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Ad Description: Five-Year Plan, Annual Plan, Annual

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NOTICE IS HEREBY GIVEN that the Housing Authority of the County of Riverside's Agency Plan, which includes the Five-Year Plan, Annual Plan, Annual Statement/Performance and Evaluation Report for the Capital Fund Program, Housing Choice Voucher Administrative Plan, Homeownership Plan and Affordable Public Housing Statement of Policies, is available for review at offices located at 5555 Arlington Avenue, Riverside CA 92504 and 44-199 Monroe, Suite B, Indio, CA 92201. It is also located on the Housing Authority website: www.harivco.org. Written public comment may be directed to the Housing Authority of the County of Riverside, Attn: Director, 5555 Arlington Avenue, Riverside, CA 92504. A public hearing to solicit public comment and feedback will be held before the Board of Commissioners on Tuesday, March 11, 2014, at 10:30 a.m. in the meeting room of the Board of Supervisors, Riverside County, Administrative Center, 4080 Lemon Street, First Floor, Riverside, California.

Riverside, Administrative Center, 4080 Lemon Street, First Floor, Riverside, California.
1/8/14
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THE PRESS ENTERPRISE

AVISO POR LA PRESENTE que el Plan de Agencia del Housing Authority del Condado de Riverside, cual incluye el Plan de Cinco-Años, Plan Anual, Declaración Anual/Reporte de Rendimiento y Evaluación del Programa de Inversiones de Capital, Plan Administrativo de Vale de Selección de Vivienda, Plan de Propiedad de Viviendas y Declaración de Política de Vivienda Pública Económica, están disponibles para revisarlos en las oficinas localizadas en el 5555 Arlington Avenue, Riverside, CA 92504 y 44-199 Monroe, Suite B, Indio, CA 92201. También es accesible en la página electrónica del Housing Authority: www.harivco.org. Favor de presentar comentarios por escrito al Housing Authority of Riverside County, Attn: Director, 5555 Arlington Avenue, Riverside, CA 92504. Una audiencia pública para solicitar comentarios y críticas públicas tomará lugar ante la Junta Directiva de Comisionados el Martes, 11 de Marzo 2014, a las 10:30 a.m. en la sala de reuniones de la Junta Directiva de Supervisores, Condado de



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Comisionados el Martes, 11 de Marzo 2014, a las 10:30 a.m., en la sala de reuniones de la Junta Directiva de Supervisores, Condado de Riverside, Administrative Center, 4080 Lemon Street, First Floor, Riverside, California.

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**CNS-2574446#
LA OPINION**

AVISO POR LA PRESENTE que el Plan de Agenda del Housing Authority del Condado de Riverside, cual incluye el Plan de Cinco-Años, Plan Anual, Declaración Anual/Reporte de Rendimiento y Evaluación del Programa de Inversiones de Capital, Plan Administrativo de Vale de Selección de Vivienda, Plan de Propiedad de Viviendas y Declaración de Política de Vivienda Pública Económica, están disponibles para revisarlos en las oficinas localizadas en el 5555 Arlington Avenue, Riverside, CA 92504 y 44-199 Monroe, Suite B, Indio, CA 92201. También es accesible en la página electrónica del



Section 6 of Form HUD 50075

2. Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.

**Housing Authority of the County of Riverside
Financial Resources**

REVENUE SOURCES	AUTHORITY PROGRAMS	PUBLIC HOUSING PROGRAM	SECTION 8 PROGRAM	TOTAL ESTIMATED RESOURCES
Rental Income	\$ 256,059	\$ 1,416,707	\$ -	\$ 1,672,766
Subsidy/Grants Revenue	4,058,914	2,524,568	31,741	6,615,223
Bond Pledges Revenue	218,000	-	-	218,000
Sec 8 Fraud Recovery Revenue	-	-	39,389	39,389
Interest Revenue	6,885	4,219	23,421	34,525
Miscellaneous/Tenant Charges	3,635,257	175,184	-	3,810,441
Administrative Fees (Admin. Bonds)	117,173	-	-	117,173
HUD Section 8 Earned HAP Subsidy	-	-	72,246,483	72,246,483
HUD Section 8 Earned Administrative Fees	-	-	6,325,198	6,325,198
HUD Section 8 Earned Other Subsidy	-	-	586,500	586,500
TOTAL	\$ 8,292,288	\$ 4,120,678	\$ 79,252,732	\$ 91,665,698

Authority Programs consist of the following:

1. Central Office Cost Center - This program was established to fulfill the requirement of HUD to convert to an Asset Management Model. This is the internal management agent of the Housing Authority, which provides management services and receives fee income in return from the Public Housing Program, Section 8 Program, Desert Rose Apartments and the Bond Projects.
2. Administration Building & Services Fund derives its income from reimbursement of building expenses from all Housing Authority Programs based on staff time allocation.
3. Housing Opportunities for Persons with AIDS (HOPWA) - The Housing Authority agreed to serve as Project Sponsor for the County of Riverside to procure services such as short-term housing, utilities assistance, and home health care for HOPWA participants.
4. Shelter Plus Care (SPC) - This program provides rental assistance to individuals and families who are certified by the Department of Mental Health to be homeless and mentally disabled. Expenses are reimbursed by the Department of Public and Social Services.
5. Resident Opportunity for Self-Sufficiency (ROSS) - This is a collaborative effort between the Housing Authority and Neighborhood Housing Services of the Inland Empire to provide homebuyer education and training to low-income families. The City of Riverside awarded the Housing Authority a grant to cover three years.
6. Eddie Dee Smith Senior Center - The Housing Authority manages this center with Community Development Block Grant funds and County General funds to strengthen and enhance the social, physical, emotional, and health services for senior citizens.
7. HA Development was established to develop affordable housing opportunities for low-income families. Funds were first derived from the sale of vacant land in the City of Desert Hot Springs.
8. Emergency Housing Response (EHR) - The Housing Authority contracted with RDA to implement a tenant-based rental assistance program for low-income families that have been displaced by circumstances beyond their control.
9. Neighborhood Stabilization Program (NSP) - The Housing Authority was awarded a grant by the Riverside Economic Development Agency for a portion of the federal funds under the Housing and Economic Recovery Act (HERA), and designated for the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes, or specifically known as NSP. The goal of this program is to rehabilitate single-family properties to make a positive impact in the neighborhood and thereby stabilize home values.
10. Homelessness Prevention and Rapid Re-Housing Program (HPRP) - The Housing Authority contracted with the Riverside Economic Development Agency to provide homelessness prevention assistance and services to households that would otherwise become homeless due to economic circumstances; and to provide assistance to rapidly re-house and stabilize those that are homeless.
11. Desert Rose Apartments - This Housing Authority oversees the management, administration and maintenance of this 77-unit farm worker housing project in Blythe. Revenue sources are derived from Rental Revenue as well as Rental Subsidy from the RDA.
12. Palm Springs Housing Developments - The Housing Authority oversees the management, administration and maintenance of 17 apartment units. Revenue sources are solely from Rental Revenue from tenants.

Section 6 of Form HUD 50075

2. Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.

**Housing Authority of the County of Riverside
Financial Resources**

REVENUE SOURCES	AUTHORITY PROGRAMS	PUBLIC HOUSING PROGRAM	SECTION 8 PROGRAM	HOUSING AUTHORITY SUCCESSOR AGENCY	TOTAL ESTIMATED RESOURCES
Rental Income	\$ 254,847	\$ 1,382,649	\$ -	\$ 102,400	\$ 1,739,896
Subsidy/Grants Revenue	3,783,460	2,327,947	31,741		\$ 6,143,148
Bond Pledges Revenue	218,000	-	-		\$ 218,000
Sec 8 Fraud Recovery Revenue	-	-	45,684		\$ 45,684
Low Income Housing Fund				39,995	\$ 39,995
Interest Revenue	10,353	2,432	14,732	12,650,470	\$ 12,677,987
Miscellaneous/Tenant Charges	2,130,783	102,369		4,400	\$ 2,237,552
Administrative Fees (Admin. Bonds)	74,138				\$ 74,138
HUD Section 8 Earned HAP Subsidy			68,989,370		\$ 68,989,370
HUD Section 8 Earned Administrative Fees			5,957,196		\$ 5,957,196
HUD Section 8 Earned Other Subsidy			483,000		\$ 483,000
TOTAL	\$ 6,471,581	\$ 3,815,397	\$ 75,521,723	\$ 12,797,265	\$ 98,605,966

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HOUSING AUTHORITY of the COUNTY of RIVERSIDE



FINANCIAL STATEMENTS
Proprietary (Enterprise) Fund Type
AND
AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2013



HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Proprietary (enterprise) Fund Type

FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2013

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FINANCIAL INFORMATION



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Board of Supervisors
Housing Authority of the County of Riverside
Riverside, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of business-type activities of the Housing Authority of the County of Riverside as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the County of Riverside, as of June 30, 2013, and the respective change in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Housing Authority of the County of Riverside's financial statements. The combining statement of net position – all programs and combining statement of revenues, expenses and changes in fund net position – all programs are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining statement of net position – all programs and combining statement of revenues, expenses and changes in fund net position – all programs are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The combining statement of net position – all programs and combining statement of revenues, expenses and changes in fund net position – all programs are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2013, on our consideration of the Housing 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* in considering Housing Authority of the County of Riverside's internal control over financial reporting and compliance.


October 23, 2013

MANAGEMENT'S DISCUSSION & ANALYSIS

The purpose of this Management's Discussion and Analysis (MD&A) is to provide a narrative overview, financial highlights and analyses of the audited annual financial statements of the Housing Authority of the County of Riverside (the "Housing Authority"). This MD&A section is required by the provisions of the Governmental Accounting Standards Board (GASB) Statement 34, and is presented in conjunction with the accompanying Basic Financial Statements.

The financial statements are reported based on a twelve-month fiscal year, which starts on July 1 of one calendar year and ends on June 30 of the next calendar year; the fiscal year is named by the calendar year in which the fiscal year ends. Therefore, the basic annual financial statements presented in this report are for Fiscal Year 2013, which started July 1, 2012 and ended June 30, 2013.

THE PURPOSE OF THE HOUSING AUTHORITY

The Housing Authority of the County of Riverside (Housing Authority) was established in 1942 under the U.S. Housing Act of 1937 and the State of California Housing Authority Law of 1938. The Housing Authority is a government agency which is chartered by the State of California to administer the development, rehabilitation or financing of affordable housing programs. The area of jurisdiction of the Housing Authority is the entire County of Riverside. Permanent operational offices are maintained in the cities of Riverside and Indio to facilitate the provision of services.

The primary mission of the Housing Authority is to assist low and moderate income families, including elderly and disabled persons, by operating programs which provide them decent, safe and sanitary housing at affordable costs.

FINANCIAL HIGHLIGHTS

The Housing Authority ended the fiscal year of operations with assets of \$181 million; deferred outflows of resources of \$.3 million; liabilities of \$10.9 million; deferred inflows of resources of \$.7 million; and net position of \$169.7 million, which consisted of \$7.9 million invested in land, buildings and equipment; \$30.5 million in restricted assets; and \$131.3 million in unrestricted assets.

The ending net position of \$169.7 million represents an increase in assets of \$153.7 million from the prior fiscal year, which resulted from operating revenues of \$90 million, operating expenses of \$91 million, and Capital Contribution of \$.6 million, along with a net gain from non-operating revenues and expenses of \$154.1 million.

On February 1, 2012 all California Redevelopment Agencies were dissolved. Consequently, the Board of Commissioners adopted a resolution authorizing the Housing Authority to accept any and all assets, liabilities, duties, loans, leases, and obligations associated with the housing activities of the former Redevelopment Agency for the County of Riverside. Therefore, in Fiscal Year 2013, the Housing Authority's financial statements reflected the fund assets for the Low and Moderate Income Housing Funds and Housing Bond Proceeds that will be expended for wind-down activities and the development of housing projects on 57 parcels of land, that have a total value of \$34.4 million. Other transferred assets include long-term loans receivables worth \$72 million and other annual revenues.

These financial highlights are detailed further in the **Presentation of Condensed Financial Information With Analysis of Overall Financial Position**, as shown on page 5.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Housing Authority is a special purpose government agency and is a blended component unit of the County of Riverside. The Housing Authority conducts its financial operations in a business-type approach

and is defined as a governmental enterprise fund by GASB. Therefore, the Housing Authority is required to present its financial statements in the format of enterprise fund financial statements.

As a blended component unit of a larger governmental body, the Housing Authority provides its financial statements to the County of Riverside, which includes the Housing Authority's financial information in the County's Comprehensive Annual Financial Report (CAFR). Accordingly, the Housing Authority does not issue its own financial statements in the format of government wide statements.

