

SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 10.1
(ID # 26731)

MEETING DATE:
Tuesday, December 17, 2024

FROM : HOUSING AUTHORITY

SUBJECT: HOUSING AUTHORITY (HACR): Receive and File Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2024; All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Receive and file the Annual Comprehensive Financial Report for the fiscal year ending June 30, 2024, including the Independent Auditor's Report for Housing Authority of the County of Riverside.

ACTION:Consent

Heidi Marshall, Director of Housing, Homelessness Prevention 12/5/2024

MINUTES OF THE BOARD OF COMMISSIONERS

On motion of Commissioner Gutierrez seconded by Commissioner Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: December 17, 2024
xc: Housing

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: NA			Budget Adjustment:	No
			For Fiscal Year:	24/25

C.E.O. RECOMMENDATION: Receive and File

BACKGROUND:

Summary

Housing Authority of the County of Riverside (HACR) was established in 1942 under the U.S. Housing Act of 1937 and the State of California Housing Authority Law of 1938, and currently operates as a component unit of the County of Riverside. HACR's governing body is the County of Riverside Board of Supervisors serving as the Housing Authority Board of Commissioners.

HACR is responsible for administering the County's federally funded Housing Choice Voucher Program (Section 8), which includes both tenant-based vouchers and project-based vouchers, Moderate Rehabilitation Program, and Veteran Affairs Supportive Housing Program. Further, HACR took over programs that the former Redevelopment Agencies for the County of Riverside and City of Coachella had provided. The purpose of these programs is to combat homelessness, to provide decent and safe housing, to expand the supply of affordable housing, and to increase homeownership opportunities for low- and moderate-income households.

California Government Code Section 26909 requires an annual audit to be conducted by a certified public accountant of every special district within a county. Further, California Government Code Section 53891 requires the resulting financial transactions be reported to the State Controller. Additionally, California Code of Regulations Section 1131.2 sets the minimum requirements for conducting those audits in accordance with the Government Accounting Standards Board (GASB).

HACR's audited financial results are included in the countywide Annual Comprehensive Financial Report (ACFR) as a component unit. The ACFR provides readers with comprehensive information including statistical data, such as demographic and economic information in addition to financial information for HACR for the year. The annual audit is performed by an external entity to ensure compliance with GASB. Smith Marion & Co., Inc. prepared an audit report for HACR for the fiscal year ending June 30, 2024, and rendered an unmodified opinion.

ATTACHMENT:

- Annual Comprehensive Financial Report for the Fiscal Year ending June 30, 2024

SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



Brianna Lontajo, Principal Management Analyst 12/11/2024



Aaron Gettis, Chief of Deputy County Counsel 12/10/2024



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SOLUTIONS
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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024



**HOUSING AUTHORITY of the County
of Riverside**, a component unit of the
County of Riverside in the State of California

HOUSING AUTHORITY
of the County of Riverside,
a component unit of the County of Riverside
in the State of California



ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

Prepared by Fiscal Team of Housing Authority of the County of Riverside

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INTRODUCTORY
SECTION



HOUSING AUTHORITY of the County of Riverside

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Riverside, CA 92504-2506
(951) 351-0700
Admin FAX (951) 688-6873
Housing FAX (951) 354-6324
TDD (951) 351-9844

LETTER OF TRANSMITTAL

December 17, 2024

The Honorable Board of Commissioners
Housing Authority of the County of Riverside
5555 Arlington Avenue, Riverside, CA 92504

Indio Office
44-199 Monroe, Suite B
P.O. Box 1747
Indio, CA 92201-1747
(760) 863-2828
(760) 863-2838 FAX
TDD (760) 863-2830

Citizens of the County of Riverside and Members of the Board:

Website: harivco.org

The Housing Authority of the County of Riverside (the Authority), a component unit of the County of Riverside, hereby submits its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024, in accordance with the provisions of Section 25253 of the Government Code of the State of California. Our mission at the Authority is to empower individuals and families by providing affordable housing solutions. Our goal is to create stable environments where everyone can thrive and have a place to call home.

The report contains financial statements that have been prepared in conformity with the United States generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for the accuracy of the data, the completeness, and fairness of the presentation, including all disclosures, rests with the management of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the Authority and a component unit of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Authority's Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The management's discussion and analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative, overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

The financial reporting for the Authority includes all the activities of the primary government, the Authority and its component unit, Riverside Community Housing Corp. (RCHC). The RCHC is a separate legal entity and assists low- and moderately-low-income families with their housing needs. For a more detailed overview of the Authority's component unit, see the MD&A and the Note 01 to the basic financial statements.

Smith Marion & Co., Inc. has issued an unmodified ("clean") opinion on the Authority's financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

Profile of the Government

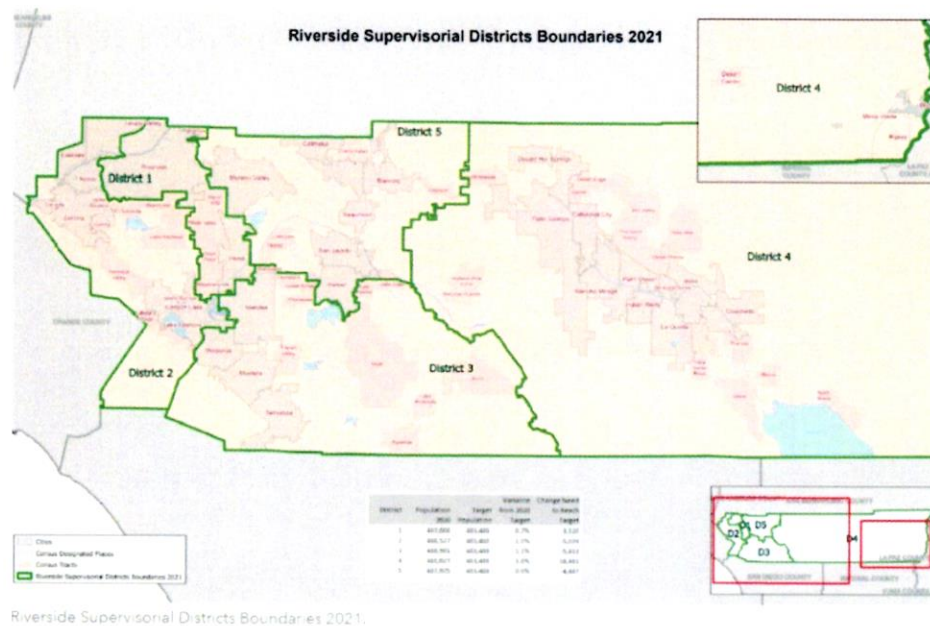
The County is the fourth largest county by area in the State. It encompasses more than 7,300 square miles and extends nearly 184 miles across Southern California, from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties.

There are 28 incorporated cities located within the County. The largest cities in the County are Riverside with a population of 313,676, Moreno Valley 208,289, Corona 157,005, Menifee 110,034, and Murrieta 109,998. Estimated population figures are developed by the California State Department of Finance, and each year it is revised on January 1, with a revised estimate for the prior year. The total County population as of January 1, 2023, was reported as 2,439,234, an increase of 0.3% as compared to the revised estimate for January 1, 2022. Approximately 16.5% of the residents live in unincorporated areas.

The Authority's all funds are annually appropriated, although there is no legal budgetary control requirements by utilizing various grants.

The Authority provides housing assistance for low- and moderately-low-income households within the county.

The Riverside County Board of Supervisors oversees the activities of the Authority as the Authority Board of Commissioners (the Board). The Board consists of an elected supervisor from each of the five districts. The Board Commissioners serve four-year terms, and annually elect a Chairman and Vice-Chairman.



Factors Affecting Economic Condition

State and Local Economy

Despite the economic uncertainties and projected deficit, the State's economy is slowly making an improvement in its employment. As of September 2023, California's unemployment rate continued to rise reaching a rate of

4.9%, a 1.2% increase from the 3.7% rate in September 2022. At the same time, Riverside County, with an unemployment rate of 5.2%, also experienced a 1.2% increase as of September 2023.¹

Employment recovery has been uneven across the State. Although counties in Southern California are faring better than counties near coastal areas, there was a slight increase in unemployment during fiscal year 2022-2023. While other neighboring counties only experienced a small increase, Imperial County had a 3.7% increase in fiscal year 2022-2023, with Riverside County having the second highest growth at 1.0% in unemployment.²

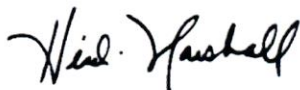
Financial Reporting Awards

The Government Finance Officers Association (GFOA) of the United States and Canada has a program encouraging government agencies to achieve excellence in financial reporting by providing a Certificate of Achievement for Excellence in Financial Reporting. To be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR will meet the Certificate of Achievement Program requirements and are submitting the report to GFOA to determine the eligibility for the certificate.

Acknowledgments

The preparation of this ACFR could not have been accomplished without the dedicated service of the entire staff of the Authority's fiscal team. Additionally, I would like to extend my gratitude to the Board of Commissioners for their leadership in creating stable environments where everyone can thrive and have a place to call home and in improving the well-being and opportunities for all those we serve while promoting the growth of vibrant communities. Finally, I would like to thank our independent auditors, Smith Marion & Co., Inc., for their efforts throughout this audit engagement.

Respectfully,



Heidi Marshall, Director of Housing Authority of the County of Riverside

¹ Employment Development Department, Labor Market Information Division, Preliminary September 2023

² Employment Development Department, Labor Market Information Division, June 2023

BOARD OF COMMISSIONERS



V. Manuel Perez | Chair | *Fourth District* | district4@rivco.org | (951)955-1040

The Fourth District is geographically the largest district in Riverside County, covering the eastern two-thirds of the county. Within the Fourth District are the cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage. Unincorporated communities in the district include Bermuda Dunes, Chiriaco Summit, Colorado River communities, Desert Center, Desert Edge, Eagle Mountain, Idyllwild, Indio Hills, Lake Tamarisk, Mecca, Mesa Verde, Mountain Center, North Shore, Oasis, Pine Cove, Ripley, Sky Valley, Sun City, Thermal, Thousand Palms and Vista Santa Rosa.



Chuck Washington | Vice-Chair | *Third District* | D3Email@rivco.org | (951)955-1030

The Third District covers the southwest portion of Riverside County, stretching from Anza to Temecula. It includes the cities of Menifee, Murrieta, Temecula, and Wildomar. The Third District also includes the unincorporated communities of Aguanga, Anza Valley, East Hemet, French Valley, Green Acres, Homeland, Lake Riverside, Sage, and Winchester, as well as parts of Valle Vista.



Kevin Jeffries | *First District* | district1@rivco.org | (951)955-1010

The First District includes about 487,000 residents and encompasses the cities of Riverside and Perris. The district also covers the unincorporated communities of DeLuz, Good Hope, Highgrove, LaCresta, March Air Reserve Base, Mead Valley, Meadowbrook, and Tenaja.



Karen Spiegel | *Second District* | district2@rivco.org | (951)955-1020

The Second Supervisorial District includes the cities of Canyon Lake, Corona, Eastvale, Lake Elsinore, Norco, and Jurupa Valley. Unincorporated communities within the 2nd Supervisorial District include Coronita, El Cerrito, El Sobrante, Home Gardens, Lake Mathews, Lakeland Village, Temescal Valley, Warm Springs and Woodcrest.



