

# Housing Authority of the City of Redding

*Basic Financial Statements  
and Independent Auditors' Reports*

*For the year ended June 30, 2011*



# Housing Authority of the City of Redding

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners  
Housing Authority of the City of Redding  
Redding, California

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Gerald R. Tadina, CPA

We have audited the accompanying financial statements of the governmental activities and each major fund of the Housing Authority of the City of Redding (Authority), a component unit of the City of Redding (City), as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Authority, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 30 through 31 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.

*D. H. Scott & Company LLP*

Redding, California  
January 13, 2012

# **Housing Authority of the City of Redding**

## **Management's Discussion and Analysis**

### **For the year ended June 30, 2011**

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As management of the Housing Authority of the City of Redding (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ending June 30, 2011. The management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address future challenges), (d) identify any material deviations from the financial plan (approved budget), and (e) identify individual fund issues or concerns.

#### **FINANCIAL HIGHLIGHTS**

- The Authority's net assets increased by \$1,151,351.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$3,634,380 which is an increase of \$1,139,039 in comparison with the prior year. All of the Authority's fund balance is required to be used for Housing activities.
- Total operating expenses of all of the Authority's programs were \$8,956,740 for the fiscal year.

#### **USING THIS FINANCIAL REPORT/ OVERVIEW OF REPORT**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The government-wide financial statements consist of the following parts:

**Statement of Net Assets:** This statement presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, the change in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**Statement of Activities:** This statement presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal periods (e.g., uncollected grants and earned but unused comp time and vacation leave).

**Housing Authority of the City of Redding**  
**Management's Discussion and Analysis, continued**  
**For the year ended June 30, 2011**

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The Authority adopts an annual appropriated budget at the entity-wide level. A budgetary comparison statement has been provided for the Authority to demonstrate compliance with this budget.

The government-wide financial statements can be found on pages 11-12 of this report.

**Fund Financial Statements**

A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund financial statements to demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are governmental funds.

**Governmental Funds:** These funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The Authority is a Housing Choice Voucher (HCV) only housing authority, providing rental assistance and home purchase assistance to qualified residents. Since the Authority does not own or operate rental property, the HCV program is reported as a special revenue fund.

The governmental fund financial statements can be found on pages 15-19 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-26 of this report.

**Housing Authority of the City of Redding**  
**Management's Discussion and Analysis, continued**  
**For the year ended June 30, 2011**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. The following schedule displays a summary breakdown of the Authority's net assets as of June 30, 2011 and 2010:

Condensed Statement of Net Assets

	2011	2010
Current assets	\$ 3,851,183	\$ 2,775,756
Non-current capital assets	11,764	24,482
Other non-current assets	106,921	140,184
Total assets	<u>3,969,868</u>	<u>2,940,422</u>
Current liabilities	329,841	422,557
Non-current liabilities	68,221	97,410
Total liabilities	<u>398,062</u>	<u>519,967</u>
Net Assets:		
Invested in capital assets, net of related debt	11,764	24,482
Restricted	2,681,675	1,526,944 *
Unrestricted	878,367	869,029 *
Total net assets	<u>\$ 3,571,806</u>	<u>\$ 2,420,455</u>

\*Prior year restated to include HUD admin reserves as restricted.

The Authority's net assets increased to \$3.57 million from \$2.42 million, an increase of 47%. The increase is almost entirely in the HCV program. The Authority has been in the process of leasing up and, subsequent to year-end was fully leased up. The Authority anticipates remaining at or near full capacity in the upcoming fiscal year. As a result the Authority anticipates that restricted net assets should stabilize or reduce slightly in the coming year, provided that staffing levels are sufficient to keep lease levels near maximum.