As the major funding source for housing authorities, the U.S. Department of Housing and Urban Development (HUD) established financial reporting requirements and guidelines for presenting the annual basic financial statements. HUD's preference is for housing authorities to report all of their activities in single column format and, if necessary, present combining financial statements to reflect the activity of individual funds. The Housing Authority implemented this approach in Fiscal Year 1999 when it converted its accounting system to Generally Accepted Accounting Principles (GAAP) and continues with the same financial statement presentations in the current fiscal year. Therefore, the Housing Authority's basic financial statements show one enterprise fund, while the combining financial statements are included as supplementary financial information.

For internal tracking and control, the Housing Authority maintains separate funds in its general ledger for all of its multiple enterprise funds, but has combined all of these various funds into three major funds for financial reporting purposes. These three major funds are identified as Authority Funds, HUD Public Housing Funds, and HUD Section 8 Funds. While detailed fund information is not presented in the annual basic financial statements, separate accounts are maintained for each fund and sub-fund to control and manage money for particular purposes and to ensure that the Housing Authority is properly using specific appropriations and grants.

The *enterprise fund financial statements* consist of three documents:

- 1) Statement of Net Position
- 2) Statement of Revenues, Expenses and Changes in Fund Net Position
- 3) Statement of Cash Flows

The *Statement of Net Position* presents information on all of the Housing Authority's assets, deferred inflows of resources, liabilities, and deferred outflows of resources with the difference being reported as net position. The Statement of Net Position replaces the Statement of Net Assets.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* presents information showing how the Housing Authority's net position changed during the fiscal year. All changes in net position are reported in the proprietary (enterprise) fund financial statements based on full accrual of revenues and expenses, regardless of the timing of cash flows. As a result, the accrual of revenues and expenses as reported in this statement would affect cash flow in future fiscal periods. Revenues, whether received or not, are properly recorded in the fiscal period in which they are earned; expenses, whether paid out or not, are properly recorded in the fiscal period in which the related debt obligation is incurred.

The *Statement of Cash Flows* presents information on cash flows from operating activities, capital and related financing activities, and investing activities. The accrual of revenues and expenses from prior fiscal years would affect the cash flow in the current fiscal period.

The proprietary (enterprise) fund financial statements are on pages 11-13 of this report.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided by this agency in the proprietary (enterprise) fund financial statements. The notes to the financial statements are on pages 14-31 of this report.

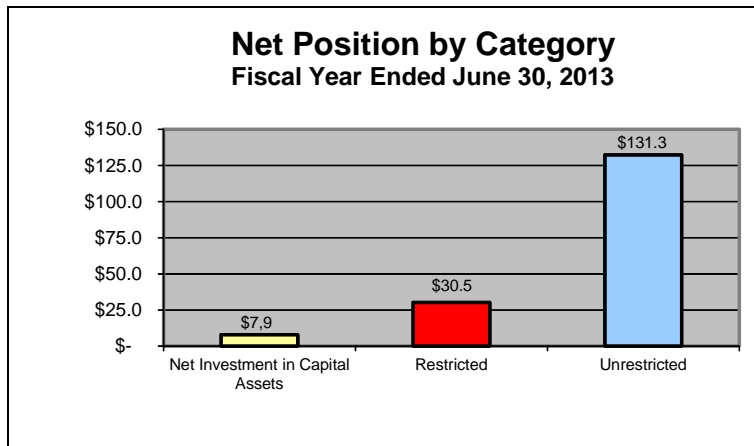
PRESENTATION OF CONDENSED FINANCIAL INFORMATION WITH ANALYSIS OF OVERALL FINANCIAL POSITION

Statement of Net Position

Financial statements, presented as follows, are shown in a condensed format to compare amounts from the current fiscal year (2013) to amounts from the prior fiscal year (2012). These condensed financial statements are accompanied by charts to illustrate selected aspects of financial information, along with brief narrative analyses.

**Housing Authority of the County of Riverside
Statement of Net Position (in thousands)**

	2013	2012
ASSETS		
Current Assets:		
Cash	\$ 54,151	\$ 10,885
Accounts Receivable	180	104
Due From Other Governments	2,165	855
Land Held For Sale	34,368	-
Prepaid Expenses	4	2
Total Current Assets	90,868	11,846
Noncurrent Assets:		
Restricted Investments	3,334	193
Long-Term Receivables:		
	72,037	-
Capital Assets:		
Land, Structures, and Equipment	46,842	45,638
Less Accumulated Depreciation	(32,110)	(30,843)
Capital Assets, net	14,732	14,795
Total Assets	180,971	26,834
Total Deferred Outflows of Resources	347	417
LIABILITIES		
Current Liabilities:		
Accounts Payable	135	-
Other Liabilities	847	775
Tenants Security Deposits	187	173
Bonds Payable - Current Portion	145	135
Total Current Liabilities	1,314	1,083
Noncurrent Liabilities:		
Other Liabilities	1,931	1,768
Notes Payable	6,795	6,795
Bonds Payable	885	1,030
Total Noncurrent Liabilities	9,611	9,593
Total Liabilities	10,925	10,676
Total Deferred Inflows of Resources	722	586
NET POSITION		
Net Investment In Capital Assets	7,936	7,999
Restricted	30,463	2,984
Unrestricted	131,272	5,006
Total Net Position	\$ 169,671	\$ 15,989



(in thousands)

As previously illustrated by the Statement of Net Position, the Housing Authority ended the fiscal year of operations with assets of \$181million; deferred outflows of resources of \$.3 million; liabilities of \$10.9 million; and inflows of resources of \$.7 million resulting in a net position of \$169.7 million. This net position consisted of \$7.9 million (5%) a net investment in capital assets such as land, buildings and equipment, net of related debt; \$30.5 million (18%) in restricted assets; and \$131.3 million (77%) in unrestricted assets.

The ending net position of \$169.7 million represents an increase in net position of \$153.7 million from the prior fiscal year's ending net position of \$16 million.

Total net investment in capital assets (\$7.9 million) is reported as net of related debt as per GASB requirements, but the capital assets themselves are not the source to pay for any related debt liabilities; instead, the resources to repay such debt come from operating revenues.

The restricted net position (\$30.5 million) is reported separately to show legal constraints from debt covenants and program restrictions that limit the Housing Authority's ability to use this for day-to-day operations.

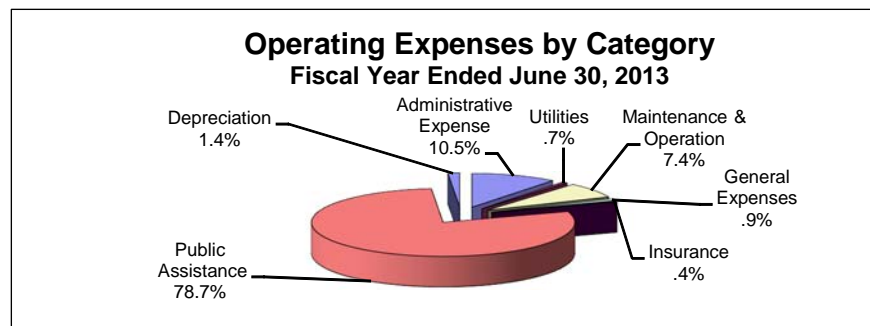
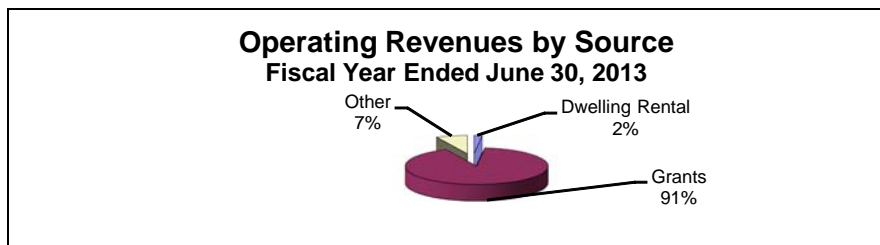
The unrestricted net position (\$131.3 million) while designated as not having legal or program restrictions include \$34.4 million in land assets that would either be sold or developed to meet the Housing Authority's mission to increase affordable housing projects within Riverside County; \$15 million of funds owed back to HUD; and \$72 million of Notes Receivables that are deferred for as long as 20-50 years or converted into grants pending completion of project developments. Therefore, \$9.9 million (8%) of unrestricted net position is available for use as working capital in day-to-day operations.

Statement of Revenues, Expenses and Changes in Fund Net Position

Financial statements, presented as follows, are shown in a condensed format to compare amounts from the current fiscal year (2013) to amounts from the prior fiscal year (2012). These condensed financial statements are accompanied by charts to illustrate selected aspects of financial information, along with brief narrative analyses.

Housing Authority of the County of Riverside
Statement of Revenues, Expenses, and Changes in Fund Net Position
(in thousands)

Operating Revenues:	2013	2012
Dwelling Rental	\$ 1,669	\$ 1,695
Grants	82,389	83,197
Other	5,957	749
Total Operating Revenues	90,015	85,641
Operating Expenses:		
Administrative Expense	9,701	9,459
Utilities	612	618
Maintenance & Operation	6,679	2,557
General Expenses	827	1,402
Insurance	366	374
Public Assistance	71,614	75,735
Depreciation	1,306	1,316
Total Operating Expenses	91,105	91,461
Operating Income (Loss)	(1,090)	(5,820)
Nonoperating Revenues (Expenses)		
Investment Income	(87)	34
Interest On Notes And Bonds	(368)	(153)
Extraordinary Item, Net Gain	154,589	11
Total Nonoperating Revenue (Expenses)	154,134	(108)
Capital Contribution	638	559
Change In Net Position	153,682	(5,369)
Net Position-Beginning	15,989	21,358
Adjustment To Net Position		
Restated Net Position - Beginning	15,989	21,358
Net Position - Ending	\$ 169,671	\$ 15,989



As shown by the Statement of Revenues, Expenses and Changes in Fund Net Position, the Housing Authority's net position increased by \$153.6 million from the prior fiscal year, which is attributed to the following:

- Increase in Total Operating Revenues due to the additional income received from the Housing Successor Agency leases and short-term loans.
- Gain On Sale of Property that resulted from the transfer of land parcels, loans receivables, and cash to the Housing Authority as Successor Agency for the housing functions of the former Redevelopment Agency of the County of Riverside.
- Increase in Capital Contribution, which is primarily related to the site improvements and modernization projects that were completed this fiscal year.

ANALYSIS OF SIGNIFICANT BUDGET VARIANCES

The Housing Authority's fiscal department works closely with the other departments to monitor the annual operating budget throughout the fiscal year in order to avoid over expenditure of available funds. Monthly and quarterly financial documents are prepared to assist in this process.

Comparison of Original Budget and Final Budget

Overall, the original operating budget of \$93 million remained the same from the Original Budget to the Final Budget, as illustrated below.

Operating Revenues:					
Dwelling Rental	\$	1,673	\$	1,673	0.00%
Grants		85,991		85,991	0.00%
Other		5,350		5,350	0.00%
Total Operating Revenues		<u>93,014</u>		<u>93,014</u>	0.00%
Operating Expenses:					
Administrative Expense		13,119		13,119	0.00%
Utilities		620		620	0.00%
Maintenance & Operation		2,663		2,663	0.00%
General Expenses		1,056		1,056	0.00%
Public Assistance		74,433		74,433	0.00%
Asset Purchase		1,082		1,082	0.00%
Depreciation		-		-	0.00%
Total Operating Expenses		<u>92,973</u>		<u>92,973</u>	0.00%
Operating Income (Loss)		41		41	0.00%
Nonoperating Revenues (Expenses)					
Investment Income		34		34	0.00%
Interest On Notes And Bonds		(75)		(75)	0.00%
Total Nonoperating Revenue (Expenses)		<u>(41)</u>		<u>(41)</u>	0.00%
Change In Net Position	\$	-	\$	-	

Comparison of Actual Operating Results and Final Budget

Overall, the actual operating expenses of \$91 million (including depreciation of \$1.3 million not required to be budgeted) were lower than the final budgeted expenses of \$93 million by about 2%.