Yxstian Gutierrez | *Fifth District* | district5@rivco.org | (951)955-1050

The Fifth District includes the cities of Banning, Beaumont, Calimesa, Hemet, Moreno Valley, and San Jacinto. District Five also encompasses the unincorporated communities of Cabazon, Cherry Valley, Lakeview, Nuevo, Reche Canyon, San Timeteo Canyon, as well as parts of Valle Vista and Whitewater.

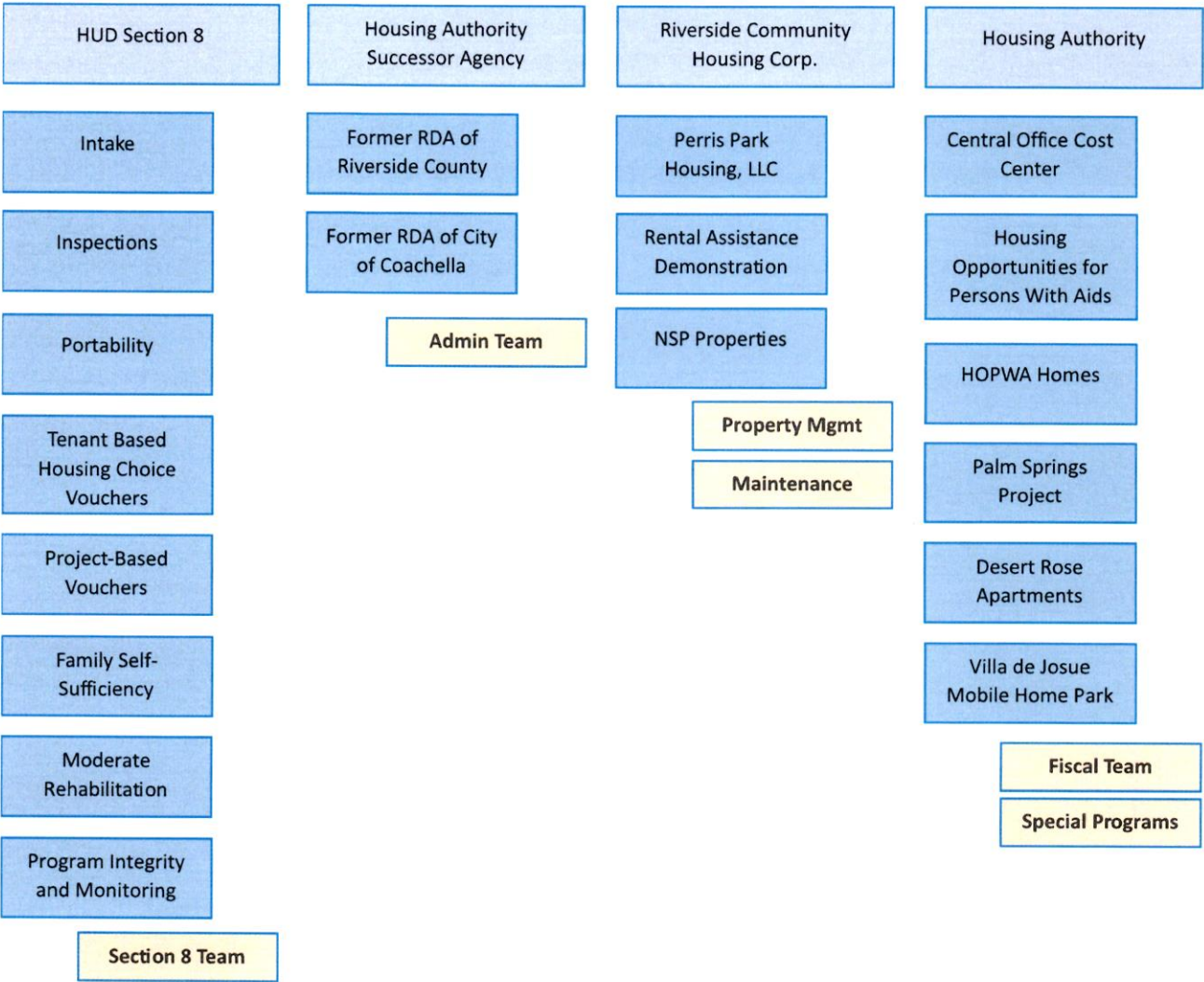
The Board of Supervisors is the governing body of the County of Riverside and the **Housing Authority**. The Board enacts ordinances and resolutions, adopts the annual budget, approves contracts, appropriates funds, determines land use zoning for the unincorporated areas, as well as appoints certain County officers and members of various boards and commissions. The Board of Supervisors meets in the County Administrative Center Board Chambers located at 4080 Lemon Street, 1st Floor, Riverside 92501. You may contact the Clerk of the Board at (951) 955-1069 or visit the office at 4080 Lemon Street, 1st Floor, Suite 127, Riverside, CA 92501 for further details. Board agendas and other information is available online at <https://rivcocob.org/>.

ORGANIZATION CHART

County of Riverside **Board of Supervisors /**
Housing Authority **Board of Commissioners**

County of Riverside Housing and Workforce Solutions **Department Head /**
Housing Authority of County of Riverside **Executive Director**

Housing Authority
Deputy Director



FINANCIAL
SECTION

• t: (615) 309-8959
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• 4068 rural plains circle #180
• franklin, tn 37064



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

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component unit of the Housing Authority of the County of Riverside, a component unit of the County of Riverside, CA, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the Housing Authority of the County of Riverside's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following discretely presented component unit: Perris Park Apartments, L.L.C. Collectively, this entity represents 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit. Those financial statements, which were prepared in accordance with *Accounting Standards Codification* as issued by the Financial Accounting Standards Board, were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the County of Riverside, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the discretely presented component unit was not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

The Housing Authority of the County of Riverside's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the County of Riverside's ability to continue as a going concern for one year after the date the financial statements are issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements .

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Authority of the County of Riverside's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the County of Riverside's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control -related matters that we identified during the audit.

Required Supplementary Information

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



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the County of Riverside's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule), as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024, on our consideration of the Housing Authority of the County of Riverside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Housing Authority of the County of Riverside's 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 the Housing Authority of the County of Riverside's internal control over financial reporting and compliance.

December 10, 2024

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
Management's Discussion and Analysis (unaudited)

This section of Housing Authority of the County of Riverside (Authority) Annual Comprehensive Financial Report presents a narrative overview and analysis of the Authority's financial activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal beginning on page 1 and the Authority's basic financial statements beginning on page 16.

FINANCIAL HIGHLIGHTS

At the end of the fiscal year, the Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$151.09 million (net position). The net position included \$3.22 million of net investment in capital assets, \$.77 million of restricted resources for Authority's ongoing obligations related to programs with external restrictions, and \$147.10 million of unrestricted resources.

The capital assets of \$50.39 million, net of accumulated depreciation of \$45.85 million, for the current fiscal year is a decrease of \$4.70 million from prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the Authority's basic financial statements which are comprised of the following two components: (1) entity-wide financial statements and (2) notes to financial statements.

In addition to the basic financial statements, *Required Supplementary Information* is included to provide additional detail to support the basic financial statements.

Entity-wide financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner like a private-sector business. The **Statement of Net Position** presents financial information on all the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or declining. The Statement of Net Position is on page 16.

The **Statement of Revenues, Expenses, and Changes in Net Position** presented on page 17 provides information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. For example, HUD grants are recorded when accrued but not yet collected, and when expenditures for compensated absences are accrued, but not yet paid.

The entity-wide financial statements distinguish functions of the Authority that are principally supported by federal, state, and city grants, and relatively a smaller portion of intergovernmental revenues

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
Management's Discussion and Analysis (unaudited)

(governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include four major activities: HUD Section 8 programs funded by U.S. Department of Housing and Urban Development (HUD) grants, Special programs funded by mostly State of California including Housing Authority's administrative activities, Housing Authority Successor Agency, and Riverside Community Housing Corp. (RCHC) (a not-for-profit corporation). The Entity-Wide Financial Statements provide information regarding the Authority's component unit, RCHC, for which the Authority is financially accountable as the primary government. Although the component unit is legally a separate entity, it is, in substance, a material element of the Authority's operations. Accordingly, the financial information from RCHC is combined with financial information of the primary government.

The Authority uses **Proprietary funds** to account for grant collections and its distributions, and charges for internal services, such as fleet services, information services, central mail services, legal counsel services, and human resources, provided by the County of Riverside (County). As the internal services predominantly benefit the Authority, they are included in the Authority's entity-wide financial statements. **Enterprise funds**, interchangeably used as proprietary funds, are used to report the functions presented as business-type activities in the Authority's financial statements.

Notes to the Basic Financial Statements provide additional information other than that displayed on the face of the financial statements and are essential for fair presentation of the financial information in the entity-wide financial statements. The notes are on pages 7 to 20 of this report.

Required Supplementary Information provides: (1) Schedule of the Pension Plan's Proportionate Share of the Net Pension Liability (Asset) and Related Ratios, and (2) Schedule of the Pension Plan Contributions. Required supplementary information is on page 34 of this report.

Notes to Required Supplementary Information follow immediately after Required Supplementary Information.

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
Management's Discussion and Analysis (unaudited)

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS

Analysis of Net Position: As noted earlier, net position may indicate useful information about the Authority's financial position. The table below focuses on the net position and changes in net position of the Authority's activities. It presents an analysis of the Authority's net position as of June 30, 2024, compared to the prior fiscal year ended June 30, 2023.

Statements of Net Position	2024	2023	Dollar Change	Percentage Change
Assets:				
Current and other assets	\$ 166,471,463	\$ 161,691,498	\$ 4,779,965	2.96%
Capital and lease assets	19,966,573	21,260,678	(1,294,105)	-6.09%
Total assets	<u>186,438,036</u>	<u>182,952,176</u>	<u>3,485,860</u>	1.91%
Deferred outflows of resources	4,163,727	4,640,813	(477,086)	-10.28%
Total Deferred outflows of resources	<u>4,163,727</u>	<u>4,640,813</u>	<u>(477,086)</u>	-10.28%
Liabilities:				
Current liabilities	5,671,440	5,400,929	270,511	5.01%
Long-term liabilities	33,470,929	32,846,898	624,031	1.90%
Total liabilities	<u>39,142,369</u>	<u>38,247,827</u>	<u>894,542</u>	2.34%
Deferred inflows of resources	371,491	621,723	(250,232)	-40.25%
Total Deferred inflows of resources	<u>371,491</u>	<u>621,723</u>	<u>(250,232)</u>	-40.25%
Net position:				
Net investment in capital assets	3,217,463	2,984,383	233,080	7.81%
Restricted	768,376	584,366	184,010	31.49%
Unrestricted	147,102,064	145,154,690	1,947,374	1.34%
Total net position	<u>\$ 151,087,903</u>	<u>\$ 148,723,439</u>	<u>\$ 2,364,464</u>	1.59%

At the end of the current fiscal year, the Authority reported positive net position in all three categories: net investment in capital assets, restricted net position, and unrestricted net position. The total net position of \$151.09 includes \$3.22 million of net investment in capital assets, \$.77 million of restricted resources for Authority's ongoing obligations related to programs with external restrictions, and \$147.10 million of unrestricted resources, representing an increase of \$2.36 million (1.59%) from prior year's ending net position of \$148.72 million.

