts - Tenants	(18,755)										(18,755)		(18,755)
128.2 Allowance for Doubtful Accounts - Other													
127 Notes, Loans, & Indefinite Receivable - Current	11,302										11,302		11,302
128 Fixed Recovery	(11,302)												
128.1 Allowance for Doubtful Accounts - Fraud													
128 Accounts Receivable	143,430			8,607	7,882	185,360	58,483	127,083			548,141		548,141
131 Investments - Unrestricted													
132 Investments - Restricted													
135 Investments - Restricted for Payment of Current Liability													
142 Prepaid Expenses and Other Assets	17,451					12,285	840				30,382		30,382
143 Inventories	8,892										8,892		8,892
143.1 Allowance for Obsolete Inventories													
144 Non-Current Assets	14,583						37,022	89,244			141,849		141,849
145 Assets Held for Sale													
150 Total Current Assets	1,840,663		7,882	8,607	7,882	1,840,517	245,916	877,351			4,389,015	(107,827)	4,251,188
161 Land							814,025	220,500			3,858,224		3,858,224
162 Buildings	2,621,765						1,348,898				51,648,337		51,648,337
163 Furniture, Equipment & Machinery - Dwelling	489,101					102,895					591,708		591,708
164 Furniture, Equipment & Machinery - Administration	551,109					200,000	276,881				551,109		551,109
165 Leasehold Improvements											478,881		478,881
166 Accumulated Depreciation	(88,817,243)					(148,159)	(407,039)				(20,372,539)		(20,372,539)
167 Construction in Progress	4,344,182										4,344,182		4,344,182
168 Intangible													
169 Total Capital Assets, Net of Accumulated Depreciation	26,166,224					154,542	2,532,750	288,863			32,173,384		32,173,384
171 Notes, Loans, and Mortgages Receivable - Non-Current													
172 Notes, Loans, & Mortgages Receivable - Non-Current - Fixed Due													
173 Grants Receivable - Non-Current											4,350,685		4,350,685
174 Other Assets													
178 Investments in Joint Ventures													
180 Total Non-Current Assets	20,168,224					154,542	2,532,750	4,669,733			36,543,249		36,543,249

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 FINANCIAL DATA SCHEDULE - BALANCE SHEET  
 SEPTEMBER 30, 2011

160 Total Assets	31,028,690	6,601	7,882	1,765,638	2,778,698	5,287,894	40,902,284	(107,827)	40,794,457
311 Bank Deposits									
312 Accounts Payable - 90 Days	27,134			7,751	17,891	59	81,935		81,935
313 Accounts Payable - 90 Days Past Due									
321 Accrued Wages/Payroll Taxes Payable	189,313			39,650		19,258	228,320		228,320
322 Accrued Compensated Absences - Current Portion	20,114			4,324		1,435	28,081		28,081
323 Accrued Interest Payable									
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PIA Programs									
332 Accounts Payable - PIA Projects									
333 Accounts Payable - Other Government									
334 Tenant Security Deposits	238,987						238,987		238,987
342 Deferred Revenues	160,686				18,519		205,595		205,595
343 Current Portion of Long-term Debt - Capital Projects/Advancing Revenue Bonds	104,910				1,077		105,987		105,987
344 Current Portion of Long-term Debt - Corporate Bonds	3,833				3,282		3,282		3,282
345 Other Current Liabilities					20,188		23,801		23,801
346 Accrued Liabilities - Other					558		558		558
347 Fair Program - Due To		6,601	7,882			130,398	144,840	(107,827)	37,022
348 Loan Liability - Current						102,000	102,000		102,000
310 Total Current Liabilities	604,370	6,601	7,882	51,535	61,335	353,141	1,201,595	(107,827)	1,117,655
351 Long-term Debt, Net of Current - Capital Projects/Advancing Revenue					2,790,417		2,790,417		2,790,417
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	22,919			51,595	5,018		79,443		79,443
354 Accrued Compensated Absences - Non Current	181,023			40,710		13,010	234,743		234,743
355 Liabilities - Net C						800,000	800,000		800,000
356 FASB Liability									
357 Accrued Pension and OPEB Liabilities	114,417			32,250			146,703		146,703
359 Total Non-current Liabilities	318,369			124,771	2,795,438	813,010	4,651,306		4,651,306
360 Total Liabilities	1,122,659	6,601	7,882	176,323	2,856,641	1,176,151	5,246,168	(107,827)	5,238,339
263.1 Invested in Capital Assets, Net of Related Debt	28,180,224			154,442	(263,049)	289,888	28,371,655		28,371,655
509.2 Fund Balance Reserved									
511.1 Restricted Net Assets				994,838			994,838		994,838
512.1 Unrestricted Net Assets	718,189			489,559	182,978	3,811,045	5,181,775		6,181,775
512.2 Unrestricted, Unexpended Fund Balance									
513 Total Equity/Net Assets	20,894,422			1,818,796	(77,879)	4,110,813	35,556,089		35,556,089
600 Total Liabilities and Equity/Net Assets	\$ 31,028,690	\$ 6,601	\$ 7,882	\$ 1,765,638	\$ 2,778,698	\$ 5,287,894	\$ 40,902,284	\$ (107,827)	\$ 40,794,457