Housing Authority of the County of Riverside
Actuals vs. Budget
For the Year Ended June 30, 2013
(in thousands)

	Actuals	Final Budget
Operating Revenues:		
Dwelling Rental	\$ 1,669	\$ 1,673
Grants	82,389	85,991
Other	5,957	5,350
Total Operating Revenues	90,015	93,014
Operating Expenses:		
Administrative Expense	9,701	13,119
Utilities	612	620
Maintenance & Operation	6,679	2,663
General Expenses	827	684
Insurance	366	372
Public Assistance	71,614	74,433
Asset Purchase	-	1,082
Depreciation	1,306	-
Total Operating Expenses	91,105	92,973
Operating Income (Loss)	(1,090)	41
Nonoperating Revenues (Expenses)		
Investment Income	(87)	34
Interest On Notes And Bonds	(368)	(75)
Gain (Loss) On Sale Of Property	154,589	
Total Nonoperating Revenue (Expenses)	154,134	(41)
Capital Contribution	638	
Change In Net Position	\$ 153,682	\$ -

The most significant differences between the actual operating results and final budgeted amounts are explained as follows:

- The decrease in Grants was primarily due to unrealized budgeted funds for the following programs:
 - Housing Opportunities for Persons With Aids (HOPWA): Due to the delay in approval of the contract with the City of Riverside, the funds were not realized during the fiscal year.
 - Section 8 and Public Housing: Due to sequestration, HUD reduced the budget for public assistance and administrative fees.
- The decrease in Administrative Expense was a result of HUD’s direction in the elimination of reporting the management fees as part of the consolidated expenses, which were included in the Final Budget. Further, a hiring freeze was imposed during the fiscal year due to County wide layoffs, so not all budgeted positions were filled and vacated positions were not back filled.
- The increase in Maintenance & Operation occurred as planned capital fund projects progressed throughout the year. Two Capital Grant allocations were closed out by the end of the fiscal year.
- The decrease in Public Assistance occurred as lease-ups were placed on hold due to the reduction of federal funding.
- The expense for Depreciation was included in the Actuals, but excluded from the Final Budget.

- The increase in Investment Income was a result of additional interest booked from the cash and bond proceeds transferred to the Housing Authority as Successor Agency for the housing functions of the former Redevelopment Agency of the County of Riverside.
- Extraordinary Gain materialized from the additional land assets, loans receivables, and cash for the Housing Authority Successor Agency.
- The Capital Contribution category includes revenues received for the Capital Fund Program, which were budgeted under Other Revenue but are shown in a separate line in the Financial Statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Overall, at June 30, 2013, the Housing Authority's investment in capital assets, consisting of land, buildings, furniture, and equipment is reported at its net value of \$14.7 million, which is the acquisition cost of \$46.8 million less accumulated depreciation of \$32.1 million. This year, changes in capital assets were due to the improvements to Public Housing sites through the Capital Fund program; and the purchase of a new software system.

Capital Fund Program

HUD's Capital Fund program provides an annual formula grant to the Housing Authority for major repairs and modernization of HUD affordable housing in the cities of Banning, Beaumont, Desert Hot Springs, Indio, Lake Elsinore, Mecca, Moreno Valley, Perris, Riverside, San Jacinto and Thermal. More detailed information pertaining to capital assets is presented in the notes to the financial statements (Pages 19-20, Note 4).

Long-Term Debt

At the end of the current fiscal year, the Housing Authority had long-term bonds outstanding with a book value of \$885 thousand. Principal and interest payments continue to reduce the total debt outstanding. More detailed information pertaining to long-term debt is presented in the notes to the financial statements (Page 21, Notes 6 & 8).

CURRENTLY KNOWN FACTS: ECONOMIC FACTORS

The Housing Authority is primarily dependent upon HUD for the funding of operations. Sequestration in the Federal level has slowly depleted the Housing Authority's reserves and posed a hardship to continue leasing up at 100%. The 31% budget cut to the Section 8 Program's Administrative Revenue has created challenges to operate at maximum efficiency; and reductions of Operating Subsidies for the Public Housing Program and budget cuts for the Capital Fund Program have limited resources to modernize the assisted units and provide more efficient and timely repairs and maintenance services.

On the other hand, the dissolution of Redevelopment Agencies (RDA) in California provided the Housing Authority with land, loans receivables, and cash to continue its mission of providing more affordable housing projects in Riverside County by the Board of Commissioners' acceptance of the housing functions of the former RDA of the County of Riverside. The next challenges would be to take over the wind down activities of the RDAs of the City of Coachella and Norco.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority of the County of Riverside's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fiscal Manager at the Housing Authority of the County of Riverside, 5555 Arlington Avenue, Riverside, CA 92504.

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Proprietary (Enterprise) Fund Type
STATEMENT OF NET POSITION
JUNE 30, 2013

(dollars are in thousands)

ASSETS

Current Assets

Cash	\$	29,113
Cash (restricted)		25,038
Subtotal Cash		<u>54,151</u>
Accounts receivable (Net)		180
Due from other governments		2,165
Land held for sale		34,368
Prepaid expenses		4
Total Current Assets		<u>90,868</u>
Restricted investments		3,334
Long term receivables		72,037
Capital assets (net)		14,732
TOTAL ASSETS		<u>180,971</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES **347**

LIABILITIES

Current Liabilities

Accounts payable		135
Other liabilities		847
Tenants security deposits		187
Bonds payable-current portion		145
Total Current Liabilities		<u>1,314</u>

Noncurrent Liabilities

Other liabilities		1,931
Notes payable		6,795
Bonds payable		885
Total Noncurrent Liabilities		<u>9,611</u>
TOTAL LIABILITIES		<u>10,925</u>

TOTAL DEFERRED INFLOWS OF RESOURCES **722**

NET POSITION

Net investment in capital assets		7,936
Restricted		30,463
Unrestricted		131,272
TOTAL NET POSITION	\$	<u><u>169,671</u></u>

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Proprietary (Enterprise) Fund Type

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

(dollars are in thousands)

REVENUES

Operating Revenues

Dwelling rental	\$	1,669
Grants		82,389
Other revenue		5,957
Total Operating Revenues		90,015

EXPENSES

Operating Expenses

Administrative expense		9,701
Utilities		612
Maintenance & operation		6,679
General expenses		827
Insurance expenses		366
Housing assistance payments		71,614
Depreciation		1,306
Total Operating Expenses		91,105
Operating Income (Loss)		(1,090)

Nonoperating Revenues (Expenses)

Investment income		(87)
Interest expense on notes and bonds		(368)
Extraordinary items, net gain		154,589
Total Nonoperating Revenues (Expenses)		154,134

Capital Contribution

		638
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Change in net position

Net Position - beginning		15,989
Net Position - ending	\$	169,671

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Proprietary (Enterprise) Fund Type
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

(dollars are in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$	7,584
Receipts from grants		81,212
Payments to suppliers		(8,678)
Payments to employees for services		(9,154)
Payments for housing assistance		(71,614)
Net Cash Provided (Used) By Operating Activities		(650)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets (net of soft costs)		(1,243)
Proceeds from capital contribution grant		638
Principal paid on debt		(135)
Interest paid on debt		(299)
Net Cash Provided (Used) By Financing Activities		(1,039)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of additional restricted investments		(3,141)
Proceeds from Redevelopment Agency Successory Agency		48,184
Investment income		(87)
Net Cash Provided (Used) By Investing Activities		44,956

Net Increase (Decrease) In Cash 43,267

CASH AND CASH EQUIVALENTS - Beginning of Year 10,884

CASH AND CASH EQUIVALENTS - Ending of Year \$ 54,151

Reconciliation of Operating Income (Loss) to Net Cash Provided

(Used) by Operating Activities

Operating Income (Loss)	\$	(1,090)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		1,306
Changes in assets, liabilities, and deferred inflows of resources:		
(Increase) decrease accounts receivable		(75)
(Increase) decrease due from other governments		(1,310)
(Increase) decrease prepaid expenses		(2)
Increase (decrease) accounts payable		134
Increase (decrease) unearned income		19
Increase (decrease) deferred inflows of resources		136
Other		232
Total Adjustments		440,000
Net cash used by operating activities:	\$	(650)

Noncash Activities

Long term notes receivable as successory agency	\$	34,368
Land held for sale as successory agency		72,037
Total noncash activities	\$	106,405

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Housing Authority of the County of Riverside (Authority), a component unit of the County of Riverside, operates as a public authority whose primary goal is to provide decent, safe and sanitary housing in a suitable living environment for families that cannot afford private housing that comply with housing quality standards.

The Authority as a reporting entity operates the following programs:

Public Housing Authority (PHA) Owned Housing Program - Annual Contribution Contract SF-68 (469 Units)

Section 8 Housing Assistance Payment Program – Annual Contribution Contract SF-528 (8,908 units)

Authority Programs – Various housing developments with the assistance of bond and grant funding (94 units)

(b) Basis of Accounting

The books of accounts are maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

(c) Proprietary Fund Type

Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets, deferred inflows and outflows of resources, and liabilities associated with a proprietary fund's activities are included on its statement of net position.

In addition, the accounting records of the Authority are organized on the basis of funds. Each of the Authority's programs is accounted for in a separate fund.

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

(d) Revenues

Operating revenues are recognized in the accounting period in which they are earned and become measurable. Intergovernmental grant revenue received for capital acquisitions or construction is reported as operating revenues. Revenues are also derived from dwelling rental income and operating subsidies from HUD.

(e) Expenses

Expenses are recognized in the accounting period in which the related liability is incurred.

(f) Cash and Investments

Investments are reported in the accompanying statement of net assets at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rate.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The Authority pools cash and investments of all funds, except for assets held by fiscal agents. Investment income earned by the pooled investments is allocated to certain funds based on those funds' average investment balance.

(g) Fixed Assets

Land, structures, equipment, development projects, and modernization costs are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Estimated useful lives range from 5-25 years. Fixed assets that cost \$5 or more are capitalized.

(h) Employee Leave Benefits

Permanent Authority employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 13 sick days a year. Employees can carry forward up to the equivalent number of vacation days earned in the immediately preceding thirty-six month period and an unlimited number of unused sick leave days.

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. If an employee retires, the employee is entitled to a portion of accumulated sick leave hours. In no event, however, shall the total payment exceed a sum equal to 960 hours. It is the policy of the Authority to reflect the employee vacation leave benefits liability in the financial statements, and an estimated portion of the sick leave liability.

(i) Insurance Coverage

For apartment managers and temporary employees, the Authority is insured for workers' compensation claims by California Housing Workers' Compensation Authority. Under this program, the pool provides coverage for all claims in accordance with worker's compensation state laws. For permanent Authority employees who are County employees, the County of Riverside self-insures for workers' compensation.

(j) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have a maturity date at time of purchase of three months or less. Restricted investments are considered cash equivalents as defined above.

(k) 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.

(m) Deferred outflows of resources

The deferred outflow of resources consists of defeasance of debt. The defeasance balance is systematically amortized over the remaining life of the old debt. The amortization is recognized as a component of interest expense. The remaining balance as of June 30, 2013 was \$347.

(n) Deferred inflows of resources

The deferred inflow of resources consist of grant funds received in advance. The balance as of June 30, 2013 was \$722.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Combined Statement of Net Assets:

Cash	\$ 29,113
Restricted cash	25,038
Restricted investments	3,334
Total cash and investments	<u>\$ 57,485</u>

Cash and investments consisted of the following:

Deposits with financial institutions	\$ 29,330
Local Agency Investment Fund	1,474
Investment firms	26,681
Total cash and investments	<u>\$ 57,485</u>

Required Note Disclosures

Acknowledging that deposits and investments of state and local governments are subject to various risks, the Governmental Accounting Standards Board Statement 40 (GASB 40) requires note disclosures about investment policies and five deposit and investment risks identified as custodial credit risk, credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Since the County of Riverside elected to implement GASB 40 in Fiscal year 2004, the Housing Authority, a component unit of the County of Riverside, was required to implement GASB 40 for Fiscal Year 2004 as well.

Investment Policy

In October 1999 (Fiscal Year 2000), the Board of Commissioners of the Housing Authority formally adopted the Investment Policy, which was updated and approved on July 27, 2010. This Investment Policy identifies the specific types of deposits and investments which are authorized by that Investment Policy, by the Department of Housing and Urban Development (HUD) and by the California Government Code (CGC).

The Investment Policy of the Housing Authority does not name the five specific deposit and investment risks identified by GASB 40, but this Investment Policy does address these risks in principal by stating that it shall be the policy of the Housing Authority to invest funds in a manner which will provide the maximum safety, liquidity and reasonable investment return while meeting the daily cash flow demands of the Housing Authority and conforming to all statutes governing the investment of Housing Authority funds.

Authorized Types of Deposits and Investments

All types of deposits with financial institutions and all types of investments made by the Housing Authority during Fiscal Year 2013 were authorized by its own Investment Policy, by HUD and by the CGC. The type and value of these deposits with financial institutions and investments as of June 30, 2013 are identified below.