**Housing Authority of the City of Redding**  
**Management's Discussion and Analysis, continued**  
**For the year ended June 30, 2011**

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The following schedule displays a comparison of 2010-11 and 2009-10 fiscal year revenues and expenses for the Authority:

Condensed Statement of Activities and Changes in Net Assets

	2011	2010
Administrative	\$ 1,253,258	\$ 1,038,972
Rental assistance	7,700,930	7,895,076
Other expenses	2,552	286,445
Total expenses	8,956,740	9,220,493
Operating grants	10,045,302	9,750,476
Investment and Other	62,789	49,021
Total revenues	10,108,091	9,799,497
Change in net assets	1,151,351	579,004
Beginning net assets	2,420,455	1,841,451
Ending net assets	\$ 3,571,806	\$ 2,420,455

Administrative expenses increased in the fiscal year ended 2011 primarily due to benefit payments upon retirement of personnel and to temporary utilization of additional staff members to reach lease-up goals. Rental assistance paid out of restricted HAP funds decreased slightly as the Authority was not fully leased up during the year. Other expenses are rental assistance and admin expenses paid on ineligible units during the fiscal year. These expenses were paid out of the General Fund.

**BUDGETARY HIGHLIGHTS**

The Authority's budget is approved at the entity-wide level. Since the Authority is a component unit of the City, it is budgeted as a special revenue fund of the City.

The Authority prepares a biennial budget prior to knowing its annual subsidy grant from HUD. Actual amounts received from HUD vary from initial projections. Once HUD grant amounts are available the Authority adjusts its budget. Actual expenditures for HAP are subject to actual lease-up. The Authority was not fully leased-up during the year. This is partially due to management's uncertainty regarding future HUD funding, partially due to reduced staffing as increasing lease-up levels is time-intensive (the Authority began the year substantially under-leased) and partially due to staff turnover (retirements). Accordingly, the Authority increased its expenditure budget to allow for additional HAP, but was not able to fully utilize the increase budget during the fiscal year. The expenditure budget increased from an original \$7.81 million to a final amended budget of \$9.97 million during the year.

**Housing Authority of the City of Redding  
Management's Discussion and Analysis, continued  
For the year ended June 30, 2011**

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**ANALYSIS OF GOVERNMENTAL FUNDS**

The Authority reports each program as a fund in order to segregate and track restricted funds.

General Fund: The Authority's General Fund is used to track resources that do not belong to a HUD program, but that are a part of the City of Redding's Housing Authority Fund.

Section 8 Voucher - Special Revenue Fund: The HCV program's fund balance increased from a beginning balance of \$1,626,312 to \$2,756,013. The administrative portion of the fund decreased by \$98,855. The housing assistance portion of the fund increased by \$1,228,556.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The Authority is unable to predict, beyond a given Congressional budget cycle, what funds will be available to administer the HCV program. At June 30, 2011 the Authority has cash reserves for approximately 3 months of administrative expenses and about 3.5 months of HAP expenses.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. This report can be found on the City of Redding website, [www.ci.redding.ca.us](http://www.ci.redding.ca.us) under City Departments, Finance. Questions concerning any information provided in this report or request for additional financial information should be directed to:

The City of Redding - Finance Department  
777 Cypress Avenue  
Redding, CA 96001

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Housing Authority of the City of Redding**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 1,247,475
Receivables:	
Interest	1,553
Damage claims and overpayments, net	20,324
Intergovernmental receivable	32,784
Restricted assets:	
Cash and investments	2,546,671
Interest receivable	2,376
Total current assets	<u>3,851,183</u>
Noncurrent assets:	
Intergovernmental receivable	105,398
FSS emergency loans receivable	1,523
Capital assets, net of depreciation	11,764
Total noncurrent assets	<u>118,685</u>
<b>Total assets</b>	<u><u>3,969,868</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,229
Intergovernmental payable	140,064
Unearned revenue	45,494
Deposits	143,054
Total current liabilities	<u>329,841</u>
Noncurrent liabilities:	
Intergovernmental payable	68,221
Total noncurrent liabilities	<u>68,221</u>
<b>Total liabilities</b>	<u><u>398,062</u></u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	11,764
Restricted for:	
Housing	2,681,675
Unrestricted	878,367
<b>Total net assets</b>	<u><u>\$ 3,571,806</u></u>

See accompanying Notes to the Basic Financial Statements.

