

Yolo County Housing
Yolo County, California

April 19, 2012

MINUTES

Yolo County Housing met on the 19th day of April, 2012 in regular session in its Chambers in the Erwin Meier Administration Center, 625 Court Street, Woodland, California at 2:00 p.m. Present were Commissioners Thomson, Aguiar-Curry, Eisenstat, Chaney, Pimentel and Johannessen. Chair Thomson presided. Others present were Alternate Commissioner Swanson, Lisa A. Baker, Executive Director and Sonia Cortés, Agency Counsel.

Agenda Item No. 1.01

Oath of Office

West Sacramento City Representative Mark Johannessen was sworn in by Kristine Mann from the Elections Department.

Agenda Item No. 2.01

Pledge of Allegiance

This meeting of the Board of Commissioners commenced with the Pledge of Allegiance.

Agenda Item No. 2.02

Approval of the Agenda

Minute Order No. 12-16: Approved the agenda for this meeting as submitted.

MOTION: Pimentel. SECOND: Aguiar-Curry. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen.

Agenda Item No. 2.03

Public Comment

The Chair invited individuals of the public to make statements on matters relating to Yolo County Housing business. There was no public comment.

Agenda Item No. 3.01

Presentations

3.01 Executive Director Lisa Baker presented Certificate of Appreciation from PGE to YCH for Support and Dedication to the CARE Program.

3.02 On behalf of the Yolo County Veteran's Coalition, Billy Wagster presented the

Veteran Support Award to YCH.

- 3.03 Resource Administrator Janis Holt presented the Housing Choice Voucher Specialist Certification to: Jamie Choi, Maria Peña, Veronica Mendoza and Elizabeth Montoya.
- 3.04 Executive Director Lisa Baker presented photos from 1st Annual Spring Fling – YCH FUN Committee Initiative.
- 3.05 Executive Director Lisa Baker and RHA presented YCH Main Administrative Building Vacancy Sensor Installation Project.
- 3.06 Clerk Julie Dachtler presented new format for future Board agendas and reports.

Commissioner Chaney arrived at the dais at 2:06 p.m.

Agenda Item No. 4.01

Consent Agenda

Minute Order No. 12-17: Acted on the Consent Agenda as follows including the amendment to Agenda Item No. 4.02:

- 4.01 Approved the minutes of March 15, 2012.
- 4.02 Approved and authorized the Executive Director to sign **Resolution No. 12-04** amending the YCH Conflict of Interest Code.
- 4.03 Received and filed correspondence from Breathe California of Sacramento-Emigrant Trails congratulating Lisa Baker on being selected to receive a 2012 Clean Air Award.
- 4.04 Received and filed correspondence from the U.S. Department of Housing and Urban Development regarding use of federal funds in lobbying.

MOTION: Pimentel. SECOND: Johannessen. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen.

Agenda Item No. 5.01

2010-11 Audit

Minute Order No. 12-18: Approved and accepted the fiscal year 2010-2011 Audit for Yolo County Housing.

MOTION: Eisenstat. SECOND: Pimentel. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen.

Agenda Item No. 5.02
Crosswoods Acquisition

Minute Order No. 12-19: Took the following actions:

- A. Appropriated an additional \$179,722 from the YCH Development Fund to complete the Crosswoods initial acquisition.
- B. Ratified approval of \$329,722 to complete the Crosswoods acquisition.

MOTION: Aguiar-Curry. SECOND: Eisenstat. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen.

Agenda Item No. 6.03
Executive Director Comments

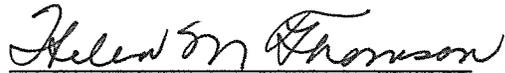
Executive Director Lisa Baker had no comments this month except to say that her staff has done its usual stellar work.

Agenda Item No. 6.06
Board of Commissioners Comments

Commissioner Johannessen expressed his appreciation on serving as a Commissioner.

Adjournment

Adjourned this meeting of the Yolo County Housing at 3:02 p.m. in memory of John C. Baker.