Deposits with Financial Institutions

Insured Demand Deposit Accounts

Bank of America	\$ 6,088	20.76%
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Other Deposit Accounts

County of Riverside	22,874	77.99%
Petty Cash	1	0.00%

Insured Money Market Deposit Accounts

Bank of America	367	1.25%
Total Insured Deposits	<u>\$ 29,330</u>	<u>100.00%</u>

Disclosure Required for Risks Related to Deposits with Financial Institutions

Custodial Credit Risk

For **deposits**, **custodial credit risk** is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The Investment Policy of the Housing Authority, HUD and the California Government Code do not address legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure such deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investments

State Depository Funds

Local Agency Investment Fund (LAIF)	\$ 1,474	5.2%
Trustee Indenture Funds		
US Bank Debt Service Funds	198	0.7%
Bank of New York Redevelopment Fund	26,483	94.1%
Total Investments	\$ 28,155	100.0%

Disclosure Required for Risks Related to Investments

State Depository Funds

All Housing Authority funds on deposit with the Local Area Investment Fund (LAIF) are subject to the California Government Code (CGC). All securities purchased by the LAIF are purchased under the authority of CGC Section 16430 and 16480.4. CGC Section 16429.3 states that money placed with the state treasurer for deposit in the LAIF shall not be subject to transfer, loan or impoundment by any state official or state agency. CGC Section 16429.4 states that the right of a qualified government agency to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year.

Trustee Indenture Funds

All Housing Authority funds in the possession of US Bank, designated bond trustee, are subject to written debt agreements. US Bank, by written agreement with the Housing Authority, is required to put all available debt service funds of the Housing Authority into their First American Treasury Obligations Fund (Money Market Class Y Shares), which is invested exclusively in short-term US Treasury obligations and repurchase agreements secured by US Treasury obligations.

Custodial Credit Risk

For **investments**, **custodial credit risk** is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

All Housing Authority funds invested in LAIF and in Trustee Indenture Funds are subject to the California Government Code and to written debt agreements, respectively, and are not subject to any significant degree of custodial credit risk.

Credit Risk

For **investments, credit risk** is the risk that an issuer of an **investment** will not fulfill its obligation to the holder of the investment.

All Housing Authority funds invested in LAIF and in Trustee Indenture Funds are subject to the California Government Code and to written debt agreements, respectively, and are not subject to any significant degree of credit risk.

Concentration of Credit Risk

For **investments, concentration of credit risk** is the risk associated with the Authority having 5% or more of total investments with any one issuer. As show on the investment table on the previous page the Authority has two investments that exceed the 5% threshold.

Interest Rate Risk

For **investments, interest rate risk** is the risk that changes in market interest rates will adversely affect the fair value of or cash flow from an investment.

All Housing Authority funds invested in LAIF and any required cash flows from LAIF are subject to the California Government Code and are not subject to any significant degree of interest rate risk.

All Housing Authority funds invested in Trustee Indenture Funds are subject to written debt agreements and are not subject to any significant degree of interest rate risk.

Foreign Currency Risk

For **investments, foreign currency risk** is the risk that changes in the value of foreign currency will adversely affect the fair value of an investment.

All Housing Authority funds invested in LAIF and in Trustee Indenture Funds are subject to the California Government Code and to written debt agreements, respectively, and are not subject to any significant degree of foreign currency risk.

3. ACCOUNTS RECEIVABLE

Accounts receivable (net) includes tenant receivables (less allowance for bad debt), interest receivable, miscellaneous receivables, and other receivables which include due from other funds (internal) and due from other governments, as following:

Accounts receivable (net)

Tenant receivables			
	Current tenants	\$	15
	Noncurrent tenants		101
	Gross tenant receivable		<u>116</u>
	Less: allowance for bad debt		<u>(99)</u>
	Net tenant receivables		17
	Interest receivable		24
	Miscellaneous receivables		<u>139</u>
	Total accounts receivable (net)		180
Other receivables			
	Due from other governments		2,165
	Long term receivables		<u>72,037</u>
	Grand Total Receivables (net)		<u>\$ 74,382</u>

4. CAPITAL ASSETS

A summary of the land, structures and equipment for the year ended June 30, 2013 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable Capital Assets:				
Land	\$ 3,631	\$ -	\$ -	\$ 3,631
Development work-in-progress	693	1,529	(550)	1,672
Subtotal	<u>4,324</u>	<u>1,529</u>	<u>(550)</u>	<u>5,303</u>
Depreciable Capital Assets:				
Buildings and improvements	40,152	-	-	40,152
Equipment	1,162	264	(40)	1,386
Subtotal	<u>41,314</u>	<u>264</u>	<u>(40)</u>	<u>41,538</u>
Total Capital Assets	<u>45,638</u>	<u>1,793</u>	<u>(590)</u>	<u>46,841</u>
Accumulated depreciation				
Buildings	(29,941)	(1,196)	-	(31,137)
Equipment	(902)	(110)	40	(972)
Subtotal	<u>(30,843)</u>	<u>(1,306)</u>	<u>40</u>	<u>(32,109)</u>
Total	<u>\$ 14,795</u>	<u>\$ 487</u>	<u>\$ (550)</u>	<u>\$ 14,732</u>

Depreciation expense for the year ended June 30, 2013 was \$1,306.

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements:

Governmental Accounting Standards Board No. 51 Accounting and Financial Reporting for Intangible Assets. This Statement requires the inclusion of intangible assets as capital assets for accounting and financial reporting purposes.

The Housing Authority does not possess any assets that may be considered intangible assets, whether purchased or internally-generated. Therefore, this GASB Statement has no financial impact to the Housing Authority's financial statements.

In Fiscal Year 2010, the Housing Authority purchased for \$1 a bank-owned property located in Geordie Way, in the City of Riverside. Site planning has started and is set to take place in Fiscal Year 2013. The Housing Authority plans to either sell the home to first time homebuyers or rent it to low or moderate-income families.

In Fiscal Year 2011, the Housing Authority purchased three (3) homes using its Unrestricted Net Assets of the Section 8 Program to increase affordable housing stock for the benefit of the Section 8 participants. All of the homes were completely rehabilitated and are currently occupied as single-family rental units by income-eligible participants of the Section 8 Program.

5. REVENUE BONDS PAYABLE

Refunding Revenue Bonds 1998 Series A

On January 27, 1998, the Authority issued \$2,405 of Refunding Revenue Bonds, 1998 Series A (Corona Project). The bonds were issued to provide a portion of the funds needed to advance refund \$52,270 of outstanding Revenue Bonds, Issue A of 1988. The net proceeds of this bond issue were used, together with \$45,675 received from the sale of certain property plus certain reserve and sinking fund monies, to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt services payments on the Revenue Bonds, Issue A of 1988. As a result, the Revenue Bonds, Issue A of 1988, are considered to be defeased and the liability for those bonds has been removed from the Authority Project's statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,389. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2018 using the straight-line method. The economic gain or loss that resulted from this advance refunding is not available.

The 1998 bonds consist entirely of term bonds of which \$1,625 of the term bonds mature on December 1, 2018 and accrue interest at 6.25%. Interest on the bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 1998. The bonds maturing December 1, 2018 are subject to mandatory sinking fund redemption beginning on December 1, 1998 in amounts ranging from \$80 to \$200. The redemption price is equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption.

The bonds are secured by an agreement with the City of Corona, which has pledged to pay \$218 to the Housing Authority each year until the bonds are redeemed in their entirety on December 1, 2018. The bond indenture requires the Housing Authority to remit the entire \$218 received each year to the bond trustee to pay for the bond's annual debt service payments, which in Fiscal year 2013 were \$135 (Principal) and \$83 (Interest). The Housing Authority reports the \$218 received each year as revenue. In Fiscal Year 2013, the \$218 represented about .25% of the total expenses of the Housing Authority. MBIA Insurance Corporation has issued a surety bond in lieu of a cash funded reserve. The outstanding balance as of June 30, 2013 before applying the deferred charge was \$1,030.

6. DEBT SERVICE REQUIREMENTS TO MATURITY

The annual requirements to amortize outstanding long-term bonds payable of the Authority as of June 30, 2013 are as follows:

Year ending June 30	1998 Series A
2014	\$ 211
2015	210
2016	209
2017	208
2018	210
2019-2020	207
Total Debt Service	<u>1,255</u>
Less: Interest payments	(225)
Outstanding Principal	<u>1,030</u>
Less: Current portion	(145)
Balance Long Term	<u><u>\$ 885</u></u>

7. INTEREST PAYABLE

The accrued interest payable consists of unpaid interest accrued on outstanding bonds and notes that are due and payable within one year of the balance sheet date. Below is a summary of the accrued interest payable balance at June 30, 2013:

Revenue Bonds – 1998 Series A	<u><u>\$ 6</u></u>
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8. LONG-TERM BONDS PAYABLE

The following is a schedule of changes in long-term bonds payable for the year ended June 30, 2013:

	Balance at June 30, 2012	Principal		Balance at June 30, 2013
		Additions	Deletions	
1998 Series A	\$ 1,165	\$ -	\$ (135)	\$ 1,030
Less current portion	(135)	(145)	135	(145)
Totals	<u>\$ 1,030</u>	<u>\$ (145)</u>	<u>\$ -</u>	<u>\$ 885</u>

9. ARBITRAGE REBATE TO FEDERAL AGENCY

The Internal Revenue Code of 1986, Sections 103 and 141 through 150, details the amount of interest earnings an issuer of tax-exempt bonds can earn on the proceeds. The interest earnings rate cannot exceed the yield on the tax-exempt revenue bonds. The issuer is required to rebate to the federal government any excess earnings.

Every fifth year, until the last revenue bond is paid or redeemed, an arbitrage calculation is required and an installment is due. At least ninety percent of the arbitrage calculation is required to be paid at the installment due date. As of June 30, 2013, no arbitrage payments were owed; therefore, none were paid.

10. NOTES PAYABLE

In Fiscal Year 2006, the ownership of the Ripley Migrant Center property was transferred from the State of California to the Housing Authority. Title of the property was granted to the Housing Authority in consideration of a Note Payable to the U.S. Department of Agriculture (USDA) for \$3,795 and another Note Payable to the State Farmer Housing Grant Program for the award of \$3,000. The total Notes Payable of \$6,795, which was set as the value of the buildings, is not subject to any liens and encumbrances as long as the construction, development, rehabilitation and operation of the rental units are fulfilled for a period of 20 years.

USDA Rural Development	\$	3,795
Farmworker Housing Grant		3,000
Total	\$	<u>6,795</u>

In Fiscal Year 2007, the Housing Authority received a grant of \$1,000 from the Riverside County Redevelopment Agency (RDA) as contribution to the rehabilitation cost of the Ripley Migrant Center.

In addition, the RDA agreed to loan \$7,500 to the Housing Authority for the construction, rehabilitation and maintenance of the Ripley Migrant Center. In FY 2008, the Board of Commissioners approved the conversion of the RDA loan to a grant for the full amount.

As of June 30, 2009 the rehabilitation of the Ripley Migrant Center, renamed as Desert Rose Apartments, was 100% complete. In Fiscal Year 2013, the waiting list was kept open for lease-up.

11. BOND CONDUIT FINANCING

The Authority is associated with the issuance of the following tax exempt Mortgage Revenue Bonds (Bonds) that were issued for various development firms. The Bonds are not and will never become general obligations of the issuer but are limited obligations of the issuer and are payable solely from the sources set forth in the indenture. The Bonds and the premium, if any, and interest thereon do not and never shall constitute a debt or an indebtedness or an obligation of the issuer or the State of California (State) or any other political subdivision of the State or a loan of the faith or credit or the taxing power of any of them, within the meaning of any constitutional or statutory provisions, nor shall the Bonds be construed to create any moral obligation on the part of the issuer, the State or any other political subdivision of the State with respect to the payment of the Bonds. The Bonds shall not be payable from the general revenues of the issuer and in no event shall the Bonds be payable out of any funds or properties other than those specifically pledged therefor. The issuer has no taxing power. As of June 30, 2013, the outstanding balances of these Revenue Bonds are as follows:

Description	Issue Date	Final Maturity Date	Amount of Issue	Outstanding Balance June 30, 2013
Tyler Village, Series C	1999	2027	\$ 9,000	\$ 8,200
Victoria Springs, Issue C	1989	2019	9,600	9,000
Ridgecrest, Series B	1999	2032	5,865	5,340
Wildomar, Series A	1999	2029	6,700	4,860
Mission Village, Series A-1	2008	2040	3,020	2,887
Total Issuances			<u>\$ 34,185</u>	<u>\$ 30,287</u>

12. RETIREMENT PLANS

The Authority contributes through the County of Riverside to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee **defined benefit pension plan**. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public agencies within the State of California.