**Housing Authority of the City of Redding**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2011**

<u>Functions/Programs</u>	Program Revenues					Net (Expenses) Revenue and Change in Net Assets
	Expenses	Charges for Services		Operating Grants & Contributions		
		FSS Forfeitures	Overpayments & Damage Claims	Grants	Restricted Interest	
<b>Governmental activities:</b>						
Rental assistance	\$ 7,700,930	\$ 17,898	\$ 12,162	\$ 8,886,356	\$ 7,798	\$ 1,223,284
Administration	1,253,258	-	12,162	1,158,946	795	(81,355)
Business activity	2,552	-	-	-	-	(2,552)
<b>Total governmental activities:</b>	<b>\$ 8,956,740</b>	<b>\$ 17,898</b>	<b>\$ 24,324</b>	<b>\$ 10,045,302</b>	<b>\$ 8,593</b>	<b>\$ 1,139,377</b>

**General revenues:**

FSS emergency loan fees/copy fees	84
Unrestricted investment earnings	11,890
<b>Total general revenues and transfers</b>	<b>11,974</b>
<b>Change in net assets</b>	<b>1,151,351</b>
<b>Net assets - beginning of year</b>	<b>2,420,455</b>
<b>Net assets - end of year</b>	<b>\$ 3,571,806</b>

See accompanying Notes to the Basic Financial Statements.

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**FUND FINANCIAL STATEMENTS**

**Housing Authority of the City of Redding**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General Fund	Housing Choice Voucher Special Revenue	Total Governmental Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 739,129	\$ 508,346	\$ 1,247,475
Receivables:			
Interest	1,056	497	1,553
Damage claims and overpayments, net	-	20,324	20,324
Intergovernmental	32,784	-	32,784
Restricted assets:			
Cash and investments	-	2,546,671	2,546,671
Interest	-	2,376	2,376
Non current assets:			
Intergovernmental receivables	105,398	-	105,398
FSS emergency loans receivable	-	1,523	1,523
<b>Total assets</b>	<b>\$ 878,367</b>	<b>\$ 3,079,737</b>	<b>\$ 3,958,104</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ -	\$ 1,229	\$ 1,229
Intergovernmental payable	-	114,179	114,179
Deferred revenue	-	65,262	65,262
Deposits	-	143,054	143,054
<b>Total liabilities</b>	<b>-</b>	<b>323,724</b>	<b>323,724</b>
<b>Fund Balances:</b>			
Nonspendable			
Noncurrent advances	105,398		105,398
Restricted			
Housing		2,756,013	2,756,013
Unassigned	772,969	-	772,969
<b>Total fund balances</b>	<b>878,367</b>	<b>2,756,013</b>	<b>3,634,380</b>
<b>Total liabilities and fund balances</b>	<b>\$ 878,367</b>	<b>\$ 3,079,737</b>	<b>\$ 3,958,104</b>

See accompanying Notes to the Basic Financial Statements.

**Housing Authority of the City of Redding**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-Wide Statement of Net Assets**  
**June 30, 2011**

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<b>Total Fund Balances - Total Governmental Funds</b>	\$ 3,634,380
Capital assets have not been included as financial resources in governmental fund activities.	11,764
Accrued vacation and other leave (compensated absences) for City of Redding employees is not included in intergovernmental payables as reported in governmental funds, but is recorded as expense in the Statement of Activities.	(94,106)
Revenue reported as deferred revenue in the governmental funds was recorded as revenue in the Statement of Activities.	<u>19,768</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 3,571,806</u></u>

See accompanying Notes to the Basic Financial Statements.

**Housing Authority of the City of Redding**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2011**

	General Fund	Housing Choice Voucher Special Revenue	Total Governmental Funds
<b>REVENUES:</b>			
Intergovernmental revenues	\$ -	\$ 10,045,302	\$ 10,045,302
Interest revenue	11,890	8,593	20,483
Other revenue	-	52,850	52,850
<b>Total revenues</b>	<b>11,890</b>	<b>10,106,745</b>	<b>10,118,635</b>
<b>EXPENDITURES:</b>			
Administration	350	1,224,531	1,224,881
Professional services	-	-	-
Rental assistance payments	2,202	7,700,930	7,703,132
FSS services coordinator	-	51,583	51,583
<b>Total expenditures</b>	<b>2,552</b>	<b>8,977,044</b>	<b>8,979,596</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>9,338</b>	<b>1,129,701</b>	<b>1,139,039</b>
<b>FUND BALANCES:</b>			
Beginning of year	869,029	1,626,312	2,495,341
End of year	<b>\$ 878,367</b>	<b>\$ 2,756,013</b>	<b>\$ 3,634,380</b>

See accompanying Notes to the Basic Financial Statements.