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
Management's Discussion and Analysis (unaudited)

Analysis of Revenues and Expenses: The following table provides information from the Statement of Revenues, Expenses, and Changes in Net Position of the Authority for the fiscal year ended June 30, 2024, as compared to the prior year.

Revenues, Expenses, and Changes in Net Position	2024	2023	Dollar Change	Percentage Change
Net rental revenue	\$ 4,015,469	\$ 3,658,887	\$ 356,582	9.75%
Government grants	159,634,139	119,882,090	39,752,049	33.16%
Other income	1,031,223	1,252,174	(220,951)	-17.65%
Total operating revenues	\$ 164,680,831	\$ 124,793,151	\$ 39,887,680	31.96%
Housing assistance payments	133,511,484	102,943,240	30,568,244	29.69%
Other operating expenses	27,685,382	21,597,421	6,087,961	28.19%
Depreciation and amortization	1,302,122	1,832,597	(530,475)	-28.95%
Total operating expenses	162,498,988	126,373,258	\$ 36,125,730	28.59%
Net operating income (loss)	2,181,843	(1,580,107)	3,761,950	-238.08%
Interest income	1,394,501	1,167,053	227,448	19.49%
Gain (loss) on sale of capital assets	(1,211,880)	-	(1,211,880)	
Interest expense	-	(205)	205	-100.00%
Income (loss) before transfers	2,364,464	(413,259)	\$ 2,777,723	-672.15%
Transfers	-	-	-	
Change in net position	\$ 2,364,464	\$ (413,259)	\$ 2,777,723	-672.15%
Beginning net position	\$ 148,723,439	\$ 149,136,698	(413,259)	-0.28%
Ending net position	\$ 151,087,903	\$ 148,723,439	\$ 2,364,464	1.59%

Total operating revenues were \$164.68 million for the current fiscal year, an increase of \$39.89 million (31.96%) as compared to the prior fiscal year. Key components of changes in operating revenues were:

- **Net Rental Revenue:** The Authority collects rents from tenants that are reduced by the Authority's rent subsidy payments at its properties, an increase of \$.36 million (9.75%). This is due to overall higher market rates for rent.
- **Governmental Grants:** Total grant revenues increased by \$39.75 million (33.16%). Federal and State aids for major public assistance programs include fundings from the U.S. Department of Housing and Urban Development, CalWORKs, and various other programs.
- **Other Income:** Other operating revenues including bookkeeping fees, administration fees, and restitution collected, reflect a decrease of \$.22 million (17.65%) due to receiving one-time revenues in the prior year.

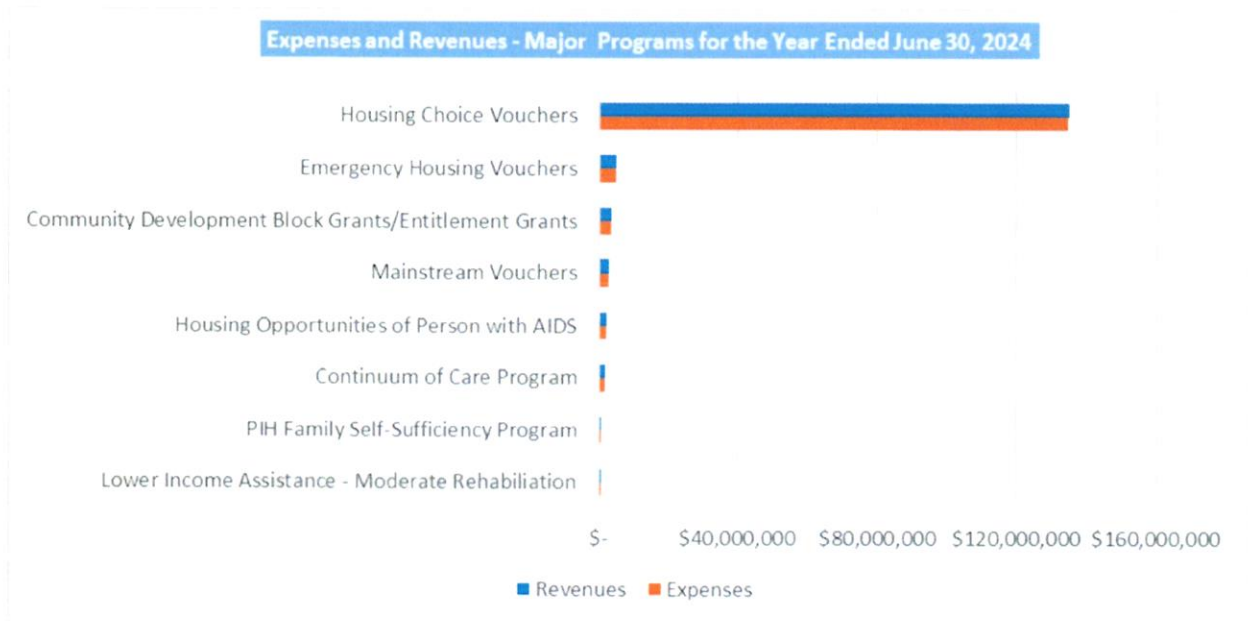
Total operating expenses were \$162.50 million for the current fiscal year, an increase of \$36.13 million (28.59%), as compared to the prior fiscal year. The following items are the key components accounting for the variances:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Management’s Discussion and Analysis (unaudited)

- **Housing assistance payments:** This expense increased by \$30.57 million (29.69%). This high increase of housing assistance payments is due to substantial increases in market rent rates, the Authority’s focus on leasing up more vouchers to spend down prior year HUD-held reserves, and Project Based Vouchers becoming active post-construction as projects are being completed.
- **Other operating expenses:** These expenses include administration, maintenance, tenant services, insurance expenses, and loss from disposition of two pieces of land, and reflect an increase \$6.09 million (28.19%).

The following graph provides components of major programs with their revenues and expenses for the current fiscal year. The largest program is a HUD Housing Choice Vouchers program followed by other HUD programs. The graph also shows state- and city-funded programs, such as Community Development Block Grants/Entitlement Grants, Housing Opportunities of Person with AIDS, and Continuum of Care Program.



HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
Management's Discussion and Analysis (unaudited)

CAPITAL ASSETS

As of June 30, 2024, the Authority's capital assets amounted to \$50.39 million, a decrease of \$4.72 million (8.56%), net of accumulated depreciation. The capital assets include land, buildings and improvements, furniture and equipment, and land held for sale. The majority of the decrease is from the Authority disposed of two pieces of land, resulting in a net loss of \$3.43 million.

Capital Assets (Net of Accumulated Depreciation)	2024	2023	Dollar Change	Percentage Change
Land	\$ 3,631,037	\$ 3,631,037	\$ -	0.00%
Buildings and improvements	60,228,518	60,220,501	8,017	0.01%
Furniture and equipment	1,955,774	1,972,728	(16,954)	-0.86%
Accumulated depreciation	(45,848,756)	(44,563,588)	(1,285,168)	2.88%
	<u>19,966,573</u>	<u>21,260,678</u>	<u>(1,294,105)</u>	-6.09%
Assets held for sale	30,426,702	33,852,699	(3,425,997)	-10.12%
	<u>30,426,702</u>	<u>33,852,699</u>	<u>(3,425,997)</u>	-10.12%
	<u>\$ 50,393,275</u>	<u>\$ 55,113,377</u>	<u>\$ (4,720,102)</u>	-8.56%

DEBT ADMINISTRATION

Per County's Board of Supervisors policy, the County's Debt Advisory Committee reviews all debt issuances of the Authority.

The Authority's total debt increased by \$2.18 million (14.94%) during the current fiscal year. This net increase is because Authority fully repaid a maturing loan of \$1.53 million and initiated a new loan of \$3.70 million during the year.

The chart below lists the Authority's specific debt obligation items:

Outstanding Debt Obligations	2024	2023	Dollar Change	Percentage Change
USDA Farmers Home Administration Rural Loan	\$ 3,000,000	\$ 3,000,000	\$ -	0.00%
Department of Housing and Community Development Loan	3,795,110	3,795,110	-	0.00%
County CARES Loan - RCHC	4,250,000	4,250,000	-	0.00%
County CARES Loan - RCHC	2,000,000	2,000,000	-	0.00%
Neighborhood Stabilization Program Loan - RCHC	3,704,000	-	3,704,000	
County of Riverside related-party Loan	-	1,527,185	(1,527,185)	-100.00%
	<u>\$ 16,749,110</u>	<u>\$ 14,572,295</u>	<u>\$ 2,176,815</u>	14.94%

ECONOMIC FACTORS

Rental Market: The median rent for an apartment in California has increased 36% since 2001, while wages have only increase by 19% over the same period. This means there are more than 1.6 million low-income households that pay more than half of their income for housing, while the federal government considers housing to be unaffordable if it costs more than 30% of a household's income.¹

HUD Section 8 Programs:

Section 8 programs are the largest direct housing assistance program for disadvantaged families. In California, these programs enable more than 536,000 low-income households to rent modest housing at a reasonable cost.¹ Housing Authority of County of Riverside's Section 8 waiting list currently includes 144,514 applicants as of December 2024, while the Authority's available HUD Section 8 funding can only assist approximately 10,000 families. The waitlist was closed on July 1, 2023 to all new applicants except those meeting First Level Preferences: eligible veterans, widows of veterans, and persons 70+ years old.²

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Fiscal Manager of the Housing Authority of the County of Riverside, 5555 Arlington Avenue, Riverside, CA 92504. Our website is [https:// harivco.org](https://harivco.org).