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 FINANCIAL DATA SCHEDULE - INCOME STATEMENT  
 FOR YEAR ENDED SEPTEMBER 30, 2011

	Project Total	14.283 Shelter Plus Care	14.870 Resident Opportunity and Supportive	14.884 Competitive Capital Fund Stimulus Grant	14.874 Housing Choice Vouchers	8 Component Units	1 Business Activities	14.678HO- VETERANS AFFAIRS SUPPORTIVE	14.226 Community Development Block	Subtotal	ELM	Total
70000 NH Tenant Rental Revenue	\$ 3,104,033	\$ -	\$ -	\$ -	\$ -	\$ 295,893	\$ -	\$ -	\$ -	\$ 3,400,951	\$ -	\$ 3,400,951
70400 Tenant Revenue - Other	38,165	-	-	-	-	38	-	-	-	38,120	-	38,120
70600 Total Tenant Revenue	3,142,198	-	-	-	-	295,931	-	-	-	3,439,071	-	3,439,071
70800 HO/HHA Operating Grants	1,950,848	115,370	85,285	61,780	15,595,183	-	-	-	-	17,917,695	-	17,917,695
70810 Capital Grants	651,059	-	-	312	1,113,313	-	-	-	-	1,764,222	-	1,764,222
70710 Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-
70900 Other Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	2,952	-	-	-	2,005	-	24,854	-	-	29,809	-	29,809
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
70300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
71400 Fraud Recovery	10,168	-	-	-	40,485	-	-	-	-	50,653	-	50,653
71500 Other Revenue	208,781	-	-	-	151,781	226,853	974,300	-	-	1,559,405	-	1,559,405
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-
72000 Restricted Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-
70000 Total Revenue	5,945,274	115,370	85,285	62,102	15,792,135	522,976	908,954	-	-	24,744,650	-	24,744,650
91100 Administrative Salaries	466,303	5,658	60,741	-	553,093	-	225,038	-	-	1,344,800	-	1,344,800
91200 Auditing Fees	34,205	-	-	-	12,357	-	-	-	-	46,562	-	46,562
91300 Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	1,101	-	-	-	-	-	-	-	-	1,101	-	1,101
91500 Employee Benefit Contributions - Administrative	154,420	2,800	20,788	-	144,028	-	51,200	-	-	380,155	-	380,155
91600 Office Expenses	103,532	1,758	1,758	-	104,433	1,032	30,374	-	-	242,595	-	242,595
91700 Legal Expenses	3,220	-	-	-	2,388	6,332	-	-	-	11,947	-	11,947
91800 Travel	4,182	-	-	-	88	46	-	-	-	4,276	-	4,276
91610 Allocated Overhead	1,370,935	-	-	-	459,340	-	1,838,053	-	-	3,208,328	-	3,208,328
91600 Other	4,582	-	-	-	11,241	163,304	-	-	-	182,127	-	182,127
91000 Total Operating - Administrative	2,241,348	8,460	85,285	61,700	1,385,837	170,744	313,442	-	-	4,376,833	-	4,376,833
92000 Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
92100 Tenant Services - Estates	130,830	-	-	-	52,523	-	-	-	-	101,373	-	101,373
92200 Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	31,530	-	-	-	-	-	85,500	-	-	198,307	-	198,307
92400 Tenant Services - Other	22,897	-	-	-	52,923	-	85,500	-	-	337,300	-	337,300
92500 Total Tenant Services	155,257	-	-	-	105,446	-	171,000	-	-	453,703	-	453,703
93100 Water	315,069	-	-	-	8,081	-	-	-	-	323,150	-	323,150
93200 Electricity	145,571	-	-	-	10,310	-	-	-	-	160,580	-	160,580
93300 Gas	60,548	-	-	-	1,853	-	-	-	-	62,401	-	62,401
	60,548	-	-	-	2,666	-	-	-	-	63,657	-	63,657