**Housing Authority of the City of Redding**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes**  
**in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2011**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 1,139,039
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets. It did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds.	(12,718)
Damage claims and overpayments (fraud) receivable are not expected to provide current financial resources. Therefore, the net change in fraud receivables is a change in deferred revenue on the governmental funds, but on the Government-Wide Statement of Activities and Changes in Net Assets the change is recorded as a revenue, reduction in revenue, or bad debt expense.	(10,544)
Compensated absences (for City of Redding employees who work for the Housing Authority) in the Statement of Activities is reported as an expense but is not reported in the governmental funds.	<u>35,574</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ 1,151,351</u></u>

See accompanying Notes to the Basic Financial Statements.

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# Housing Authority of the City of Redding

## Notes to the Basic Financial Statements

### For the years ended June 30, 2011

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#### 1. REPORTING ENTITY

The Housing Authority of the City of Redding (Authority), a component unit of the City of Redding, California (City), was established pursuant to the laws of the State of California to provide housing, transact business and to have those powers as defined by law. The Authority has entered into an annual contribution contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Housing Choice Vouchers (HCV) Program.

The Authority is an integral part of the City, and the accompanying financial statements are being presented as governmental funds as a means of disclosing what has been presented to HUD in the required annual compliance reports, submitted on HUD's Real Estate Assessment Center (REAC) system. REAC collects and reviews data from housing authorities to assure the accuracy, timeliness and reliability of the information used by HUD to assess the condition of HUD's portfolio as well as to provide information to help ensure safe, decent and affordable housing and to restore the public trust by identifying fraud, abuse and waste of HUD resources.

The Authority is an HCV only housing authority that does not own its own rental property. Therefore the Authority has opted to maintain its records as a governmental fund and is accounted for as a special revenue fund. It is included on the City's financial statements as part of the Housing Special Revenue Fund along with components of the Redding Redevelopment Agency (RRA). As such, the accompanying financial statements will not agree to what is included in the City's financial statements due to the consolidation of RRA activities and assets in the Housing Fund.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the Authority, all of which conform to generally accepted accounting principles as applicable to governmental units. The Authority has elected to follow Governmental Accounting Standards Board (GASB) pronouncements.

##### A. *Basis of Accounting and Measurement Focus*

The government-wide financial statements are reported using the "*economic resources*" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fund financial statements for the Authority are presented as General Fund and Special Revenue Fund, which are governmental funds. Governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if it is collectible within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Presentation***

**Major Funds**

The Authority reports all of its funds as major funds:

The General Fund is the fund the Authority uses for resources within the fund that are not HUD resources. These funds must be used for housing purposes, but are not restricted by HUD.

The HCV Special Revenue Fund is for all activity in the Housing Choice Voucher program.

***C. Restricted Cash***

Restricted cash is recorded for cash held in trust for FSS Escrow participants and for cash restricted for use on housing assistance payments.

***D. Damage Claims and Overpayments Receivable***

The Authority records an allowance for doubtful accounts on damage claims and overpayments receivable based on the experience method.

***E. Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*E. Capital Assets, Continued*

<u>Asset Types</u>	<u>Useful Life (in years)</u>
Public domain infrastructure	50
Utility plants	20-50
Buildings	10-30
Improvements other than buildings	5-40
Equipment, furnishings and vehicles	5-10
Assets under capital lease	4-30
System infrastructure	30

*F. Deferred/Unearned Revenue*

Unearned revenue in the governmental-wide financial statement is recognized for transactions for which revenues have not yet been earned. Typical transactions recorded as unearned revenues are unspent grant funds.

In the governmental fund financial statements, deferred revenue arises when potential revenues do not meet both "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Authority before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

*G. Net Assets/Fund Balance*

**Net Assets**

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation. Unrestricted net assets are all net assets that do not meet the definition of "invested in capital assets, net of related debt:", or "restricted net assets."

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Balance**

In the fund financial statements, governmental funds aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**G. Net Assets/Fund Balance, Continued**

spendable form - prepaid items or inventories; or (be) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Commissioners (Board) -the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

*Assigned fund balance.* This classification reflects the amounts constrained by the Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed.