¹ <https://www.cbpp.org/research/federal-rental-assistance-fact-sheets#CA>

²<https://harivco.org/resources/waiting-list-registration> and <https://harivco.org/how-apply/how-long-do-i-wait>

BASIC FINANCIAL STATEMENTS

Housing Authority of the County of Riverside

Statement of Net Position

June 30, 2024

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 21,807,257	\$ 2,054,450
Restricted	1,888,941	47,707
Subtotal	23,696,198	2,102,157
Accounts receivable, net	4,840,451	147,198
Prepaid expenses	64,094	44,390
Notes and lease receivable current	-	-
Total Current Assets	28,600,743	2,293,745
Non-Current Assets		
Notes and leases receivable	106,483,103	-
Assets held for sale	30,426,702	-
Other long-term assets	960,915	-
Capital assets not being depreciated	3,631,037	220,778
Capital assets, net	16,335,536	1,484,912
Total Non-Current Assets	157,837,293	1,705,690
TOTAL ASSETS	186,438,036	3,999,435
DEFERRED OUTFLOWS OF RESOURCES		
	4,163,727	-
LIABILITIES		
Current Liabilities		
Accounts payable	774,164	32,711
Accrued liabilities	574,514	2,226
Deposits held in trust	478,048	47,707
Compensated absences current	115,028	-
Unearned revenue	2,764,995	122,763
Other liabilities current	964,691	-
Debt and leases payable current	-	-
Total Current Liabilities	5,671,440	205,407
Non-Current Liabilities		
Compensated absences	1,189,737	-
Funds held in trust	642,517	-
Net pension liability	14,889,565	-
Debt payable	16,749,110	3,400,779
Total Non-Current Liabilities	33,470,929	3,400,779
TOTAL LIABILITIES	39,142,369	3,606,186
DEFERRED INFLOWS OF RESOURCES		
	371,491	-
NET POSITION		
Net investment in capital assets	3,217,463	(1,695,089)
Restricted	768,376	-
Unrestricted	147,102,064	2,088,338
TOTAL NET POSITION	\$ 151,087,903	\$ 393,249

See notes to financial statements

Housing Authority of the County of Riverside
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	Primary Government	Discretely Presented Component Units
Operating Revenues		
Rental revenues, net	\$ 4,015,469	\$ 1,024,393
Government grants	159,634,139	-
Other income	1,031,223	2,812
Total Operating Revenues	164,680,831	1,027,205
Operating Expenses		
Administration	16,737,446	131,387
Tenant services	2,164,455	-
Utilities	896,205	125,057
Maintenance and operations	6,269,495	299,737
Protective services	10,007	11
Insurance expense	1,408,885	44,291
General expense	198,889	138,893
Housing Assistance Payments	133,511,484	-
Depreciation and amortization	1,302,122	38,845
Total Operating Expenses	162,498,988	778,221
NET OPERATING INCOME (LOSS)	2,181,843	248,984
Non-Operating Revenues (Expenses)		
Interest income	1,394,501	475
Gain/(loss) on sale of capital asset	(1,211,880)	-
Interest expense	-	(217,558)
Total Non-Operating Revenues (Expenses)	182,621	(217,083)
INCOME (LOSS) BEFORE TRANSFERS	2,364,464	31,901
Transfers		
Transfers	-	-
Total Transfers	-	-
CHANGE IN NET POSITION	2,364,464	31,901
BEGINNING NET POSITION	148,723,439	361,348
ENDING NET POSITION	\$ 151,087,903	\$ 393,249

Housing Authority of the County of Riverside

Statement of Cash Flows
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants and users	\$ 7,429,755
Receipts from operating grants	165,740,103
Payments for goods and services	(18,791,614)
Payments for Housing Assistance Payments	(136,991,531)
Payments to employees for services	(11,523,464)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	<u>5,863,249</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset purchases	(8,017)
Payments on loans	(1,527,185)
Gain (loss) on sale of capital assets	(1,211,880)
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,747,082)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from investment activities	1,394,501
Transfers	-
Addition loans provided	(1,944,082)
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(549,581)</u>
NET INCREASE (DECREASE) IN CASH	2,566,586
BEGINNING CASH	21,129,612
ENDING CASH	<u><u>\$ 23,696,198</u></u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 2,181,843
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	1,302,122
Pension	626,942
Change in Assets and Liabilities	
(Increase) decrease in accounts receivable	(472,630)
(Increase) decrease in inventory and prepaid	545,597
Increase (decrease) in accounts payable	19,302
Increase (decrease) in accrued liabilities	(430,204)
Increase (decrease) in unearned revenue	2,062,400
Increase (decrease) in deposits held in trust	27,877
Total Adjustments	<u>3,681,406</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 5,863,249</u></u>

NOTE 01 - NATURE OF BUSINESS AND ORGANIZATION

The Housing Authority of the County of Riverside (Authority, we, us, our) was incorporated in 1942, under the California State Health and Safety Code, Section 34200. The Authority was established to provide clean, decent, safe, sanitary, and affordable housing to low-income families. The area of jurisdiction of the 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 governing body of the Authority is the Board of Commissioners who also serves as the Board of Supervisors of the County of Riverside who are elected officials. Please see MD&A for detail information.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with us to administer certain HUD funds.

Our primary operations are comprised of the Housing Choice Voucher Program. This program is designed to aid very low-income families in obtaining decent, safe, and sanitary rental housing. We administer contracts with independent landlords that own property and rent that property to families that have applied for housing assistance. We subsidize the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable us to structure a lease that sets the participants' rent at 30% of household income.

In addition, the Authority operates other non-federal housing programs. Riverside Community Housing Corp. was formed in 2015 by the Authority for the purpose of owning and operating several Rental Assistance Demonstration (RAD) properties that underwent RAD conversion from the Public Housing program. These RAD properties are funded primarily by Project Based Voucher assistance contracts with HUD, as well as rental income from tenants.

Reporting Entity

As described in GASB Statement No. 34, paragraph 134, the Authority is considered a primary government and meets the definition of a special purpose government (SPG). The Authority is a legally separate entity that is engaged in only business-type activities. Business-type activities are defined as activities that are financed in whole or in part by fees charged to external parties for goods or services. SPGs engaged only in business-type activities are required to present only the financial statements required for proprietary funds, which includes Management's Discussion and Analysis (MD&A), basic financial statements, and Required Supplemental Information (RSI). All inter-program activities have been eliminated in these financial statements.

We are a component unit of the County of Riverside (County). Although the Authority is a legally separate SPG, it does not have a separately elected governing body from that of the County and is not fiscally independent of other state and local governments. Fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

Management applied the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14* to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the Authority appoints the voting majority of the governing board, there is a financial benefit/burden relationship, the Authority is able to impose its will, the component unit is fiscally dependent on the Authority, the component unit's governing body is substantially the same as the Authority, and management of the Authority have operational responsibility for the activities of the component unit. These criteria were used to determine the following:

Housing Authority of the County of Riverside

Notes to Basic Financial Statements
For the Year Ended June 30, 2024

Blended Component Units

Riverside Community Housing Corp. (Corporation) - This is a legally separate entity formed in 2015 as a 501(c)(3) not-for-profit corporation. The board of this entity is identical to the board of the Authority. The purpose of this entity is to assist low- and moderate-income families with housing needs. This assistance may include but not be limited to development housing for rental or home ownership, aiding with home ownership through down payment assistance grants and owner-occupied housing rehabilitation grants or loans. The Corporation shares the June 30 year-end with the Authority. There are no separately issued audited financial statements for this entity.

Discrete Component Units

Perris Park Apartments, L.L.C. - This is a legally separate entity formed June 21, 2019, as a California limited company whose sole member is Riverside Community Housing Corp. The purpose is to own and operate an 88-unit residential apartment project located in Riverside, CA for the benefit of low-income persons who need affordable, decent, safe, and sanitary housing and related services. This entity reports on a December 31 year-end.

The report for discrete component unit is issued under separate cover. It may be obtained at the Housing Authority of the County of Riverside, 5555 Arlington Ave., Riverside, CA 92504-2506.

NOTE 02 - SUMMARY OF SIGNIFICANT POLICIES

Accrual Basis of Accounting

The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by accounting principles generally accepted in the United States of America (GAAP), the Authority has elected to apply all relevant Government Accounting Standards Board (GASB) pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from grant agreements, providing services, and producing and delivering goods in connection with the ongoing principal operations. The principal operating revenues of the Authority include program specific grants, rental income from tenants of the various housing projects. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

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

Cash and Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits at financial institutions, investments in Money Market funds, and Certificates of Deposit.

Restricted Cash

Restricted cash consists of cash and investments that are held in trust, reserves, and escrows, as well as other cash and investments that are restricted for specific purposes.

Accounts Receivable from HUD and Other Governments

The amounts reported as accounts receivable from HUD or due from other governments represent reimbursable costs or grant subsidies earned that have not been received as of year-end; these amounts are considered fully collectible.

Housing Authority of the County of Riverside

Notes to Basic Financial Statements
For the Year Ended June 30, 2024

Accounts Receivable from Tenants

Accounts receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

In accordance with Governmental Accounting Standards Board Statement No. 34, revenues in proprietary funds should be reported as net of all related allowances, which include amounts pertaining to uncollectible accounts. Therefore, the increase and decrease in the estimate of uncollectible accounts should be reported net of revenue instead of bad debt expense. The Authority's bad debt expense charged against revenue was \$- for the year ended June 30, 2024.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of exhaustible capital assets is charged as an expense against operations utilizing the straight-line method. Accumulated depreciation is reported on the statement of net position. The estimated useful lives for major classes of depreciable capital assets are as follows:

<u>Category</u>	<u>Useful Life</u>
Buildings, structures, and site improvements	15-40 Years
Furniture and equipment	7 Years

Impairment of Capital Assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2024, there has been no impairment of the capital assets.

Provision for Uncollectible Notes

A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. Uncollectible notes are charged to the allowance account in the period such determination is made. Currently, management has deemed all notes receivable fully collectible and thus has not recorded any provision for uncollectible notes.

Compensated Absences

Compensated absences are absences for which employees will be paid, e.g., sick leave, vacation, and other approved leave. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, we accrue the liability for those absences for which the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. 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.

Tenant Security Deposits

Security deposits consist of amounts held in trust with the Authority for tenants to secure apartment leases.

Unearned Revenue

Unearned revenues consist of rental payments made by tenants in advance of their due date, and/or grants received in advance of the period earned.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

The deferred outflows of resources related to the net pension liability resulted from Authority contributions to the employee pension plan subsequent to the measurement date of the actuarial valuation for the pension plan, the difference between actual and expected, the effect of changes in actuarial assumptions, and the effect of the Authority's change in proportion. The deferred outflows related to the net pension liability will be deferred and amortized as detailed in Note 09 to the financial statements.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

The deferred inflow of resources related to the net pension liability results from and the difference between actual and expected experience and difference between projected and actual earnings on pension plan investments, the effect of changes in actuarial assumptions, the change in the Authority's proportionate share of pension contributions and the effect of the change in the Authority's proportion. These amounts are deferred and amortized as detailed in Note 09 to the financial statements.

Leasing Activities

We are the lessor of dwelling units to eligible residents. The rents under the leases are determined generally by the residents' income as adjusted for eligible deductions regulated by HUD, although the residents may opt for a flat rent. Leases may be cancelled at any time or renewed annually. We may cancel the leases only for a cause. Revenues associated with these leases are reported in the accompanying financial statements and related schedules within dwelling rent revenue.

Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of our plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. Management has determined the amount of the OPEB liability and related deferred outflows/inflows to be trivial to the financial statements and therefore have elected to omit this liability as well as the associated note disclosures from the accompanying financial statements.

Family Self Sufficiency Escrow Deposits

The Authority under the Section 8 Housing Choice Voucher and Public and Indian Housing programs is administering a Family Self-Sufficiency (FSS) program. An interest-bearing FSS escrow account is established by the Authority for each participating family. An escrow credit, based on increases in earned income of the family, is credited to this account by the Authority during the term of the FSS contract. The Authority may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education.

Net Position

In the statement of net position, equity is classified as net position and displayed in three components: (1) Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets. (2) Restricted net position consists of assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. (3) Unrestricted net position – All other assets that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted net positions are available for use, generally it is our policy to use restricted resources first.

Investment Policy

Our investment policy, 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.

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs that have the lowest priority and consist of unobservable inputs for an asset or liability. The Authority has no assets or liabilities measured at fair value.

Authorized Investments

Investments of the Authority are limited to investment types prescribed by HUD in PIH Notice 1996-33 or as amended by future HUD notices.

Additionally, the Authority limits investment types to those that are authorized in accordance with Section 53601 of the California Government Code.

Internal Activity and Balances

All transfers, intercompany charges and other interfund activity balances have been eliminated from the basic financial statements in accordance with GASB pronouncements.

Income Taxes

We are not subject to federal or state income taxes.

Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Investment in State Investment Pool

We are a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance, and State Controller. We may invest up to \$65 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

All investments with LAIF are secured by the full faith and credit of the State of California. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at www.treasurer.ca.gov.

Our investment in this pool is reported in the accompanying financial statements at cost which approximates fair value at amounts based upon the 's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities. LAIF's exposure to risk (credit, market or legal) is not currently available.

Subsequent Events

We have evaluated subsequent events through December 10, 2024, the date the consolidated financial statements were available to be issued.

NOTE 03 - CASH AND CASH EQUIVALENTS

The following schedule presents the breakdown of cash as of yearend:

Unrestricted	
Checking and Money Market accounts	\$ 21,807,257
Subtotal	<u>21,807,257</u>
Restricted	
Security deposits - tenants	478,048
Family Self Sufficiency deposits	840,957
Housing Assistance Payments	474,178
Other restricted funds	95,758
Subtotal	<u>1,888,941</u>
Total Cash and Equivalents	<u>\$ 23,696,198</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Our policy is to manage this exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio. As of June 30, 2024, our risk of changes in interest rates is minimal since the investments primarily consist of state sponsored investment pool funds which have stated interest rates.

Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is our policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of June 30, 2024, we mitigated our exposure to credit risk by only investing in fully insured state investment pool funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, our deposits may not be returned. Our policy for custodial credit risk requires collateral to be held in our name by its agent or by the bank's trust department. As of June 30, 2024, none of our total bank balances were exposed to custodial credit risk.

NOTE 04 - ACCOUNTS RECEIVABLE

Accounts receivable as of yearend were comprised of the following:

Tenant receivables	\$ 707,179
Allowance for receivables	-
Net receivable	707,179
Due from other governments	2,110,341
Due from HUD	189,116
Due from other governments	3,102
Miscellaneous receivables	1,830,713
Accounts Receivable, Net	\$ 4,840,451

NOTE 05 - CAPITAL ASSETS

A summary of the land, structures and equipment for the year is as follows:

	Balance at 07/01/23	Additions	Deletions	Balance at 06/30/24
Capital assets not being depreciated:				
Land	\$ 3,631,037	\$ -	\$ -	\$ 3,631,037
Total capital assets not being depreciated	3,631,037	-	-	3,631,037
Capital assets being depreciated:				
Buildings and improvements	60,220,501	8,017	-	60,228,518
Furniture and equipment	1,972,728	-	(16,954)	1,955,774
Total capital assets being depreciated	62,193,229	8,017	(16,954)	62,184,292
Accumulated depreciation	(44,563,588)	(1,302,122)	16,954	(45,848,756)
Capital Assets, Net	\$ 17,629,641	\$ (1,294,105)	\$ -	\$ 16,335,536

Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

NOTE 06 - LOANS AND NOTES RECEIVABLE

At yearend, notes and loans were comprised of the following various loan programs and balances:

Coachella RDA

Affordable Housing Loans (CAHL)	\$	109,781
First-Time Homebuyer Loans (CFTHB)		12,560
Down Payment Assistance Program (CDPAP)		346,732
Corporate Loans (CSACL)		2,656,667
Tierra Bonita (CTB)		938,513
	Subtotal (1):	4,064,253

Riverside RAD

Redevelopment Housing Program (HARHP)		718,240
First-Time Homebuyer Loans (HAFTH)		206,400
Inland Empire Rescue Mission (HAIRM)		996,000
Manufactured Home Replacement Program (HAMRP)		334,502
Miscellaneous Projects (HAMP)		1,370,095
Rental Housing Project (HARHG)		65,611,363
Cottonwood Mobile Home Project (HACTL)		39,161
Home Improvement Program (HAHIL)		163,808
Mobile Home Tenant Loan Program (HAMHT)		11,699,977
Agricultural Housing Loan Program (HAAHL)		1,288,700
Mountain View Estates (HAVME)		13,785,085
SL Imperial (HASLI)		1,292,972
	Subtotal (2):	97,506,302

CAI Home Loan Program (CHL)		1,389,365
Riverside Community Housing Corp. Mobile Home Loan Program (RMHLP)		119,335
Family Self-Sufficiency Revolving Fund Loan Program (FSSRLP)		3,848
Palm Communities - Menlo Property Development		3,400,000
Total		<u>\$ 106,483,103</u>

(1) Loans were absorbed as a part of the dissolution of the Redevelopment Agency of Coachella Valley

(2) Loans were absorbed as a part of the dissolution of the Redevelopment Agency for the County of Riverside

Interest income on loans and notes receivable for the year ended June 30, 2024, amounted to \$961,447.

NOTE 07 - OTHER ASSETS

Other assets at year-end represent prepaid rent on Mountain View Estates. The grant stipulated funds had to be spent by a specific time period resulting in prepaid rent on mobile home sites to comply with grant reporting purposes. The amount of prepaid rent as of year-end is \$960,915.

Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

NOTE 08 - LONG-TERM LIABILITIES

Changes in long-term liabilities are summarized below:

USDA Farmers Home Administration Rural Loan (FmHA)

U.S. Department of Agriculture (USDA) Farmers Home Administration (FmHA) rural loan, in the original amount of \$3,795,110, bears no interest, with no required payments of principal and interest. The loan is subject to a 20-year affordability period expiring June 2026. Loan is secured by Desert Rose Apartments property. \$ 3,000,000

Department of Housing and Community Development (HCD) Loan

Department of Housing and Community Development (HCD) Farmworker Housing Grant Program (FWHG), grant number 04-FWHG-308, in the original amount of \$3,000,000, bears no interest, with no required payments of principal and interest. The loan is subject to a 20-year affordability period expiring June 2026. Loan is secured by Desert Rose Apartments property. 3,795,110

County CARES Loan - RCHC

County pass-through CARES loan, in the original amount of \$4,250,000, bearing no interest, no payments of principal are required, and matures July 1, 2077, at which time all outstanding principal is forgiven. The loan is subject to a 55-year affordability period. There is no collateral on this loan. 4,250,000

Neighborhood Stabilization Program Loan - RCHC

County pass-through NSP loan, in the original amount of \$3,704,000, bearing no interest, no required payments of principal and interest, and is fully forgivable July 1, 2067. The loan is subject to NSP/CDBG affordability requirements. There is no collateral on this loan. 3,704,000

County CARES Loan - RCHC

County pass-through CARES loan, in the original amount of \$2,000,000, bearing no interest, no payments of principal are required, and matures July 1, 2077, at which time all outstanding principal is forgiven. The loan is subject to a 55-year affordability period. There is no collateral on this loan. 2,000,000

Total Debt \$ 16,749,110

Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Expected payments of principal and interest due in future years are as follows for the years ending June 30:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030 2039	-	-	-
2040 2044	6,795,110	-	6,795,110
2045 2064	-	-	-
2065 2069	3,704,000	-	3,704,000
2070 2074	-	-	-
2075 2079	6,250,000	-	6,250,000
	<u>\$ 16,749,110</u>	<u>\$ -</u>	<u>\$ 16,749,110</u>

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Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

NOTE 09 - PENSION PLAN

The Authority participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System (CalPERS) which covers substantially all regular full-time employees of the Authority. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the Authority in accordance with reporting standards established by the Governmental Accounting Standards Board (GASB).

Comprehensive Plan Information

Information regarding the following items for the Plan is publicly available in a separate comprehensive annual financial report. A copy of the CalPERS annual financial report may be online at <https://www.calpers.ca.gov/>.

- Plan description and benefits provided;
- Contribution rates;
- Actuarial methods and assumptions; and
- Plan asset target allocations and expected returns.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 874,323	\$ -
Difference between expected and actual experience	104,143	371,491
Net difference between projected and actual earnings on plan investments	1,597,235	-
	2,575,701	371,491
Contributions subsequent to the measurement date of plan	1,588,026	-
Totals	\$ 4,163,727	\$ 371,491

The deferred outflow of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability next year.

The deferred inflows of resources and outflows of resources will be recognized in pension expense as follows:

Measurement Period Ended June 30,

2025	\$ 505,779
2026	445,570
2027	1,208,229
2028	44,632
2029	-
Thereafter,	-
	\$ 2,204,210

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Changes of Assumptions

The following presents the Authority's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease	Current	1% Increase
	(5.90%)	Discount Rate	(7.90%)
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Plan Net Pension Liability (Assets)	17,765,511	14,889,565	5,555,342

NOTE 10 - NET POSITION

Capital assets not being depreciated	\$ 3,631,037
Capital assets, net	16,335,536
Related debt	<u>(16,749,110)</u>
Net Investment in Capital Assets	<u>\$ 3,217,463</u>
Restricted cash	\$ 1,888,941
Security deposit liability	(478,048)
FSS escrow liability	<u>(642,517)</u>
Restricted Net Position	<u>\$ 768,376</u>

NOTE 11 - CONDUIT DEBT OBLIGATIONS

From time to time, the Authority has approved the issuance of tax -exempt Mortgage Revenue Bonds (Bonds) that are 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 will not be payable from the general revenues of the issuer and in no event, will the Bonds be payable out of any funds or properties other than those specifically pledged, therefore. The issuer has no taxing power.

At the end of the current fiscal year the number of Bonds outstanding and the aggregate principal amount payable is unknown. Neither the County nor the Authority has a central repository. When completely paid or called they must notify the Authority of this event.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Government Examinations

We have received funds from Federal grant programs. It is possible that at some future date, it may be determined that we were not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although we do not expect such disallowed amounts, if any, to materially affect the financial statements.

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. Since the Authority's 1998 Series A Bond is taxable at the Federal level, it has been deemed that this bond is not subject to arbitration rebate.

NOTE 13 - BUSINESS RISK AND CONCENTRATIONS

Risk Management

The Authority is exposed to various risk of losses related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. There were no claims in excess of commercial coverage during the previous three years. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2024, there were no liabilities to be reported.

As of June 30, 2024, the Authority was a participating member of the Housing Authorities Risk Retention Pool (HARRP), a risk-management pool, which provides the following coverage: property; general liability; official's liability; auto liability; employee liability for dishonesty or forgery; and employee liability for theft, disappearance and destruction. For apartment managers and temporary employees, the Authority is insured for workers compensation claims by California Housing Workers' Compensation Authority (CHWCA) as well as an excess liability policy which provides coverage for claims in excess of the CHWCA policy limits.

For permanent Authority employees who are County employees, the County of Riverside self-insures for workers' compensation.

Concentration – Major Contributor

For the year ended June 30, 2024, approximately 91% of operating revenues reflected in the financial statements are directly or indirectly from HUD. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

NOTE 14 - SUCCESSOR AGENCY

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 AB x 26, the County of Riverside Board of Supervisors adopted Resolution No. 2012 -35 on January 10, 2012, which designated the Housing Authority of the County of Riverside as the Successor Agency for the redevelopment housing functions. On the same date, the Authority accepted, via adoption of Resolution 2012 -001, the responsibility of performing all activities as the successor to the redevelopment housing functions. On February 1, 2012, all California redevelopment agencies were eliminated, and the Authority assumed all the former redevelopment housing functions previously performed by the redevelopment Agency for the County of Riverside including all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities.

Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

On July 3, 2012, the Board of Commissioners adopted Resolution 2012-005 authorizing the 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 upon approval by the Oversight Board.