All full-time, part-time and seasonal benefited County employees are eligible to participate in the system. Benefits are vested after five years of service. Eligible County employees who retire at or after fifty years of age with five years of credited service are entitled to an annual retirement benefit, payable monthly for life. The County makes the contribution required of County employees hired prior to January 9, 1992 on their behalf and for their account. Miscellaneous County employees hired after the above date make their own contributions for the first five years.

On May 22, 2001 the County Board of Supervisors approved and authorized action to transition employees of the Authority to become County employees retroactive to May 3, 2001. These employees became subject to the provisions of the PERS retirement plan with no carry over vesting in years of service from the prior retirement plan. On May 17, 2006, employees of the Housing Authority who were hired prior to May 3, 2001 were 100% vested in the PERS retirement plan after 5 years of uninterrupted service.

The following information summarizes plan activity for the fiscal year ending June 30, 2013:

Total Authority Gross Salaries:	\$ 7,189
Total Authority Regular Salaries Subject to PERS:	5,403
Total Authority Contributions Required and Paid:	1,017

Before Authority employees became County employees, the Authority fully funded a **defined contribution pension plan** on behalf of qualified employees and for their account. During the current fiscal year, the Authority participated in the PERS plan through the County of Riverside and was not required and did not make any contributions to the prior plan. In August 2002 the prior pension plan was formally terminated and plan assets were distributed to the entitled employees in accordance with written instructions as specified by each current or former employee.

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements:

Governmental Accounting Standards Board No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement requires that the state and local governmental employers recognize the annual cost of other nonpension benefits (OPEB) in the same manner they do for pensions. Disclosure requirements include funding policy followed, the actuarial valuation process and assumptions.

The Housing Authority does not offer postemployment healthcare to current staff. As employees of Riverside County, Housing Authority employees receive retirement benefits through PERS, as disclosed in the County of Riverside’s Comprehensive Annual Financial Report (CAFR).

Governmental Accounting Standards Board No. 50 Pension Disclosures.

The County of Riverside has implemented GASB 50 and its effect is on the County’s financial statements. The required disclosures are included in the County of Riverside’s CAFR, since such information is unavailable to the Housing Authority.

13. OTHER LIABILITIES

Other liabilities activity is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Unearned revenue	\$ -	\$ 19	\$ -	\$ 19
Due to HUD	18	14	(18)	14
Compensated absences	116	110	(110)	116
Interest payable	7	6	(7)	6
Accrued expenses and payroll	441	510	(464)	487
FSS Escrow	193	12	-	205
Total Other Current Liabilities	\$ 775	\$ 671	\$ (599)	\$ 847
Compensated absences	\$ 723	\$ 178	\$ (12)	\$ 889
FSS Escrow	1,045	110	(113)	1,042
Total Other Non- Current Liabilities	\$ 1,768	\$ 288	\$ (125)	\$ 1,931

14. OTHER PROGRAM AWARDS

The Neighborhood Stabilization Program (NSP) was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) and appropriated under Community Development Block Grant (CDBG) funds for the purpose of assisting in the redevelopment of abandoned and foreclosed homes. The intent of NSP is to stabilize neighborhoods in areas with greatest need and to stem the decline of house values of neighborhood homes in the County of Riverside.

On November 25, 2008, the Board of Supervisors approved the activity of acquisition, rehabilitation, and resale of housing units as a component of NSP. The 2008-2009 One Year Action Plan of the 2004-2009 Five year Consolidated Plan calls for the County of Riverside to partner with eligible public and private non-profit organizations.

The County's Economic Development Agency (EDA), through its CDBG program, was awarded \$48 million in NSP funding. EDA publicized a Notice of Funding Availability (NOFA) on March 17, 2009 for the purpose identified above.

The Housing Authority applied for and was awarded a total of \$5.4 million of NSP funds. The total award consists of \$2.4 million designated for Cathedral City, and \$3 million for Target Areas within Lake Elsinore, Canyon Lake, Temecula, Beaumont, Rubidoux, Murrieta, San Jacinto, Home Gardens, and French Valley.

In Fiscal Year 2010, the Housing Authority purchased 26 homes for a total of \$4.1 million, which were paid for directly by EDA to the escrow company. The Housing Authority received \$433 thousand as reimbursement for planning and construction costs expended during the rehabilitation of some of the homes. As of Fiscal Year 2011, there were 16 homes sold, 3 homes pending close of escrow, 2 with purchase offers, and 5 homes undergoing negotiations.

In Fiscal Year 2011, the Housing Authority was awarded by the County to receive \$1 million in NSP program income funds to continue to purchase foreclosed homes, rehabilitate, and resale to moderate first-time homebuyers. By the end of the fiscal year, the Housing Authority purchased 3 homes, with a 4th one pending close of escrow. The rehabilitation of the homes began in conjunction with the process of searching for qualified potential buyers.

In Fiscal Year 2012, of the 26 homes purchased in 2010, 1 remaining home was in escrow and scheduled to close early next fiscal year. In addition, of the 4 homes purchased in 2011, 3 were sold in 2012 to eligible households with 1 remaining property in escrow for sale as of June 30, 2012.

The Housing Authority was contracted by the EDA to administer Homelessness Prevention and Rapid Re-Housing Program (HPRP). The primary purpose of the HPRP is to provide homelessness prevention assistance and services to households that would otherwise become homeless, many due to economic circumstances, and to provide assistance to rapidly “re-house” and stabilize those that are homeless. In March 2009, the U.S. Department of Housing and Urban Development (HUD) awarded \$4.3 million of HPRP funds from the American Recovery and Reinvestment Act of 2009 (ARRA). This program has serviced a total of 170 families. The grant funding for this program expired during the first quarter of FY 2013.

15. IMPLEMENTATION OF OTHER GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

GASB Board No. 60 Accounting and Financial Reporting for Service Concession Arrangements.

This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into.

The Housing Authority does not have any long-term arrangements to operate major capital assets. Therefore, this Statement does not apply to the Housing Authority.

GASB Board No. 61 The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34.

This Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statement No. 14, The Financial Reporting Entity, and No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively.

GASB Board No. 62 Codification of Accounting and Financial Reporting Guidance.

This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements.

GASB Board No. 63 Deferred Outflows and Inflows of Resources.

This Statement requires that certain defined transactions that do not qualify for treatment as either assets or liabilities be accounted for and reported as either deferred outflows of resources (a separate subheading following asset but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before equity).

The Housing Authority has updated its financial reports to adhere to the requirements of this pronouncement.

GASB Board No. 65 Other Deferred Outflows and Inflows of Resources.

This Statement revises the treatment of a variety of transactions previously reported as either assets or liabilities on the statement of financial position to classification as either deferred outflows/inflows of resources or recognition as revenue or expense.

The Housing Authority has updated its financial reports to adhere to the requirements of this pronouncement.

The Housing Authority continues to adhere to GASB Standards in its operations, reporting, and internal controls. The Housing Authority is also subject to review by its auditors in accordance with Government Auditing Standards.

16. SUBSEQUENT

On June 28, 2011, Governor Brown signed AB 1 x 26, the Assembly Bill to dissolve redevelopment agencies throughout the State of California, and AB 1 x 27, the companion bill to allow redevelopment agencies to continue activities after making payment to the state. On December 29, 2011, the California Supreme Court announced its decision to uphold AB 1 x 26 and strike down AB 1 x 27, which eliminated redevelopment agencies.

Pursuant to Part 1.85, Chapter 2, Section 34716(b)(2) of the Health and Safety Code as enacted by AB 26, if a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the agency shall be transferred to the local housing authority in the territorial jurisdiction of the former redevelopment agency when there is one local housing authority.

On January 25, 2011, pursuant to Health and Safety Code 34176(b) (2), the City of Coachella (City) elected not to retain responsibility for the housing assets and functions of the former Coachella Redevelopment Agency, thus transferring these assets and functions to the Housing Authority of the County of Riverside (HACR).

The HACR and City have been working to reach a consensus on whether, and how to transfer the housing activities of the former RDA. On June 6, 2013, the Board of Commissioners approved a Memorandum of Understanding (MOU) between the HACR and the City that transfers the housing assets and functions to the HACR.

In Fiscal Year 2013-2014, the HACR will continue to work with the City to accept the transfer of all the files and documents associated with the housing loan portfolio of the former RDA, which includes, but not limited to the following:

- First-Time Home Buyer Down Payment Assistance Loan and Grant Program;
- Housing Rehabilitation Loan and Grant Program;
- Desert Palms Apartments Disposition and Development Agreement;
- Building Horizons Disposition and Development Agreement; and
- Rancho Housing Alliance Disposition and Development Agreement and Loan.

In addition, the HACR shall accept the transfer of the following housing lawsuits that the former RDA was involved in at the time of its dissolution:

- Redevelopment Agency of the City of Coachella vs. Rancho Housing Alliance, et al., Case No. INC 1102649;
- In re: Rancho Housing Alliance, Inc., Case No. 6:11-bk-27519-SC.

The City shall transfer to the HACR all beneficial interest in the remaining housing bonds proceeds in the approximate amount of \$2.8 million dollars.

17. LONG-TERM LOANS RECEIVABLES

The former Redevelopment Agency for the County of Riverside (RDA) made numerous loans as part of the **Redevelopment Housing Program (RHP)** and for various Infill Programs. The interest rates vary from 0% to 3% and the terms vary as well. The funds for this program were used for down payment assistance to low- and moderate-income households that have not owned homes within a three year period. RHP was available for households with an annual income that were not greater than 120% of the area median income as published by the CA Department of Housing and Community Development (HCD); and provided up to 20% of the purchase price with a 45 year affordability period as a "silent second" loan. The balance of these loans as of June 30, 2013 was \$1,663.

The First Time Home Buyer Program (FTHB) provided HOME funds for down-payment assistance to low- and very low-income households that have not owned homes within a three-year period. The program was available for households with an annual income that were no greater than 80% of the area median income as published by HUD. The FTHB Program provided up to 20% of the purchase price with a 15-year affordability period as a "silent second" loan. A variety of media were used to inform the public and potential homebuyers of the homebuyer assistance program. At June 30, 2013, the balance of these loans was \$340.

The RDA awarded a developer a grant to carry out its obligation to help eliminate blight and provide safe and decent affordable housing to its residents. The developer acquired 4 bank owned single family homes at a 1% discount, rehabilitated, and rented them to very low-income residents. All four homes were restricted to low-income households for a period of 55 years. The project was named the **Inland Empire Rescue Mission**. At June 30, 2013, the balance of these loans was \$996.

The **Manufactured Replacement Home Program (MHRP)** provided financial assistance to manufactured home owners for substandard dwelling units. The funds were disbursed to low-, very low-, and extremely low-income households for replacement and ancillary infrastructure improvements. The units were restricted by a 45 affordability covenant. At June 30, 2013, the balance of these loans was \$464.

The RDA entered into a Disposition and Development Agreement (DDA) with the Housing Authority of the County of Riverside to acquire 2 parcels located in the unincorporated community of **Home Gardens on Neece Street** for the purpose of constructing 2 single family homes. These homeownership opportunities were made available to low-income, first-time home buyers, and were occupancy-restricted for a minimum period of 45 years. The development loans were each secured by a Subordinate Deed of Trust. All accrued and unpaid interest and principal shall be forgiven, discharged and excused after the end of the Affordability Period ending on the 45th anniversary from the recordation of the Notice of Completion dated May 29, 2008. At June 30, 2013 the balance on the loan for **Anjana Kanda** was \$105; and the balance of the loan for **Francisco Beltran** was \$85.

In September 2002, the RDA entered into a loan agreement with **Mission Larue Limited** for a project known as **Mission Palms Senior Housing Project**, which provided construction and permanent financing of a 109-unit rental housing complex for independent living seniors in the Jurupa Valley. The loan is to be amortized over 55 years at 1% per annum. All outstanding principal along with accrued interest shall be due and payable on March 31, 2034. 29 equal payments shall be due each year until the term date. Annual payments are to be paid from available cash flow. Should there be insufficient cash flow within a given annual period, said annual payment is to be deferred and the annual interest will be added to the principal balance. At June 30, 2013 the balance of the loan was \$659.