**H. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**I. New Pronouncements**

In 2011, the Authority implemented a new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement (GASB):

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*I. New Pronouncements, Continued*

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* - this statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**3. CASH AND INVESTMENTS**

The Authority maintains a separate bank account for Housing Assistance Payment (HAP) activity. Balances deemed not necessary for each month's HAP expenditures are kept in the Authority's Local Agency Investment Fund (LAIF) with the State Treasurer in order to maintain a higher return. Administrative costs are handled through the pooled cash of the City and reimbursements are made to the City monthly.

*A. Cash Deposits*

At June 30, 2011, the carrying amount of the Authority's deposits (unrestricted and restricted combined) was \$762,534. Bank balances before reconciling items were \$811,185 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the Authority's name as discussed below.

The California Government Code (Code) requires California banks and savings and loan associations to secure the Authority's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Authority's name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the Authority's cash deposits. California law also allows institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total cash deposits. The Authority may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Authority, however, has not waived the collateralization requirements.

*B. Investments*

The Authority reports its investments at fair value with realized and unrealized gains or losses reported in the Statement of Revenues, Expenditures and Changes in Fund Balance

The Authority invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through LAIF, a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

**3. CASH AND INVESTMENTS, Continued**

***B. Investments, Continued***

LAIF has oversight by the Local Agency Investment Advisory Board. The fair value of the Authority's position in the pool is materially equivalent to the value of pool shares.

In accordance with authorized investment laws, LAIF may invest in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2011, 5.01% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities. The City valued its investments in LAIF as of June 30, 2011, by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.001576470. No rating is available from a nationally recognized statistical rating organization for LAIF.

***C. Summary of Cash and Investments***

As of June 30, 2011, the Authority had the following cash and investments:

	Fair Value	Investment Maturity in Year Less Than One Year
	<u>Fair Value</u>	<u>Less Than One Year</u>
<b>Cash and Investments:</b>		
<i>Deposits:</i>		
Cash in bank	\$ 619,480	\$ 619,480
Total deposits	<u>619,480</u>	<u>619,480</u>
<i>Investments:</i>		
Local Agency Investment Funds	627,995	627,995
Total investments	<u>627,995</u>	<u>627,995</u>
<b>Total Cash and Investments</b>	<u><u>\$ 1,247,475</u></u>	<u><u>\$ 1,247,475</u></u>
<b>Restricted Cash:</b>		
<i>Deposits:</i>		
Cash in bank	\$ 143,054	\$ 143,054
Total deposits	<u>143,054</u>	<u>143,054</u>
<i>Investments:</i>		
Local Agency Investment Funds	2,403,617	2,403,617
Total investments	<u>2,403,617</u>	<u>2,403,617</u>
<b>Total Restricted Cash and Investments</b>	<u><u>\$ 2,546,671</u></u>	<u><u>\$ 2,546,671</u></u>

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

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*D. Risk Disclosures*

Interest Rate Risk - In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to less than one year, with 100% of investments LAIF being available on demand.

Credit Risk - The California Government Code and the investment policy of the Authority authorize the Authority to invest in obligations, participations, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's

Investor Service, Inc., bankers' acceptances, repurchase agreements, medium-term notes of maximum five-year maturity with a rating category of A or its equivalent or better by a nationally recognized rating agency, and LAIF. Reverse repurchase agreements may be made only when prior approval of the Board of Directors has been given.

Concentration of Credit Risk - The Authority has 80% of its cash invested with the LAIF. In addition to the safety provided by investing in high quality securities, LAIF's policies limit concentration risk by spreading investments over different investment types to minimize the impact of any one industry/investment class and by spreading investments over multiple credits/issuers within an investment type to minimize the credit exposure of the portfolio to any single firm or institution.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

Restricted Cash - Certain deposits are received by the Authority which are not part of pooled cash and investments, but are recorded and tracked separately as restricted assets until refunded or applied.