On July 17, 2012, the Board of Commissioners adopted Resolution No. 2012-009 to accept the release and transfer of fund assets from the Successor Agency to the Redevelopment Agency for the County Riverside to the Authority. The fund assets include the Low- and Moderate-Income Housing Funds identified in the July through December 2012, Recognized Payment Obligation Schedule (ROPS) and the Housing Bond Proceeds, held by the Bank of New York Mellon as trustee, for draw downs and reimbursement of enforceable obligations, subject to approval by the Oversight Board.

The transfer of assets that were disclosed in the financial statements of fiscal year ending June 30, 2013, included 57 parcels of land, leases, and deferred loans receivable, which collectively resulted in an extraordinary gain of \$155 million.

In fiscal year 2015, a portion of the North Hemet property was sold for \$220,000, of which the Authority realized a gain of \$185,583.

On March 31, 2009, the former Redevelopment Agency, the RDA and Developer entered into an MOU allowing use of loan proceeds to explore the development of a multifamily rental housing complex at the northeast corner of Larue Street and Mission Blvd. The Developer expended \$681,000 for the acquisition of the project site but was not able to meet the obligations under the Development Agreement. Therefore, the Development Agreement was terminated, and the land was transferred back to the Authority in lieu of forgiving the loan. In FY 2016, the total of the purchase price was booked as a capital asset.

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Housing Authority of the County of Riverside

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

NOTE 15 - CONDENSED FINANCIAL STATEMENTS

As required by GASB 61, the condensed financial statements with elimination.

	Housing Authority	RCHC	Eliminations	Primary Government Totals
Condensed Statement of Net Position				
Current assets	\$ 25,407,562	\$ 5,371,780	\$ (2,178,599)	\$ 28,600,743
Assets held for sale	30,426,702	-	-	30,426,702
Capital assets	3,790,213	16,176,360	-	19,966,573
Other assets	106,363,768	1,080,250	-	107,444,018
Total Assets	165,988,245	22,628,390	(2,178,599)	186,438,036
Deferred outflow of resources	3,365,541	798,186	-	4,163,727
Current liabilities	6,763,630	1,086,409	(2,178,599)	5,671,440
Non-current liabilities	20,662,599	12,808,330	-	33,470,929
Total Liabilities	27,426,229	13,894,739	(2,178,599)	39,142,369
Deferred inflow of resources	300,277	71,214	-	371,491
Net investment in capital assets	(3,004,897)	6,222,360	-	3,217,463
Restricted net position	768,376	-	-	768,376
Unrestricted net position	143,863,801	3,238,263	-	147,102,064
Net Position	\$ 141,627,280	\$ 9,460,623	\$ -	\$ 151,087,903
Condensed Statement of Revenues, Expenses and Change in Net Position				
Operating revenues	\$ 165,160,973	\$ 6,391,238	\$ (6,871,380)	\$ 164,680,831
Depreciation expense	(520,677)	(781,445)	-	(1,302,122)
Other operating expenses	(160,931,065)	(7,137,181)	6,871,380	(161,196,866)
Operating Income (Loss)	3,709,231	(1,527,388)	-	2,181,843
Non-operating revenues	181,602	1,019	-	182,621
Non-operating expenses	-	-	-	-
Non-Operating Revenue (Expense)	181,602	1,019	-	182,621
Income (Loss) Before Transfers and Capital Contributions	3,890,833	(1,526,369)	-	2,364,464
Transfers	(285,222)	285,222	-	-
Change in Net Position	3,605,611	(1,241,147)	-	2,364,464
Net position, beginning of year	138,021,669	10,701,770	-	148,723,439
Prior Period Adjustment	-	-	-	-
Net position, end of year	\$ 141,627,280	\$ 9,460,623	\$ -	\$ 151,087,903
Condensed Statement of Cash Flows				
Net cash flows provided/(used) by operating activities	\$ 5,905,470	\$ (42,221)	\$ -	\$ 5,863,249
Net cash flows provided/(used) by capital and related financing activities	(2,747,082)	-	-	(2,747,082)
Net cash flows provided/(used) by investing activities	(835,822)	286,241	-	(549,581)
Net increase/(decrease) in cash and cash equivalents	2,322,566	244,020	-	2,566,586
Cash, beginning of year	16,734,351	4,395,261	-	21,129,612
Cash, end of year	\$ 19,056,917	\$ 4,639,281	\$ -	\$ 23,696,198

REQUIRED SUPPLEMENTARY INFORMATION

Housing Authority of the County of Riverside

Required Schedules of the Pension Plan

For the Year Ended June 30, 2024

**SCHEDULE OF THE PENSION PLAN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**

Reporting Date for Employer under GASB 68 as of June 30	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.65984%	\$ 6,265,850	\$ 5,842,284	107.25%	83.16%
2015	0.67935%	\$ 7,675,338	\$ 6,280,156	122.22%	80.89%
2016	0.63998%	\$ 10,977,476	\$ 6,593,265	166.50%	74.51%
2017	0.61656%	\$ 14,252,453	\$ 7,384,689	193.00%	71.59%
2018	0.58650%	\$ 14,506,175	\$ 6,714,736	216.03%	72.12%
2019	0.53986%	\$ 15,276,929	\$ 6,307,999	242.18%	72.08%
2020	0.53728%	\$ 14,039,129	\$ 6,443,151	217.89%	76.03%
2021	0.53939%	\$ 7,979,987	\$ 6,644,943	120.09%	89.13%
2022	0.46340%	\$ 14,489,477	\$ 6,112,830	237.03%	75.92%
2023	0.44126%	\$ 14,889,565	\$ 6,434,434	231.40%	76.24%

SCHEDULE OF THE PENSION PLAN CONTRIBUTIONS

Reporting Date for Employer under GASB 68 as of June 30	Actuarially Determined Contribution [A]	Contributions in Relation to Actuarially Determined Contribution [B]	Contribution Deficiency (Excess) [C]=[A]-[B]	Covered-Employee Payroll	Contribution as a Percentage Covered- Employees Payroll
2015	\$ 907,429	\$ 930,188	\$ (22,759)	\$ 5,842,284	15.92%
2016	\$ 917,015	\$ 917,015	\$ -	\$ 6,280,156	14.60%
2017	\$ 992,227	\$ 992,227	\$ -	\$ 6,593,265	15.05%
2018	\$ 1,015,366	\$ 1,015,366	\$ -	\$ 7,384,689	13.75%
2019	\$ 1,318,827	\$ 1,217,505	\$ 101,322	\$ 6,714,736	18.13%
2020	\$ 1,319,313	\$ 1,319,313	\$ -	\$ 6,307,999	20.91%
2021	\$ 1,536,997	\$ 1,536,997	\$ -	\$ 6,443,151	23.85%
2022	\$ 1,581,191	\$ 1,581,191	\$ -	\$ 6,644,943	23.80%
2023	\$ 1,509,173	\$ 1,509,173	\$ -	\$ 6,112,830	24.69%
2024	\$ 1,588,026	\$ 1,588,026	\$ -	\$ 6,434,434	24.68%

Notes to Required Supplementary Information Schedules:

In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, no changes were made to the actuarial assumptions in relation to financial reporting.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount.

In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system has refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017, experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016, published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes will be implemented in two steps commencing in the June 30, 2017, funding valuation. For financial reporting purposes, these assumption changes are fully reflected in the results for Fiscal Year 2017-18.

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. In December 2016, the Board approved lowering the funding discount rate used in the PERF C from 7.50 percent to 7.00 percent, which was phased in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period and remained adjusted for administrative expenses.

OTHER INFORMATION

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Board of Commissioners
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*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business -type activities of the Housing Authority of the County of Riverside (the Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2024.

The financial statements of the discretely presented component unit was not audited in accordance with *Government Auditing Standards*.

Report on 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) as a basis for designing 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 their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items **Finding 2024-001** that we considered to be significant deficiencies.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items **Finding 2024-001**.

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

December 10, 2024

STATISTICAL
SECTION

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This section of the Annual Comprehensive Financial Report presents historical data and context to provide report readers with further information.

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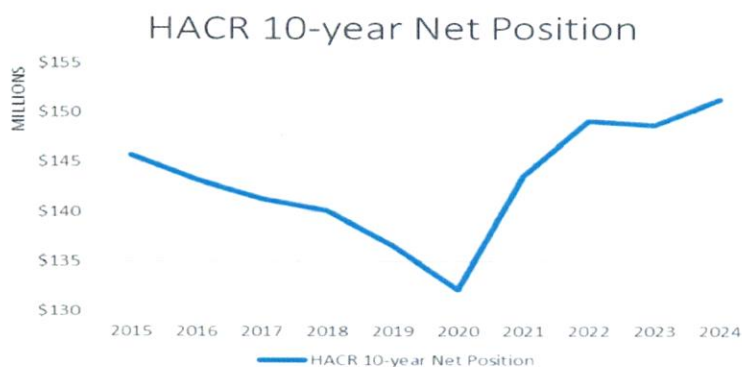
Sources: Unless otherwise noted, the information in these tables comes from the Authority's Annual Comprehensive Financial Reports for the relevant years.

Financial Trends

Changes in Net Position

Net Position	2015	2016	2017	2018	2019
Net Investments in Capital Assets	8,370,913	4,812,314	3,396,458	2,510,124	1,557,198
Restricted Breakdown					
Restricted Cash & Cash Equivalents	1,324,016	2,145,913	3,083,710	15,337,532	1,583,085
Security Deposit	(223,510)	(286,724)	(1,097,637)	(366,467)	(379,506)
FSS Escrow	-	-	-	-	-
Advance Funding and Other	-	-	-	-	-
Restricted Net Position	1,100,506	1,859,189	1,986,073	14,971,065	1,203,579
Unrestricted Net Position	136,243,755	136,547,348	135,955,389	122,712,347	133,903,624
Net Position	145,715,174	143,218,851	141,337,920	140,193,536	136,664,401

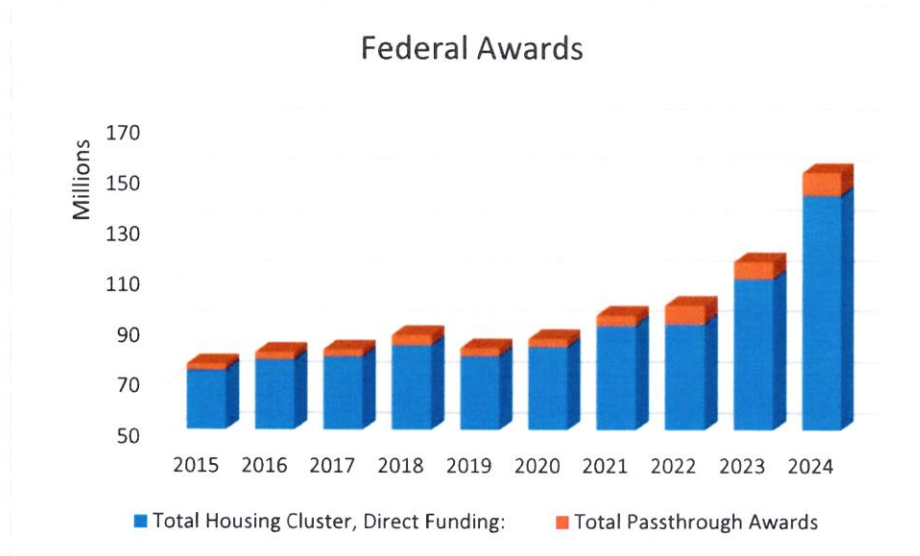
Net Position	2020	2021	2022	2023	2024
Net Investments in Capital Assets	525,249	5,184,747	4,502,798	2,984,383	3,217,463
Restricted Breakdown					
Restricted Cash & Cash Equivalents	10,504,478	12,080,228	6,814,034	1,889,250	1,888,941
Security Deposit	(384,804)	(419,582)	(445,362)	(452,741)	(478,048)
FSS Escrow	(551,343)	(526,328)	(525,177)	(592,912)	(642,517)
Advance Funding and Other	(33,848)	(2,803,322)	(614,192)	(259,231)	-
Restricted Net Position	9,534,483	8,330,996	5,229,303	584,366	768,376
Unrestricted Net Position	122,153,897	130,100,862	139,404,597	145,154,690	147,102,064
Net Position	132,213,629	143,616,605	149,136,698	148,723,439	151,087,903