In 2006-07, the RDA entered into a loan agreement for \$560 with the **Angel View Crippled Children's Foundation** for the development and construction of a single-family group home near Desert Hot Springs. The home was licensed by the California Department of Developmental Services as an Intermediate Care

Facility/Developmentally Disabled -Nursing Facility that provides 24-hour personal care, developmental services, and nursing supervision for zero to three year old infants with disabilities who have been removed from their homes by court order. The loan shall accrue simple interest at 3% per annum on December 30, 2063. It is intended that the full amount of the loan will be forgiven at 55 years from the Certificate of Occupancy. At June 30, 2013, the balance of the loan was \$560.

In 2006-07, the RDA loaned \$1,500,000 to Coachella Valley Housing Coalition to assist in the development of 275 single family units of **Nuestro Orgullo Homes** designated to low-income residents. The principal of the loan bears interest at zero percent per annum and will be transferred to individual homebuyers as mortgage assistance in the form of a silent deed of trust forgiven in 45 years. It is intended that the full amount of the loan will be reduced by the mortgage assistance subsidies given to the low-income buyers. At June 30, 2013, the balance of the loan was \$1,500.

In 2007-08, the RDA loaned \$1,500 in low- and moderate-income housing funds to MCFA Partners, a California Limited Partnership, to help finance the development and construction of a rental housing complex know as **Clinton Family Apartments**, in the community of Mecca. The principal is to be amortized over 50 years at an interest rate of 3%. At June 30, 2013, the balance of the loan was \$1,500.

In November 2008, the RDA entered into a loan agreement with Paseo Housing Associates, L.P. to construct a 52-unit-for-rent mobile home park in the community of Mecca, known as **Paseo De Los Heroes II**. The principal of the loan is to be amortized over 55 years at 3% interest per annum, due and payable in full by December 31, 2065. At June 30, 2013 the balance of the loan was \$1,525.

With an allocation of CalHFA HELP Funds, RDA entered into a revolving loan agreement with CVHC for a 45 single family home affordable housing project, known as **Valencia Homes**, located in the community of Mecca. The term of the loan shall accrue simple interest at 1.5% per annum. It is intended that the full amount of the loan be forgiven in 45 years. At June 30, 2013, the balance of the loan was \$748.

In September 2009, the RDA entered into an agreement for the infill construction of a single family home in **North Shore**. The term of the loan is 55 years and shall be due in full on March 1, 2065. The principal of the loan is to be amortized at 1% per annum. At June 30, 2013 the balance of the loan was \$189.

In September 2006, the RDA entered into a loan agreement with a non-profit affordable housing developer to construct 10 single-family homes, known as the **Ripley/Mesa Verde Infill Housing Project**. The loan was converted to down-payment assistance for low-income first-time homebuyers with an affordability restriction of 45 years. At June 30, 2013 the balance of the homes was \$74.

In September 1999, the RDA entered into an agreement with a developer to improve and rehabilitate the **La Pena Mobile Home Park** in the community of Mecca. The debt obligation shall be fully amortized at an annual percentage rate of 3%. The term of the Promissory Note shall mature of December 1, 2030 and all of the then outstanding principal and interest shall be due and payable. At June 30, 2013 the balance on the loan was \$504.

In March 2010, the RDA entered into an agreement with **Operation Safe House, Inc.** in the amount of \$1,100. The loan bears no interest rate. The repayment of the loan shall be paid by the Borrower's annual payment of an amount equal to 50% of the residual receipts from operation of the Housing Project as determined by a residual receipts calculation from the operation of the Housing Project during the preceding calendar year and shall be paid within 90 days of each year-end. At June 30, 2013 the balance of the loan was \$400.

In June 2010, the RDA approved funding assistance to acquire and develop a site for a gated 80-unit affordable, multi-family community, known as **Legacy Apartments**. In February 2011, the funding allocation was

memorialized through a loan agreement. The units serve low-income families with affordable rents for a period of 55 years. Funding included a conventional loan from Farmers & Merchant Bank; a loan from MHSA; a deferred developer fee; and Riverside County Transportation Uniform Mitigation Fee waiver; and the balance from tax credit equity financing. At June 30, 2013 the balance of the loan was \$7,300.

The RDA purchased a 7.43 acre parcel located in the unincorporated community of **Highgrove** to carry out its obligation to help eliminate blight and provide a safe and decent affordable housing to its residents. A public library has since been built on a section of the parcel and a housing project is being proposed for the balance on the parcel. RDA approved a loan for pre-development expenses related to entitlements of an affordable housing project. At June 30, 2013 the balance on the loan was \$398.

In February 2011, the RDA entered into an agreement with **Menifee Vineyards Limited Partnership** to acquire approximately 4.8 acres of land for the development and construction of an 81-unit apartment complex for low-income senior households in the City of Menifee. The term of the agreement is 55 years with an interest rate of 1% per annum. The principal and interest are due to be repaid in full force 55 years after the recordation of the first Certificate of Occupancy. At June 30, 2013 the balance on the loan was \$3,600.

In 1998-99, the RDA entered into a loan agreement with Wildomar Senior Partner, LP. To help finance the development of a low-income senior apartment complex, known as **Amber Thralls Sr. Apartments**. The loan terms provide for an amortization of principal at 1% interest for 30 years with an initial 10-year deferral after which time payments are due from the project's residual receipts. During 2000-01, RDA agreed to pay the Elsinore Valley Municipal Water District for sewer connection fees. At June 30, 2013 the balance of the loan and reimbursement agreement was \$3,068.

In 1996-97, the RDA sold the North Hemet parcel of land and received a note for Phase I and Phase II of the **Hemet Vistas project**. The note was amended to include the development portion of the note receivable. The principal is to be amortized over 55 years at an interest rate of 1%. Annual principal payments plus interest shall be paid from available net proceeds. In the event that there are insufficient net proceeds, the payment shall be deferred pursuant to the note. At June 30, 2013 the loan balance was \$1,591.

In May 2006, the RDA provided a loan for the development and construction of **Phase II of the Mission Palms Senior Apartments**. Phase II is located at the corner of La Rue Street and Mission Boulevard and was completed in June 2007. It consisted of 91 affordable rental units plus one on-site manager unit. The principal of the loan is to be amortized over 55 years and bears simple interest of 1% per annum. All Project Residual Receipts shall be paid 50% to Borrower and 50% to the Lender until the Promissory Note is paid in full. All outstanding principal along with accrued interest shall be due and payable on July 1, 2063. At June 30, 2013 the balance of the loan was \$400.

In September 2008, the RDA and **Mission Village Senior Apartments**, a California limited partnership entered into an Affordable Housing Agreement for a loan that bears simple interest at 3% per annum based on the amount advanced by RDA. The 102-unit affordable senior apartment complex was constructed in the unincorporated community of Glen Avon. The loan shall be paid annually equal to 50% of the residual receipts from the operation of issuance of a Certificate of Occupancy for all units. At June 30, 2013 the balance of the loan was \$10,474.

In January 2009, the RDA entered into an agreement for a pre-development loan with a developer, Northtown Housing Development Corporation, to obtain entitlements to the property for the **Cottonwood Mobile Home Park** project. At June 30, 2013 the balance of the loans was \$549.

In October 2009, the RDA entered into an agreement with **Inspire Life Skills Training, Inc.** for the use of low- and moderate-income housing set-aside funds to improve and increase the supply of affordable housing in the

unincorporated area of Riverside County. The funds were also used to acquire and rehabilitate 1 single-family property and rent to a very low-income household. At June 30, 2013 the balance of the loan was \$328.

In 2001-02, the RDA loaned \$800 in low- and moderate-income housing funds to the **Mecca Family Housing Associates**, A California Limited Partnership, to assist in financing the Mecca Family Housing Development. The loan terms provide for payment on demand, or if no demand is made, the loan shall be deferred for a period of 660 months and shall have a maturity date of July 1, 2056. In 2006, an additional \$70 was loaned by RDA. The loan carries a zero percent interest rate. At June 30, 2013 the balance on the loan was \$870.

The RDA made numerous loans as part of the **Home Improvement Program (HIP)** and First Time Home Buyer's Program. Each loan is to be repaid in a single payment upon sale, conveyance, alienation or transfer of the property to other than the present owner of record or surviving joint tenant. The loans bear no interest and the payoff amount is equal to the principal amount plus the proportionate share of the equity in the property. June 30, 2013 the total balance for these loans was \$262.

The RDA purchased the **Date Palm Mobile Home Park** located outside the city limits of Indio in the unincorporated area of the County for the purpose of carrying out its obligation to help eliminate blight and provide safe and decent affordable housing to its residents. RDA relocated the residents that were living in the park and demolished all structures on site. The RDA then provided a pre-development loan for expenses related to entitlements for a new 80-unit affordable housing complex with numerous amenities. On June 29, 2010, RDA approved a loan to fill the financing gap related to construction. Other funding sources include a loan from the State of California Department of Housing and Community Development Multifamily Housing Program, and a tax credit equity contribution. A total of 68-assisted units were reserved for low-income households for an affordability period of at least 55 years. At June 30, 2013 the balance of the loan was \$7,900.

The **Mobile Home Tenant Loan (MHTL) Program** was established to improve substandard living conditions of mobile home owners living in un-permitted mobile home parks. This program provided financial assistance to mobile home owners with a 0% interest loan. The funds were used to purchase a unit that replaced the existing substandard unit, which were installed in a permitted site. As supplement to the MHTL loan, HCD's Joe Serna Jr. Farm Worker Housing Grant Program was utilized to provide a matching source of funds. It is intended that the properties would remain as affordable for a prescribed length of time, and in the event that a property was sold during this time, the Housing Authority has a right of first refusal to purchase the said property at a price agreed to between the parties. This requirement is in effect for 45 years from the date of close of escrow. At June 30, 2013 the total balance on the loans was \$11,957.

The RDA made housing loans as part of the **Agricultural Housing Loan (AGHL) Program** for the Coachella Valley. The loans bear various interest rates ranging from 0% interest to a 3% fixed rate. Payments shall be deferred for the initial 10 years of the term. All outstanding principal along with accrued interest shall be due and payable with a single and final payment due and payable in 40 years. At maturity if it is determined that the borrower is not currently in default nor has been in default at any time prior to the review then a prorated amount shall be forgiven and reduced from the total principal and all interest through the date of the review shall also be forgiven. At June 30, 2013 the total balance of the loans was \$1,145.

In April 2008, the RDA provided Desert Empire Homes funding to develop a 398-space mobile home park, **Mountain View Estates**, situated on approximately 50 acres. The project received RDA set-aside funds and private financing. The project received US Department of Agriculture Rural Business Enterprise Grant and the US Department of Agriculture Water and Waste Disposal Loan and Grant Funds Program. The project was planned for two phases. The first phase consisted of 180 spaces plus one manager's unit and a community center. The second phase to be built in the future would include the remaining mobile home spaces. A minimum of 90 mobile home park spaces in the development were set aside for very low-income households for a period of at least 55

years. The MHTL program provided financial assistance to mobile home owners with a 0% interest loan. The funds were used to purchase a unit that replaced the existing substandard unit, which were installed in a permitted site. As supplement to the MHTL loan, HCD's Joe Serna Jr. Farm Worker Housing Grant Program was utilized to provide a matching source of funds. It is intended that the properties would remain as affordable for a prescribed length of time, and in the event that a property was sold during this time, the Housing Authority has a right of first refusal to purchase the said property at a price agreed to between the parties. This requirement is in effect for 45 years from the date of close of escrow. At June 30, 2013 the total balance of the loans was \$9,327.

In July 2009, the RDA entered into an agreement with **SL-Imperial, LLC**. The purpose of the loan agreement was to fund a pilot program, whereby SL-Imperial would acquire foreclosed homes, repair and rehabilitate the homes, then sell them to first-time home buyers whose income was less than 120% of the county are median income. Upon sale of the homes, the pre-development and construction loans were converted to a grant and the proceeds were used for the down payment assistance to eligible home buyers. At June 30, 2013 the total balance of the loans was 1,557.