**4. DAMAGE CLAIMS AND OVERPAYMENTS RECEIVABLE**

Damage claims and overpayments, net, at June 30, 2011 consisted of \$457,768 of receivables and an allowance for doubtful accounts of \$437,444.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

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**5. CAPITAL ASSETS**

Changes in capital assets consisted of the following:

	Balance* July 1, 2010	Additions	Deletions	Balance June 30, 2011
Vehicles & Equipment	\$ 76,121	\$ -	\$ -	\$ 76,121
Total	<u>76,121</u>	<u>-</u>	<u>-</u>	<u>76,121</u>
Accumulated Depreciation	(51,639)	(12,718)	-	(64,357)
Total	<u>(51,639)</u>	<u>(12,718)</u>	<u>-</u>	<u>(64,357)</u>
Net Capital Assets	<u>\$ 24,482</u>	<u>\$ (12,718)</u>	<u>\$ -</u>	<u>\$ 11,764</u>

\* July 1, 2010 balances restated to include fully depreciated \$12,533 vehicle from year 2000.

Depreciation expense was \$12,718.

**6. DEFERRED REVENUES**

In the governmental fund financial statements the deferred revenue balance at June 30, 2011 was \$65,262. The balance consisted of the following:

- ◆ \$19,768 for damage claims and overpayments due from Housing program participants were considered by the Authority not to have met the conditions and criteria to be recognized as revenue.
- ◆ \$45,494 that was received from HUD during the year for a specific purpose but not used. It is expected that HUD will reduce 2010-11 HAP payments by this amount.

In the government-wide financial statements the Authority has recognized the \$19,768 due from program participants for damage claims and overpayments as revenue, along with an associated bad debt expense, in the year that the receivable was recorded. As a result, the \$19,768 is not deferred revenue on the government-wide financial statements.

**7. CONTINGENCIES**

Grants have been received by the Authority for specific purposes that are subject to review and additional audit by HUD. Such audits could lead to a request for reimbursement for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by HUD cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

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**8. ECONOMIC DEPENDENCE**

The Authority is dependent upon grant funding from HUD for a significant portion of the Authority's operations. Grant receipts from HUD are subject to audits to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2011**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Housing Authority of the City of Redding**  
**Required Supplementary Information**  
**For the year ended June 30, 2011**

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**1. BUDGETARY PRINCIPLES**

**Budget Data**

The operating budget of the Authority is adopted by the Housing Board prior to July 1 each year at the Housing Authority level (fund level within the City) primarily on a cash basis. The City Manager of the City is authorized to transfer budget amounts between divisions of a department within any fund; however, any revisions that alter the total expenditures of the Housing Authority require a Housing Board resolution.

Budget information is adopted and presented for the Authority as a whole. The presentations represent original appropriations adjusted for supplemental appropriations, if any, made during the year.

**Summary of Differences between Budgetary Basis and Generally Accepted Accounting Principles (GAAP)**

The following are the differences between the Authority's budgetary basis and GAAP:

- A. The Authority does not budget for the fair market value adjustment required under GASB 31.
- B. The Authority does not budget for accounts payable or intergovernmental payables.
- C. The Authority does not budget for benefit accruals.
- D. The Authority budgets for certain receivables and payables on a cash basis.
- E. Encumbrances are not included in the Statement of Revenue, Expenditures and Changes in Fund Balance

**Housing Authority of the City of Redding**  
**Required Supplementary Information**  
**For the year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 7,838,930	\$ 9,892,540	\$ 9,918,435	\$ 25,895
Interest revenue	40,000	40,000	12,858	(27,142)
Other	10,000	10,000	52,995	42,995
Total revenues	<u>7,888,930</u>	<u>9,942,540</u>	<u>9,984,288</u>	<u>41,748</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	7,809,690	9,973,140	8,944,663	1,028,477
Total expenditures	<u>7,809,690</u>	<u>9,973,140</u>	<u>8,944,663</u>	<u>1,028,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,240</u>	<u>(30,600)</u>	<u>1,039,625</u>	<u>1,070,225</u>
Net change in fund balance	<u>79,240</u>	<u>(30,600)</u>	<u>1,039,625</u>	<u>1,070,225</u>
Beginning fund balance	<u>2,495,341</u>	<u>2,495,341</u>	<u>2,495,341</u>	<u>-</u>
Budgetary fund balance (deficit), end of year	\$ <u>2,574,581</u>	\$ <u>2,464,741</u>	\$ <u>3,534,966</u>	\$ <u>1,070,225</u>

Explanation of differences between the end of year fund balance reported on the Statement of Revenues, Expenditures and Changes in Fund Balances and the Budgetary fund balance, end of year.