Revenue Capacity

Federal Award Summary	2015	2016	2017	2018	2019
Housing Voucher Cluster, Direct Funding:					
Housing Choice Vouchers	71,375,543	75,013,695	76,276,206	82,682,383	77,923,791
Emergency Housing Vouchers	-	-	-	-	-
Mainstream Vouchers	-	-	288,658	307,022	783,589
COVID-19 Section 8 HCV	-	-	-	-	-
Moderate Rehabilitation	652,422	661,625	710,404	744,114	674,432
Public Housing Assistance	1,969,980	2,290,717	1,905,121	-	-
Total Housing Cluster, Direct Funding:	73,997,945	77,966,037	79,180,389	83,733,519	79,381,812
Other Passthrough Awards					
Continuum of Care	518,055	544,369	995,656	1,098,477	974,663
HOPWA	698,418	1,276,553	948,093	2,295,246	1,456,744
CDBG / Entitlement Grants	-	-	10,000	42,500	-
PIH FSS Program	-	-	-	-	482,575
Emergency Solutions Grant	270,402	70,344	12,311	-	-
Shelter Care Plus	-	-	124,384	87,505	47,545
Other Supportive Housing Program	536,205	590,458	-	97,047	2,346
HOME Investment Partnership Program	111,793	396,747	607,724	289,663	133,061
Total Passthrough Awards	2,134,873	2,878,471	2,698,168	3,910,438	3,096,934
Total Federal Award Summary	76,132,818	80,844,508	81,878,557	87,643,957	82,478,746

Federal Award Summary	2020	2021	2022	2023	2024
Housing Voucher Cluster, Direct Funding:					
Housing Choice Vouchers	81,850,535	82,698,892	88,668,066	105,660,072	134,652,285
Emergency Housing Vouchers	-	-	1,753,427	1,943,837	5,241,871
Mainstream Vouchers	497,105	1,058,814	1,645,238	2,198,828	2,888,445
COVID-19 Section 8 HCV	-	6,969,460	2,533,268	-	-
Moderate Rehabilitation	699,108	764,367	777,140	756,664	797,270
Public Housing Assistance	-	-	-	-	-
Total Housing Cluster, Direct Funding:	83,046,748	91,491,533	95,377,139	110,559,401	143,579,871
Other Passthrough Awards					
Continuum of Care	1,005,019	1,166,330	1,005,862	458,063	1,951,052
HOPWA	1,582,971	1,606,530	1,431,098	1,824,810	2,378,381
CDBG / Entitlement Grants	-	5,439	3,704,000	3,704,000	3,704,000
PIH FSS Program	457,739	541,127	519,075	755,390	849,242
Emergency Solutions Grant	-	-	291,743	-	-
Shelter Care Plus	-	72,050	93,323	-	-
Other Supportive Housing Program	82,825	207,597	-	-	-
HOME Investment Partnership Program	-	-	-	-	-
Total Passthrough Awards	3,128,554	3,599,073	7,045,101	6,742,263	8,882,675
Total Federal Award Summary	86,175,302	95,090,606	102,422,240	117,301,664	152,462,546



Revenues by Source

Revenues by Source:	2015	2016	2017	2018	2019
Dwelling Rental	1,674,575	1,848,300	1,618,515	4,466,127	4,631,756
Grants	74,044,314	80,902,656	84,020,711	87,934,197	84,383,795
Other	9,052,825	4,368,203	4,573,619	4,238,243	3,096,752
Total Revenues	84,771,714	87,119,159	90,212,845	96,638,567	92,112,303

Revenues by Source:	2020	2021	2022	2023	2024
Dwelling Rental	2,928,939	4,191,719	3,330,116	6,945,772	4,015,469
Grants	89,534,235	105,317,880	103,046,710	120,365,128	159,634,139
Other	1,332,338	370,856	1,624,935	1,368,441	999,729
Total Revenues	93,795,512	109,880,455	108,001,761	128,679,341	164,649,337

Debt Capacity

Direct and Overlapping Debts

The Authority has five direct long-term debts, the total of \$16,749,110. There are no overlapping debts that would affect the revenue base when the debts mature.

Principal Revenue Payers

The principal revenue payers include HUD, the State of California, and the City of Riverside throughout the current and the prior nine years.

Direct Borrowings

Direct Borrowings:	2015	2016	2017	2018	2019
County of Riverside Loan	1,527,185	1,527,185	1,527,185	1,527,185	1,527,185
USDA Farmers Home Admin. Rural Loan	3,795,110	3,795,110	3,795,110	3,795,110	3,795,110
HCD FWHG Program Loan	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
County CARES Loan #1	-	-	-	-	-
Neighborhood Stabilization Loan	-	-	-	3,704,000	3,704,000
County CARES Loan #2	-	-	-	-	-
Total	8,322,295	8,322,295	8,322,295	12,026,295	12,026,295

Direct Borrowings:	2020	2021	2022	2023	2024
County of Riverside Loan	1,527,185	1,527,185	1,527,185	1,527,185	-
USDA Farmers Home Admin. Rural Loan	3,795,110	3,795,110	3,795,110	3,795,110	3,795,110
HCD FWHG Program Loan	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
County CARES Loan #1	-	4,250,000	4,250,000	4,250,000	4,250,000
Neighborhood Stabilization Loan	3,704,000	3,704,000	3,704,000	3,704,000	3,704,000
County CARES Loan #2	-	2,000,000	2,000,000	2,000,000	2,000,000
Total	12,026,295	18,276,295	18,276,295	18,276,295	16,749,110

Direct Borrowings:	Maturity	Type
County of Riverside Loan	2023	Paid
USDA Farmers Home Admin. Rural Loan	2025	Due
HCD FWHG Program Loan	2025	Due
County CARES Loan #1	2077	Forgivable
Neighborhood Stabilization Loan	2067	Forgivable
County CARES Loan #2	2077	Forgivable

Demographic and Economic Information

Population Count in Riverside County

	2015	2016	2017	2018	2019
Population Count Riverside County	2,342,612	2,342,612	2,374,555	2,397,662	2,419,057
	2020	2021	2022	2023	2024
	2,440,719	2,418,185	2,418,727	2,430,976	2,439,234

Source: Riverside County Office of Economic Development, retrieved 12/2/24

Principal Employers

Principal Employers (as of June 2024 and June 2015)	2024			2015		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
County of Riverside	23,772	1	2.17%	21,198	1	2.22%
Amazon	14,317	2	1.31%			
University of California, Riverside	8,593	3	0.78%	5,768	5	0.60%
State of California	8,398	4	0.77%			
Wal-Mart	6,465	5	0.59%	6,550	4	0.69%
Moreno Valley Unified School District	6,020	6	0.55%	3,400	11	0.36%
Kaiser Permanente Riverside Medical Center	5,817	7	0.53%	5,300	6	0.56%
Riverside Unified School District	5,431	8	0.50%	3,871	9	0.41%
Mt. San Jacinto Community College District	4,638	9	0.42%			
Stater Bros Markets	4,990	10	0.46%	6,900	3	0.72%
Marie Calendar Wholesalers Inc.	4,454	11	0.41%			
Temecula Valley School District	4,022	12	0.37%			
Eisenhower Medical Center	4,001	13	0.37%	3,070	13	0.32%
Pechanga Resort & Casino	4,000	14	0.37%	4,000	8	0.42%
Hemet Unified School District	3,960	15	0.36%	3,400	10	0.36%
March Air Reserve Base				8,500	2	0.89%
Corona-Norco Unified School District				4,932	7	0.52%
Lake Elsinore Unified School District				3,274	12	0.34%
Morongo Casino, Resort & Spa				3,000	14	0.31%
Murrieta Valley Unified School District				2,852	15	0.30%
Totals:	108,878		9.96%	86,015		9.02%

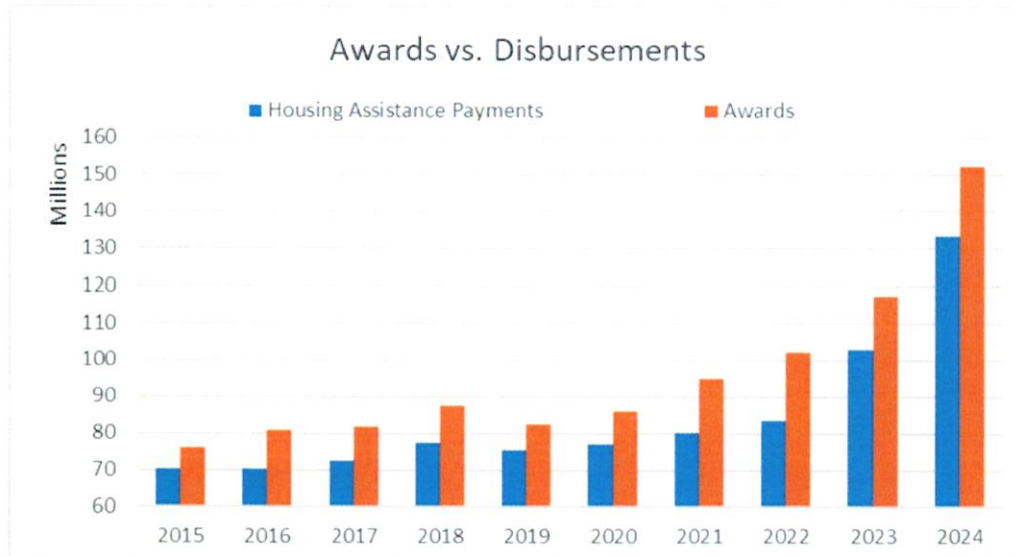
Source: Riverside County Office of Economic Development

Note: Statistical tables are requirements of GASB 44, Economic Condition Reporting: The Statistical Section.

Operating Information

Housing Assistance Awards and Disbursements

Awards are grants the Authority received for various housing assistance programs it has conducted. Disbursements are what we paid to assist the qualified low-income families.



Note: Please see Federal Award Summary at Revenue Capacity for awards (revenues).