SUPPLEMENTARY FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

COMBINING STATEMENT OF NET POSITION- ALL PROGRAMS

JUNE 30, 2013

	Public Housing Program	Section 8 Program	Authority Program	Inter-Program Eliminating Entries	Totals
ASSETS					
Cash	\$ 949,991	\$ 4,324,666	\$ 23,837,947	\$ -	\$ 29,112,604
Restricted cash	-	925,586	24,112,893	-	25,038,479
Accounts receivable (Net)	14,542	92,429	73,155	-	180,126
Due from other funds	99,355	-	1,144,511	(1,243,866)	-
Due from other governments	15,875	623,616	1,525,247	-	2,164,738
Prepaid expenses	-	-	3,950	-	3,950
Restricted investments	-	-	3,335,168	-	3,335,168
Notes receivable	-	-	72,036,989	-	72,036,989
Land available for sale	-	-	34,367,805	-	34,367,805
Capital assets	35,234,545	487,922	11,118,930	-	46,841,397
Accumulated Depreciation	(26,550,328)	(440,126)	(5,119,350)	-	(32,109,804)
TOTAL ASSETS	9,763,980	6,014,093	166,437,245	(1,243,866)	180,971,452
DEFERRED OUTFLOWS OF RESOURCES	-	-	347,189	-	347,189
LIABILITIES					
Accounts payable	-	634	134,395	-	135,029
Unearned income	16,200	-	3,016	-	19,216
Due to other funds	99,355	-	1,144,511	(1,243,866)	-
Due to HUD	-	14,687	-	-	14,687
Other liabilities	115,154	1,122,962	342,876	-	1,580,992
Tenants security deposits	161,543	-	24,974	-	186,517
Accrued interest payable	-	-	5,880	-	5,880
Compensated absences payable	231,462	445,911	480,507	-	1,157,880
Bonds payable	-	-	1,030,000	-	1,030,000
Notes payable	-	-	6,795,110	-	6,795,110
TOTAL LIABILITIES	623,714	1,584,194	9,961,269	(1,243,866)	10,925,311
DEFERRED INFLOWS OF RESOURCES	-	-	722,050	-	722,050
NET POSITION					
Net investment in capital assets	8,684,217	47,796	(795,530)	-	7,936,483
Restricted	-	3,014,976	27,447,919	-	30,462,895
Unrestricted	456,049	1,367,127	129,448,726	-	131,271,902
TOTAL NET POSITION	\$ 9,140,266	\$ 4,429,899	\$ 156,101,115	\$ -	\$ 169,671,280

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION-ALL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013

	Public Housing Program	Section 8 Program	Authority Program	Inter-Program Eliminating Entries	Totals
REVENUES					
Operating Revenues					
Dwelling rental	\$ 1,390,088	\$ -	\$ 278,938	\$ -	\$ 1,669,026
Grants	1,767,332	77,375,578	3,245,671	-	82,388,581
Management fees	-	-	2,302,594	(2,302,594)	-
Other revenue	109,520	438,345	5,409,059	-	5,956,924
Total Operating Revenues	3,266,940	77,813,923	11,236,262	(2,302,594)	90,014,531
EXPENSES					
Operating Expenses					
Administrative expenses	989,233	7,227,906	3,786,076	(2,302,594)	9,700,621
Utilities	466,600	-	145,054	-	611,654
Maintenance & operation	1,811,560	119,614	4,747,474	-	6,678,648
General expenses	82,845	109,998	634,545	-	827,388
Insurance expenses	269,897	5,780	90,133	-	365,810
Housing assistance payments	-	69,973,083	1,640,822	-	71,613,905
Depreciation	831,741	31,536	443,027	-	1,306,304
Total Operating Expenses	4,451,876	77,467,917	11,487,131	(2,302,594)	91,104,330
Operating Income (Loss)	(1,184,936)	346,006	(250,869)	-	(1,089,799)
Nonoperating Revenues (Expenses)					
Investment income	2,318	12,277	(101,370)	-	(86,775)
Interest expense on notes and bonds	-	-	(367,699)	-	(367,699)
Extraordinary items, net gain	-	-	154,588,833	-	154,588,833
Transfers	-	(66,843)	66,843	-	-
Total Nonoperating Revenues (Expenses)	2,318	(54,566)	154,186,607	-	154,134,359
Capital Contribution	637,522	-	-	-	637,522
Change in net position	(545,096)	291,440	153,935,738	-	153,682,082
Net Position - Beginning	9,685,362	4,138,459	2,165,377	-	15,989,198
Transfers	-	-	-	-	-
Net Position - Ending	\$ 9,140,266	\$ 4,429,899	\$ 156,101,115	\$ -	\$ 169,671,280

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE



SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2013



HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2013

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Board of Supervisors
Housing Authority of the County of Riverside
Riverside, CA

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to audits contained in financial audits *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Riverside (Authority), as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 23, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing the assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a significant 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant awards, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


October 23, 2013



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Board of Supervisors
Housing Authority of the County of Riverside
Riverside, CA

REPORT ON COMPLIANCE ON EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITORS' REPORT

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the County of Riverside's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the County of Riverside's major federal programs for the year ended June 30, 2013. Housing Authority of the County of Riverside's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the County of Riverside's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the County of Riverside'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Housing Authority of the County of Riverside's compliance.

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the County of Riverside complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Housing Authority of the County of Riverside is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the County of Riverside’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the County of Riverside’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards by OMB Circular A-133

We have audited the financial statements of the Authority as of and for the year ended June 30, 2013, and have issued our report thereon dated October 23, 2013, which contained an unmodified opinion on those financial statements. October 23, 2013 Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedure in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


October 23, 2013

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL PROGRAM	CFDA Number	Program Number	Program Expenditures
U S Department of Housing and Urban Development (HUD)			
Public Housing Assistance:			
Public and Indian Housing		CA02700105J	\$ 1,345,808
Subtotal	14.850		<u>1,345,808</u>
Public Housing Capital Fund		CA16P027 50109	20,485
Public Housing Capital Fund		CA16P027 50110	498,434
Public Housing Capital Fund		CA16P027 50111	449,823
Public Housing Capital Fund		CA16P027 50112	90,304
Subtotal	14.872		<u>1,059,046</u>
Total Public Housing Programs			<u>2,404,854</u>
Section 8 Housing Assistance:			
Section 8 Moderate Rehabilitation		CA027MR 0004	424,642
Section 8 Moderate Rehabilitation		CA027MR 0010	189,196
Subtotal	14.856		<u>613,838</u>
Supportive Housing for Persons with Disabilities	14.181	CA027DV	274,121
Section 8 Housing Choice Voucher	14.871	CA027VO	76,487,619
Total Section 8 Housing Programs			<u>77,375,578</u>
Desert Hot Springs/Cathedral City		CA027RPS093A008	51,028
Resident Opportunity and Supportive Services	14.870		<u>51,028</u>
Total HUD Direct Funding			<u>79,831,460</u>
Passthrough Awards:			
Housing Opportunities for Persons With AIDS [1]			
	14.241	CA027 HOPWA	1,129,509
HOME Investment Partnerships Program (HIPP) [1]			
	14.239	CA027 TBRA	34,949
Homeless Prevention and Rapid Re-Housing Program [1] [2]			
	14.257	CA027 HPRP	145,796
Shelter Plus Care [3]			
	14.238	CA027 SPC	981,689
Total Passthrough Award			<u>2,291,943</u>
Total Federal Expenditures and Awards			<u>\$ 82,123,403</u>

Passthrough from the City of Riverside.

[1]

Passthrough from the Riverside County EDA.

[2]

Passthrough from the Riverside County DPSS.

[3]

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation

The accompanying schedule presents the expenditures incurred (and related awards received) by the Housing Authority of the County of Riverside (Authority) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal or state reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

Basis of Accounting

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

Subrecipients

During the fiscal year ended June 30, 2013, the Authority disbursed a portion of the HOPWA funds to subrecipients. Below is a schedule of subrecipients for the fiscal year ended June 30, 2013.

<u>Agency Name</u>	<u>Award Amount</u>
Desert AIDS Project	\$ 177,294
Catholic Charities	35,323
Foothill AIDS Project	29,705
	<u>\$ 242,322</u>

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

SECTION I - Summary of Auditors' Results

Financial Statements

1. Type of Auditor Report on the financial statements: Unqualified.
2. Internal control over financial reporting:
- a. Material weakness identified yes no
 - b. Significant deficiency identified that are not considered to be material weaknesses? yes none reported
3. Noncompliance material to financial statements? yes no

Federal Awards

4. Internal control over major programs:
- a. Material weakness identified yes no
 - b. Significant deficiency identified that are not considered to be material weaknesses? yes none reported
5. Type of auditors' report on compliance for major programs: Unqualified.
6. Audit findings noted which are required to be reported under paragraph __ .510(a) of Circular A-133? yes no
7. Identification of Major Programs:
- | <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|---|
| 14.871 | U.S. Department of Housing and Urban Development – Housing Choice Voucher Program |
| 14.241 | U.S. Department of Housing and Urban Development – Housing Opportunities for Persons with Aides |
8. The Dollar Threshold Used To Distinguish Between Type A and Type B Programs: \$2,463,702.
9. Auditee qualified as a low-risk auditee? yes no

SECTION II – Financial Statement Findings

1. There are no auditor findings to be reported in accordance with GAS.

SECTION III – Federal Award Findings and Questioned Costs

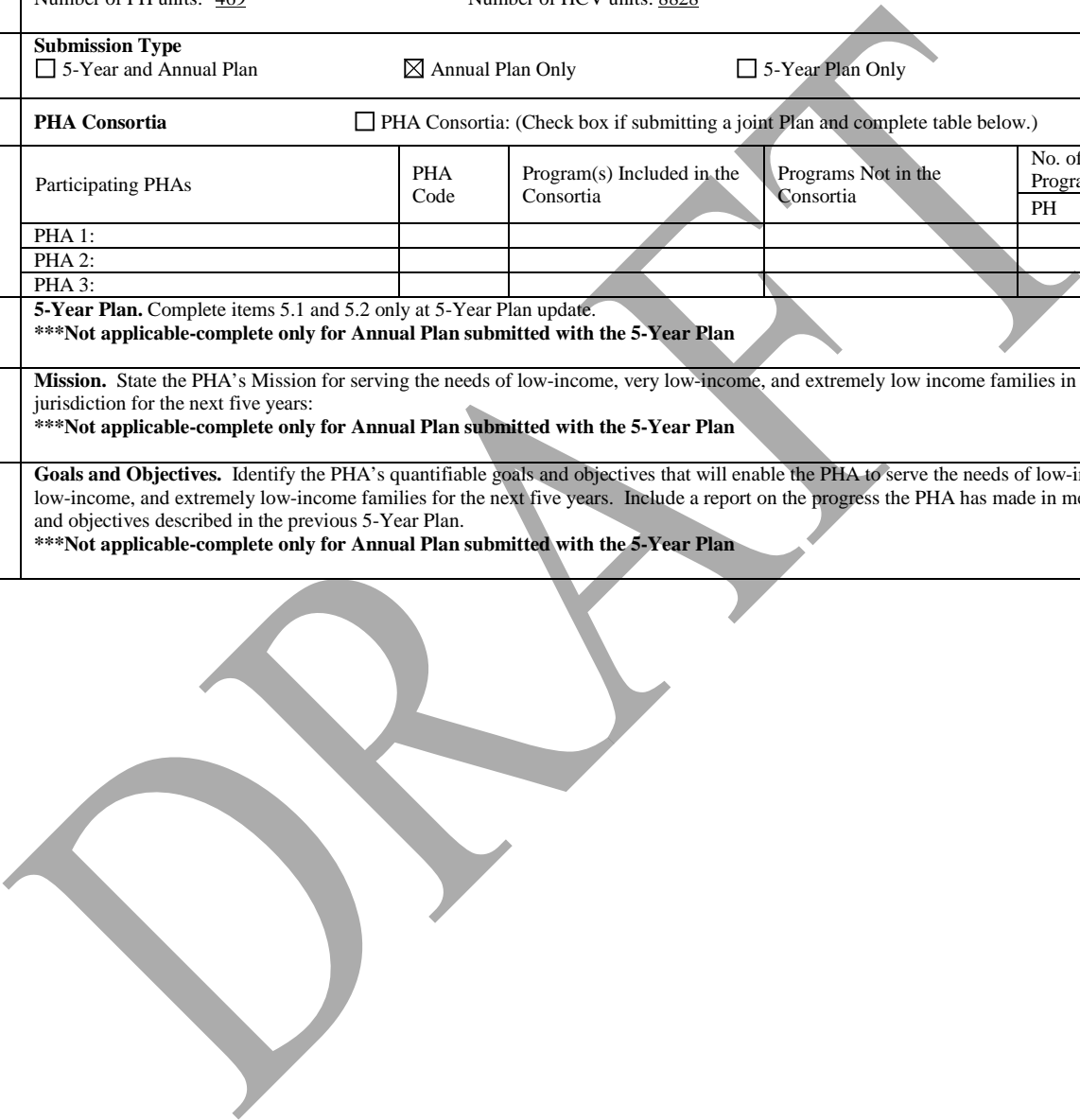
1. There are no auditor findings to be reported in accordance with paragraph .510(a) of OMB Circular A-133.

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

There were no findings noted in the prior Single Audit Report (for the year ended June 30, 2012).