<b>Fund balance as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance</b>	\$ 3,634,380
(1) Fair market value adjustments to investments are not recorded in budgetary accounts.	(1,593)
(2) Accounts payable accruals are reflected in GAAP based financial statements but are not included in budgetary expenditures.	(438)
(3) The Authority budgets for and records loans made in the expenditure accounts, but adjusts loans receivable under GAAP financial statements.	(1,280)
(4) The Authority budgets for and records loan payments received in the revenue accounts, but adjusts loans receivable under GAAP financial statements.	145
(5) The Authority budgets for grants on a cash basis.	(126,867)
(6) End of year encumbrances are included in budgetary expenditures but are not included in the GAAP based Statement of Revenues, Expenditures, and Changes in Fund Balance.	(969)
(7) The Authority budgets for interest income on notes receivable on a cash basis.	(6,032)
(8) The Authority budgeted and prepaid rent in a prior year, but adjusts the prepayment for the current year portion.	37,620
<b>Budgetary fund balance, end of year</b>	<u>\$ 3,534,966</u>

The Authority's budget is approved at the entity-wide level, as it is a component unit of the City of Redding and is budgeted as a single fund within the City.

REPORT OF INDEPENDENT AUDITORS  
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

David H. Scott, CPA  
a professional corporation  
Keith F. Hunting, CPA  
Vivian R. Piche', CPA  
Paul J. Caranese, CPA, M.B.A.  
a professional corporation  
Larry Dahl, CPA

Gerald R. Tadina, CPA

Board of Commissioners  
Housing Authority of the City of Redding  
Redding, California

We have audited the financial statements of the governmental activities and each major fund of the Housing Authority of the City of Redding (Authority), as of and for the year ended June 30, 2011, which collectively comprise the Authority's financial statements and have issued our report thereon dated January 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Authority, Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*D. H. Scott & Company LLP*

Redding, California  
January 13, 2012

## **SUPPLEMENTARY INFORMATION**

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David H. Scott, CPA  
a professional corporation  
Keith F. Hunting, CPA  
Vivian R. Piche', CPA  
Paul J. Catanese, CPA, M.B.A.  
a professional corporation  
Larry Dahl, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES

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Gerald R. Tadina, CPA

To the Board of Commissioners  
Housing Authority of the City of Redding  
Redding, California

We have performed the procedures described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Redding (Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Circular A-133 reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the *Government Auditing Standards* issues by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We have compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedures will indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below:

Procedure	UFRS Rule Information	Hard Copy documents	Agreed	Does not Agree
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	X	
2	Footnotes (G5000-010)	Footnotes to Audited Basic Financial Statements	X	
3	Type of opinion on the Financial Statements and auditor reports (G3100-040)	Auditor's Reports on the Financial Statements, Compliance and Internal Control	X	
4	Audit finding narrative (G5200-010)	Schedule of Findings and Questioned Costs	X	
5	General information (G2000, G2100, G2200, G9000, and G9100 series of accounts)	OMB Data Collection Form	X	
6	Financial Statement Report Information (G3000-005 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
7	Federal Program Report Information (G4000-010 to G4100-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
8	Federal Agencies required to receive reporting package (G4200-020 and G4000-030)	OMB Data Collection Form	X	
9	Basic Financial Statements and Auditor Reports required to be submitted electronically	Basic Financial Statements (inclusive auditor reports)	X	

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the City of Redding, which the Authority is a component unit of, as of and for the year ended June 30, 2011, and have issued our report thereon dated January 10, 2012. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the supplemental information dated January 13, 2012, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package and the FDS, which includes the auditors' reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Housing Authority of the City of Redding and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

*D. H. Scott & Company LLP*

Redding, California  
January 13, 2012

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
111 Cash - Unrestricted	\$508,346	\$111,134	\$619,480
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$143,054		\$143,054
114 Cash - Tenant Security Deposits			
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$651,400	\$111,134	\$762,534
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government		\$138,182	\$138,182
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts -Tenants			
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$457,768		\$457,768
128.1 Allowance for Doubtful Accounts - Fraud	-\$437,444		-\$437,444
129 Accrued Interest Receivable	\$2,873	\$1,056	\$3,929
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$23,197	\$139,238	\$162,435
131 Investments - Unrestricted		\$627,995	\$627,995
132 Investments - Restricted	\$2,403,617		\$2,403,617
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories			