	2015	2016	2017	2018	2019
Housing Assistance Payments	70,314,976	70,178,526	72,476,938	77,723,879	75,400,849
	2020	2021	2022	2023	2024
	77,179,538	80,330,982	83,743,268	102,943,240	133,511,484

Net Capital Assets

Capital Assets	2015	2016	2017	2018	2019
Net Capital Assets	15,166,022	11,607,424	10,810,922	14,737,561	13,583,493
Land held for sale	38,825,401	39,494,401	38,558,444	38,099,206	36,620,115
Capital Assets	2020	2021	2022	2023	2024
Net Capital Assets	12,551,544	23,461,042	22,779,093	21,260,678	16,335,536
Land held for sale	36,620,115	33,852,699	33,852,699	33,852,699	30,426,702

Full-Time Equivalent Employees by Function

The numbers in the following two charts are actual employee counts for 2015 to 2020 (the first chart) and for 2021 through 2024 (the second chart). We showed the budget number for 2025 for comparison.

Job Title	2015	2016	2017	2018	2019	2020
Accountant I	2	2	2	2	2	2
Accountant II	-	2	2	2	2	2
Accounting Assistant I	1	1	-	-	-	-
Accounting Technician I	3	3	3	3	3	2
Accounting Technician II	5	5	5	5	5	4
Administrative Services Supervisor	1	1	1	1	1	1
Assistant Director of EDA	1	1	1	1	1	1
Building Maintenance Superintendent	-	1	1	1	1	1
Building Maintenance Supervisor	1	2	2	2	1	1
Building Maintenance Worker	1	1	2	2	-	-
Buyer Trainee	1	1	1	1	1	-
Buyer I	-	-	-	1	1	1
Dep. Director of Economic Dev./HWS	1	1	1	1	1	1
Development Specialist I	1	1	1	2	3	3
Development Specialist II	4	4	2	2	3	3
Development Specialist III	3	3	3	3	2	2
EDA Development Manager	-	1	-	-	-	-
Fiscal Analyst	-	-	-	-	-	-
Fiscal Manager	1	1	1	1	1	1
Housing Authority Maintenance Worker I	2	2	-	-	-	-
Housing Authority Maintenance Worker II	6	6	9	8	6	6
Housing Program Assistant I	11	11	11	9	9	9
Housing Program Assistant II	2	2	2	2	2	2
Housing Specialist I	31	36	36	36	34	34
Housing Specialist II	17	18	18	18	14	15
Housing Specialist III	15	15	11	11	9	9
Office Assistant I	-	-	-	1	1	1
Office Assistant II	7	9	9	9	10	10
Office Assistant III	2	2	2	3	2	2
Principal Accountant	1	1	1	1	1	1
Principal Development Specialist	6	6	5	4	4	4
Property Manager	5	5	5	5	5	4
Secretary II	-	1	1	-	-	-
Senior Accountant	1	2	2	2	2	2
Senior Accounting Assistant	1	1	-	-	-	-
Senior Building Maintenance Worker	1	1	-	-	1	1
Senior / Supervising Development Specialist	13	14	12	11	11	11
Supervising Accountant	1	1	2	2	2	1
Support Services Technician	1	1	1	1	1	-
Total Regular Employees	149	165	155	153	142	137

Full-Time Equivalent Employees by Function – continued

Job Title	2021	2022	2023	2024	Budget 2025	Change from PY
Accountant I	2	1	-	-	-	-
Accountant II	4	4	2	1	1	-
Accounting Assistant I	-	-	1	1	2	1
Accounting Technician I	2	2	2	2	2	-
Accounting Technician II	2	2	3	3	3	-
Administrative Services Supervisor	1	1	1	1	1	-
Assistant Director of EDA	-	-	-	-	-	-
Building Maintenance Superintendent	1	1	1	1	-	(1)
Building Maintenance Supervisor	-	-	-	-	-	-
Building Maintenance Worker	-	1	1	1	-	(1)
Buyer Trainee	-	-	-	-	-	-
Buyer I	-	-	-	-	-	-
Dep. Director of Economic Dev./HWS	1	1	1	1	1	-
Development Specialist I	2	1	2	4	-	(4)
Development Specialist II	3	3	3	3	-	(3)
Development Specialist III	-	1	1	1	-	(1)
EDA Development Manager	-	-	-	-	-	-
Fiscal Analyst	-	1	1	1	-	(1)
Fiscal Manager	1	1	1	1	1	-
Housing Authority Maintenance Worker I	-	-	-	-	-	-
Housing Authority Maintenance Worker II	6	5	5	5	4	(1)
Housing Program Assistant I	6	5	4	4	4	-
Housing Program Assistant II	1	1	1	1	1	-
Housing Specialist I	34	37	41	40	21	(19)
Housing Specialist II	15	15	21	21	51	30
Housing Specialist III	9	9	15	15	17	2
Office Assistant I	1	1	1	1	1	-
Office Assistant II	9	7	7	9	8	(1)
Office Assistant III	1	2	8	3	3	-
Principal Accountant	-	-	-	-	-	-
Principal Development Specialist	4	4	5	5	4	(1)
Property Manager	3	3	3	3	3	-
Secretary II	-	-	-	-	-	-
Senior Accountant	2	2	2	3	3	-
Senior Accounting Assistant	-	-	-	-	-	-
Senior Building Maintenance Worker	1	1	1	1	1	-
Senior / Supervising Development Specialist	10	11	12	12	10	(2)
Supervising Accountant	1	1	1	1	1	-
Support Services Technician	-	-	-	-	-	-
Total Regular Employees	122	124	147	145	143	(2)

SINGLE AUDIT
SECTION

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

**Report on Compliance for Each Major Federal Program and Report on Internal Control over
Compliance in Accordance with the Uniform Guidance**

Independent Auditors' Report

Opinion on Each Major Federal Program

We have audited the Housing Authority of the County of Riverside's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the County of Riverside's major federal programs for the year ended June 30, 2024. The 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.

In our opinion, the Housing Authority of the County of Riverside complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of the County of Riverside and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority of the County of Riverside's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Housing Authority of the County of Riverside's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of the County of Riverside's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority of the County of Riverside's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the County of Riverside's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority of the County of Riverside's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the County of Riverside's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 control 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we express no opinion.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

December 10, 2024

Housing Authority of the County of Riverside

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

	Assistance Listing Number(s)	Award Type	Expenditures
U.S. Department of HUD			
Housing Choice Vouchers	14.871	Direct	\$ 134,652,285
Emergency Housing Vouchers	14.871	Direct	5,241,871
Subtotal	14.871		139,894,156
Mainstream Vouchers	14.879	Direct	2,888,445
Total Housing Voucher Center Cluster			142,782,601
Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	14.856	Direct	797,270
Continuum of Care Program	14.267	Direct	1,951,052
Housing Opportunities of Persons with AIDS	14.241	Direct	2,378,381
Community Development Block Grants/Entitlement Grants	14.218	Indirect	3,704,000
PIH Family Self-Sufficiency Program	14.896	Direct	849,242
Totals U.S. Department of HUD			152,462,546
Total Expenditures of Federal Awards			\$ 152,462,546
 Award Type			
Direct			\$ 148,758,546
Indirect - Pass-Through County of Riverside, CA			\$ 3,704,000

Housing Authority of the County of Riverside

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

NOTE 01 - SCOPE OF PRESENTATION

The accompanying schedule presents the expenditures incurred (and related awards received) by the Housing Authority of the County of Riverside (the 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 is 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.

NOTE 02 - BASIS OF ACCOUNTING

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 03 - INDIRECT COST RATE

The Authority elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.

NOTE 04 - SUB-RECIPIENTS

During the fiscal year end, the Authority disbursed a portion of the HOPWA funds to subrecipients. Below is a schedule of subrecipients for the fiscal year ended June 30, 2024:

Name of Sub-Recipient	ALN(s)	Amount
Desert Aids Project	14.241	\$ 351,442
Foothill Aids Project	14.241	78,850
Young Scholars for Academic Empowerment	14.241	854,892
Total Passed Through to Sub-Recipients		<u>\$ 1,285,184</u>

NOTE 05 - FEDERAL LOANS

The Authority participates in housing programs where funds have been provided by Federal agencies as loans. Outstanding balances for these loans were as follows:

Federal Program Loans	ALN(s)	Beg. Balance	Additions	Payments	End Balance
Community Dev. Block Grant	14.218	<u>\$ 3,704,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,704,000</u>
		<u>\$ 3,704,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,704,000</u>

Housing Authority of the County of Riverside

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unmodified

Internal controls over financial reporting:

 Material weakness(es) identified No

 Significant deficiency(ies) identified Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major federal programs

 Material weakness(es) identified No

 Significant deficiency(ies) identified None Reported

Type of auditors' report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) No

Identification of major federal programs:

ALN(s)	Name of Federal Program(s) or Cluster
14.871	Housing Choice Vouchers
14.879	Mainstream Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$ 4,573,876

Auditee qualified as a low-risk auditee Yes

Housing Authority of the County of Riverside

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

Section II Financial Statement Findings

		Internal Control	Significant Deficiency
2024-001	Interfund Balance		
Questioned Costs	None		
Criteria	According to PHA Accounting Brief #14 Due To/Due From relationships should not be reported under accrual accounting simply from the result of a PHA using a common checking or working capital account. Because of the basic nature of most Federal and state programs, resources from one program cannot be used to support the costs of another program. HUD views Due To's and Due From's reported in a PHA's Federal programs as possible indicators of non-compliance.		
Condition	The interfund receivables and payables have not been repaid in several year. The balance continues to grow each year.		
Context	Majority of the interfunfs are within the same program. Each year the FDS is prepared netting those amounts together to properly reflect the net amount. However, the general ledger is never corrected and balance continue to grow each year.		
Cause	The Authority was not aware of HUD directive to also post the net effect of these accounts to the general ledger also.		
Effect	The Financial Data Schedule report the actual correct net effect of interfunfs, however the general ledger does not reflect those netting entries.		
Recommendations	We recommend the Authority post the netting entries to the general ledger in future years to eliminate the issue and be in compliance with HUD guidance.		
Management Views	Management agrees with the finding see Corrective Action Plan.		

Section III Federal Awards Findings

No findings to reported under 2CFR200 Section 516(a) of the Uniform Guidance.

Housing Authority of the County of Riverside
 Summary Schedule of Prior Year Findings and Questioned Costs
 For the Year Ended June 30, 2024

Financial Statement Findings

Prior Year Findings Number	Findings Title	Status/Current Year Finding Number
N/A	There were no prior findings reported	N/A

Federal Award Findings and Questioned Costs

Prior Year Findings Number	Findings Title	Status/Current Year Finding Number
N/A	There were no prior findings reported	N/A

This page describes a corrective action plan for the matter the auditor noted during his audit.

Finding 2024-001

The interfund receivables and payables have not been repaid in several years. The balance continues to grow each year. A majority of the interfund is within the same program. Each year the Financial Data Schedule is prepared netting those amounts together to properly reflect the net amount. However, the general ledger is never corrected, and balances continue to grow each year. The Authority was not aware of the directive from the U.S. Department of Housing and Urban Development (HUD) to post the net effect of these accounts to the general ledger.

Auditor's Recommendation

The Authority should post the netting entries to the general ledger in future years to eliminate the issue and follow the HUD guidance.

Corrective Action Plan

The Authority will post the netting entries at the end of each quarter during the fiscal year to clear any outstanding interfund balances on the general ledger.

Person Responsible

Chieko Keagy, CPA, Fiscal Manager

Estimated Completion Date

June 30, 2025



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