PHA 5-Year and Annual Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 8/30/2011
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1.0	PHA Information PHA Name: <u>Housing Authority of the County of Riverside</u> PHA Code: <u>CA027</u> PHA Type: <input type="checkbox"/> Small <input checked="" type="checkbox"/> High Performing <input type="checkbox"/> Standard <input type="checkbox"/> HCV (Section 8) PHA Fiscal Year Beginning: (MM/YYYY): <u>07/01/2014</u>												
2.0	Inventory (based on ACC units at time of FY beginning in 1.0 above) Number of PH units: <u>469</u> Number of HCV units: <u>8828</u>												
3.0	Submission Type <input type="checkbox"/> 5-Year and Annual Plan <input checked="" type="checkbox"/> Annual Plan Only <input type="checkbox"/> 5-Year Plan Only												
4.0	PHA Consortia <input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below.)												
	Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program <table border="1"> <thead> <tr> <th>PH</th> <th>HCV</th> </tr> </thead> <tbody> <tr> <td>PHA 1:</td> <td></td> </tr> <tr> <td>PHA 2:</td> <td></td> </tr> <tr> <td>PHA 3:</td> <td></td> </tr> </tbody> </table>	PH	HCV	PHA 1:		PHA 2:		PHA 3:	
PH	HCV												
PHA 1:													
PHA 2:													
PHA 3:													
5.0	5-Year Plan. Complete items 5.1 and 5.2 only at 5-Year Plan update. ***Not applicable-complete only for Annual Plan submitted with the 5-Year Plan												
5.1	Mission. State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years: ***Not applicable-complete only for Annual Plan submitted with the 5-Year Plan												
5.2	Goals and Objectives. Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan. ***Not applicable-complete only for Annual Plan submitted with the 5-Year Plan												



PHA Plan Update

(a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:

Updated PHA Plan Elements

1. Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.

For the Housing Choice Voucher (Section 8) program, due to the reduction of federal funding, the waiting list will remain closed to all except veterans or widow/ers of a veteran; families whose head of household or spouse is 75 years of age or older; homeless foster youth, ages 18-22, who have aged out of foster care; families referred to the HA by the Riverside County Public Child Welfare Agency (PCWA) for admission through the Family Unification Program (HUD-designated special purpose vouchers); participants that have utilized a special rental assistance program for a 3 year term that no longer require supportive services; and, families referred to the Housing Authority via an extraordinary local preference. Three (3) local preferences under Level 1 were added: homeless foster youth, ages 18-22, who have aged out of foster care; families referred to the HA by the Riverside County Public Child Welfare Agency (PCWA) for admission through the Family Unification Program (HUD-designated special purpose vouchers); and, participants who have utilized a special rental assistance program for a 3 year term that no longer require supportive services. If the temporary cost-saving provisions outlined in HUD PIH Notice 2013-03 continue, they may be adopted and the details are specified in the Administrative Plan. A Minimum Rent of \$50 was new last year and will continue. If the Housing Authority is designated as a shortfall agency, subsidy standards may be adjusted to two per bedroom, regardless of familial status, age and gender, and Portability may only be permitted in cases where the receiving agency, if not absorbing, is an equal or lower cost area. The PHA may allocate Project Based Vouchers to develop Housing Authority Successor Agency (HASA) properties and those that exclusively assist veterans. The Zero Tolerance Policy will extend the violation period from 5 to 7 years. There are no other changes to eligibility, selection, and admission policies for 2014.

2. Financial Resources

Please see attached **Statement of Financial Resources**, which includes listings by general categories, of the Agency's anticipated resources for FY 2014, such as PHA Operating, Capital and other anticipated Federal resources, as well as tenant rents and other income available to support public housing and tenant-based assistance. The statement also includes the non-Federal sources of funds supporting each Federal program, and the planned use for the resources.

3. Rent Determination.

For 2014, the Agency has made no changes to the policies governing rent determination. If the cost savings measures outlined in PIH Notice 2013-03 and the Administrative Plan are implemented, rent determination will be adjusted to comply with the notice. HUD funding and any continued sequestration cuts will determine whether this will occur. The established payment standard amounts are in accordance with federal regulations and are within 90-110% of HUD Fair Market Rents published annually. Flat rent rates for the Affordable Public Housing program have been updated based on the current fair market value for each area.

4. Operation and Management.

For 2014, the Agency has made no changes to Operations or Management.

5. Grievance Procedures.

For 2014, there are no changes to the grievance procedure policies.

6. Designated Housing for Elderly and Disabled Families.

For 2014, there are no changes to housing designated for elderly and disabled families.

7. Community Service and Self-Sufficiency.

The Housing Authority will participate in a new Family Self-Sufficiency Demonstration program. The Family Self-Sufficiency (FSS) Program Demonstration is a random assignment study conducted under contract by MDRC and its subcontractors to evaluate the effectiveness of the FSS program, as part of the Transformation Initiative. The FSS program has operated since 1992 and its objective is to enable participating low-income families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies. FSS program coordinators create plans with participating families to achieve goals and connect them with services that will enhance their employment opportunities. As the family's earnings increase, money is credited to an escrow account on behalf of the family. This study will use a random assignment model to determine whether FSS program features, rather than the characteristics of the participating families, cause participant incomes to increase. We continue to administer the regular (non-demonstration) Family Self-Sufficiency program for HCV participants. The Resident Opportunity and Self Sufficiency (ROSS) program changed locations and is now assisting residents at the Gloria Street Apartments and at the Dracaea Townhomes in the Public Housing communities in Moreno Valley.

8. Safety and Crime Prevention.

For 2014, there are no changes to the PHA plan regarding Safety and Crime Prevention.

9. Pets.

For 2014, there is no change to our pet policy.

10. Civil Rights Certification.

The Administrative Plan includes a detailed description of the Agency's steps to affirmatively further fair housing. Additionally, the Agency works closely with the Fair Housing Council of Riverside County to address any identifiable impediments to fair housing within the jurisdiction. Fair housing impediments are evaluated annually as part of the County's Consolidated Planning process.

11. Fiscal Year Audit.

For Fiscal Year Ending June 30, 2013, the Housing Authority received an Unqualified auditor's opinion on compliance for major programs; and there were no material weaknesses or significant deficiencies identified in its financial statements. Please see attached **Fiscal Year End Audit Reports**.

12. Asset Management.

The agency continues to employ the Asset Management Plan described below and monitor the operational performance of each AMP. The Housing Authority of the County of Riverside's (HACR) asset management model eliminated the centralized functions and incorporated a property specific focus. To facilitate the autonomy of each site, the building of offices and workshops for the Public Housing Property Managers to conduct normal daily duties and the Maintenance Workers to perform their daily work has been completed in Desert Hot Springs, Lake Elsinore, and Thermal. Plans are underway to build a Maintenance Shop in Jurupa Valley. Services by the Public Housing Property Manager and the Maintenance Worker are site specific. The agency continues to monitor each property based on financial, physical and management performance. If a property is identified as non-performing, staff then proceed to make recommendations that address the areas of non-performance. The HACR Fiscal department has been monitoring all fiscal and budget performances via monthly budgets vs. actual reports and financial statements. The Public Housing Property Managers are active participants in developing and monitoring their site specific budgets. The HACR will continue to utilize the Capital Fund Program to modernize our units. The AMPs will be monitored to ensure they are not operating at a loss. Any that are will be considered for disposition in the future.

13. Violence Against Women Act (VAWA).

For 2014, there have been no implementation changes with regard to the Violence Against Women Act (VAWA). It is anticipated that HUD may make changes during the 2014-15 fiscal year. If any VAWA requirements change, the agency will comply as needed.

(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan.

For a complete list of PHA Plan elements, see Section 6.0 of the instructions. form HUD-50075 (4/2008)
Electronic copies of the 5-Year and Annual PHA Plan can be found on the Housing Authority's website at www.harivco.org and print copies are available at the main administrative office located at 5555 Arlington Avenue, Riverside, CA, 92504, the eastern county office located at 44-199 Monroe, Suite B, Indio, CA, 92201, and at all Public Housing sites (located in the managers' offices).

	<p>Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. <i>Include statements related to these programs as applicable.</i></p> <p>(a) Hope VI or Mixed Finance Modernization or Development. Not applicable.</p> <p>(b) Demolition and/or Disposition Not applicable.</p> <p>7.0 (c) Conversion of Public Housing. The AMPs will be monitored to ensure they are not operating at a loss. Any that are will be considered for conversion.</p> <p>(d) Homeownership. HACR has a comprehensive HUD approved Homeownership program that consists of a HCV Mortgage Voucher program, a locally funded infill housing program, and homeownership counseling for any interested participant with an emphasis on FSS families.</p> <p>(e) Project-based Vouchers. HACR currently has 48 project based vouchers at two developments; 10 units in Blythe and 38 units in Cathedral City. The agency proposes to expand the use of project based vouchers for FY2014-15 to further facilitate the development of affordable housing within Riverside County by developing Housing Authority Successor Agency (HASA) properties and those that specifically benefit Veterans. To support this expansion, the maximum allotment allowed under regulations (20% of total allocation) will be reserved.</p>
8.0	Capital Improvements. Please complete Parts 8.1 through 8.3, as applicable.
8.1	Capital Fund Program Annual Statement/Performance and Evaluation Report. As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> , form HUD-50075.1, for each current and open CFP grant and CFFP financing.
8.2	Capital Fund Program Five-Year Action Plan. As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i> , form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan.
8.3	Capital Fund Financing Program (CFFP). <input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements.
9.0	9.0 Housing Needs. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).
9.1	Strategy for Addressing Housing Needs. Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.
10.0	Additional Information. Describe the following, as well as any additional information HUD has requested. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan). (a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year Plan. (b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA's definition of "significant amendment" and "substantial deviation/modification"
11.0	Required Submission for HUD Field Office Review. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. Note: Faxed copies of these documents will not be accepted by the Field Office. (a) Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i> (which includes all certifications relating to Civil Rights) (b) Form HUD-50070, <i>Certification for a Drug-Free Workplace</i> (PHAs receiving CFP grants only) (c) Form HUD-50071, <i>Certification of Payments to Influence Federal Transactions</i> (PHAs receiving CFP grants only) (d) Form SF-LLL, <i>Disclosure of Lobbying Activities</i> (PHAs receiving CFP grants only) (e) Form SF-LLL-A, <i>Disclosure of Lobbying Activities Continuation Sheet</i> (PHAs receiving CFP grants only) (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations. (g) Challenged Elements (h) Form HUD-50075.1, <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> (PHAs receiving CFP grants only) (i) Form HUD-50075.2, <i>Capital Fund Program Five-Year Action Plan</i> (PHAs receiving CFP grants only)

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. The 5-Year and Annual PHA plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information

Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory

Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type

Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia

Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan

Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan.

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

- (a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.
- (b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.
3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.
4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.
5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.
6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1)** development name and number; **2)** designation type; **3)** application status; **4)** date the designation was approved, submitted, or planned for submission, and; **5)** the number of units affected.
7. **Community Service and Self-Sufficiency.** A description of: **(1)** Any programs relating to services and amenities provided or offered to assisted families; **(2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**
8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.
10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.
11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.
12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.
13. **Violence Against Women Act (VAWA).** A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

- (a) **Hope VI or Mixed Finance Modernization or Development.** **1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>
- (b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: **(1)** A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and **(2)** A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm
Note: This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed.
- (c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: **1)** A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or

that the public housing agency plans to voluntarily convert; **2)** An analysis of the projects or buildings required to be converted; and **3)** A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>

- (d) **Homeownership.** A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.
- (e) **Project-based Vouchers.** If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 Capital Improvements. This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 Capital Fund Program Annual Statement/Performance and Evaluation Report. PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

- (a) To submit the initial budget for a new grant or CFFP;
- (b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and
- (c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;
2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and
3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 Capital Fund Program Five-Year Action Plan

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling basis) so that the form always covers the present five-year period beginning with the current year.

8.3 Capital Fund Financing Program (CFFP). Separate, written HUD approval is required if the PHA proposes to pledge any

portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at:

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

10.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

- (a) **Progress in Meeting Mission and Goals.** PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).
- (b) **Significant Amendment and Substantial Deviation/Modification.** PHA must provide the definition of "significant amendment" and "substantial deviation/modification". (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)

- (c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. (Note: Standard and Troubled PHAs complete annually).

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace (PHAs receiving CFP grants only)*
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions (PHAs receiving CFP grants only)*
- (d) Form SF-LLL, *Disclosure of Lobbying Activities (PHAs receiving CFP grants only)*
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet (PHAs receiving CFP grants only)*
- (f) Resident Advisory Board (RAB) comments.
- (g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.1.
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.2.