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$3,078,214	\$878,367	\$3,956,581
161 Land			
162 Buildings			
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration			
165 Leasehold Improvements			
166 Accumulated Depreciation			
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$1,523		\$1,523
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$1,523	\$0	\$1,523
190 Total Assets	\$3,079,737	\$878,367	\$3,958,104
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$1,229		\$1,229

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable			
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$114,179		\$114,179
341 Tenant Security Deposits			
342 Deferred Revenues	\$65,262		\$65,262
343 Current Portion of Long-term Debt - Capital Projects/Mortgage			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$180,670	\$0	\$180,670
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other	\$143,054		\$143,054
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$143,054	\$0	\$143,054

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
300 Total Liabilities	\$323,724	\$0	\$323,724
508.1 Invested In Capital Assets, Net of Related Debt			
509.2 Fund Balance Reserved	\$2,406,549		\$2,406,549
511.2 Unreserved, Designated Fund Balance			
511.1 Restricted Net Assets			
512.1 Unrestricted Net Assets			
512.2 Unreserved, Undesignated Fund Balance	\$349,464	\$878,367	\$1,227,831
513 Total Equity/Net Assets	\$2,756,013	\$878,367	\$3,634,380
600 Total Liabilities and Equity/Net Assets	\$3,079,737	\$878,367	\$3,958,104

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$10,045,302		\$10,045,302
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$795	\$11,890	\$12,685
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$34,868		\$34,868
71500 Other Revenue	\$17,982		\$17,982
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted	\$7,798		\$7,798
70000 Total Revenue	\$10,106,745	\$11,890	\$10,118,635
91100 Administrative Salaries			

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
91200 Auditing Fees			
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative			
91600 Office Expenses	\$163,612	\$47	\$163,659
91700 Legal Expense			
91800 Travel	\$1,373		\$1,373
91810 Allocated Overhead	\$67,491	\$19	\$67,510
91900 Other	\$992,055	\$284	\$992,339
91000 Total Operating - Administrative	\$1,224,531	\$350	\$1,224,881
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$51,583		\$51,583
92500 Total Tenant Services	\$51,583	\$0	\$51,583
93100 Water			
93200 Electricity			
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
93800 Other Utilities Expense			
93000 Total Utilities	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other			
94300 Ordinary Maintenance and Operations Contracts			
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$0	\$0	\$0
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance			
96100 Total insurance Premiums	\$0	\$0	\$0
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,276,114	\$350	\$1,276,464
97000 Excess of Operating Revenue over Operating Expenses	\$8,830,631	\$11,540	\$8,842,171
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$7,700,930	\$2,202	\$7,703,132
97350 HAP Portability-In			
97400 Depreciation Expense			
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds	\$0	\$0	\$0
97700 Debt Principal Payment - Governmental Funds	\$0	\$0	\$0
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$8,977,044	\$2,552	\$8,979,596
10010 Operating Transfer In			
10020 Operating transfer Out			

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$1,129,701	\$9,338	\$1,139,039
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,626,312	\$869,029	\$2,495,341
11040 Prior Period Adjustments, Equity Transfers and Correction of	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance	\$0	\$0	\$0
11060 Changes in Contingent Liability Balance	\$0	\$0	\$0
11070 Changes in Unrecognized Pension Transition Liability	\$0	\$0	\$0
11080 Changes in Special Term/Severance Benefits Liability	\$0	\$0	\$0
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0
11100 Changes in Allowance for Doubtful Accounts - Other	-\$89,536	\$0	-\$89,536
11170 Administrative Fee Equity	\$349,464		\$349,464
11180 Housing Assistance Payments Equity	\$2,406,549		\$2,406,549
11190 Unit Months Available	18816	3	18819

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)

Redding, CA

Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	14.871 Housing Choice Vouchers	1 Business Activities	Total
11210 Number of Unit Months Leased	17656	3	17659
11270 Excess Cash			
11610 Land Purchases			
11620 Building Purchases			
11630 Furniture & Equipment - Dwelling Purchases			
11640 Furniture & Equipment - Administrative Purchases			
11650 Leasehold Improvements Purchases			
11660 Infrastructure Purchases			
13510 CFFP Debt Service Payments			
13901 Replacement Housing Factor Funds			