Helen Thomson, Chair
Yolo County Housing


Julie Dachtler, Clerk of the Board

YOLO COUNTY HOUSING

AGENDA

REGULAR MEETING

APRIL 19, 2012

YOLO COUNTY HOUSING
HOUSING COMMISSION

BOARD OF SUPERVISORS CHAMBERS
625 COURT STREET, ROOM 206
WOODLAND, CALIFORNIA 95695

LISA A. BAKER
EXECUTIVE DIRECTOR

SONIA CORTES
AGENCY COUNSEL

Reminder: Please turn off cell phones.

ANNOUNCEMENTS (ITEM 1.01)

1.01 Oath of Office for New Commissioner Mark Johannessen

2:00 P.M. CALL TO ORDER (ITEMS 2.01 - 2.03)

2.01 Pledge of Allegiance

2.02 Consider approval of agenda

2.03 Public Comment: Opportunity for members of the public to address the Housing Authority on subjects not otherwise on the agenda relating to Housing Authority business. The Board reserves the right to impose a reasonable limit on time afforded to any topic or to any individual speaker.

PRESENTATIONS (ITEMS 3.01 – 3.06)

3.01 Presentation of Certificate of Appreciation from PGE to YCH for Support and Dedication to the CARE Program

3.02 Presentation of Veteran Support Award to YCH from the Yolo County Veterans' Coalition

3.03 Presentation of Housing Choice Voucher Specialist Certification to: Jamie Choi, María Peña, Veronica Mendoza and Elizabeth Montoya

3.04 Presentation: Photos from 1st Annual Spring Fling – YCH FUN Committee Initiative

3.05 Presentation by RHA of YCH Main Administrative Building Vacancy Sensor Installation Project

3.06 Presentation of New Format for future Board agendas and reports (Dachtler and Baker)

CONSENT AGENDA (ITEMS 4.01 – 4.04)

4.01 Approval of Minutes from the meeting of March 15, 2012

4.02 Review, Approve and Adopt Resolution Updating YCH Conflict of Interest Code (Holt)

4.03 Receive and File Correspondence from Breathe California of Sacramento-Emigrant Trails Congratulating Lisa Baker on Being Selected to Receive a 2012 Clean Air Award (Baker)

4.04 Receive and File Correspondence from HUD to Board Chair Regarding Use of Federal Funds in Lobbying (Baker)

REGULAR AGENDA (ITEMS 5.01 – 5.04)

5.01 Review, Approve and Accept the FY 2010 - 2011 Audit for Yolo County Housing (Stern)

5.02 Ratify Approval to Use \$329,722 from YCH Development Fund to Complete Crosswoods Acquisition (Baker)

5.03 Receive Comments from Executive Director

5.04 Receive Comments from Commissioners

ADJOURNMENT

Next meeting scheduled for May 17, 2012.

I declare under penalty of perjury that the foregoing agenda was posted April 13, 2012 by 5:00 p.m. at the following places:

- 1. On the bulletin board at the east entrance of the Erwin Meier Administration Center, 625 Court Street, Woodland, California; and
- 2. On the bulletin board on the kiosk outside the Board of Supervisors Chambers, Room 206, in the Erwin Meier Administration Center, 625 Court Street, Woodland, California.
- 3. On the bulletin board of Yolo County Housing, 147 West Main Street, Woodland, California.

I declare under penalty of perjury that the foregoing agenda will be posted no later than April 16, 2012 by 2:00 p.m. as follows:

- 4. On the Yolo County website: www.yolocounty.org.

Julie Dachtler, Clerk of the Board

By: _____
Clerk

NOTICE

If requested, this agenda can be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Clerk of the Board for further information. In addition, a person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting should telephone or otherwise contact the Clerk of the Board as soon as possible and at least 24 hours prior to the meeting. The Clerk of the Board may be reached at (530) 666-8195 or at the following address:

Yolo County Housing
c/o Clerk of the Board of Supervisors
County of Yolo
625 Court Street, Room 204 Woodland, CA 95695

Yolo County Housing
Yolo County, California

Meeting Date: April 19, 2012

To: County Counsel ✓
Yolo County Housing ✓

Agenda Item No. 1.01
Oath of Office

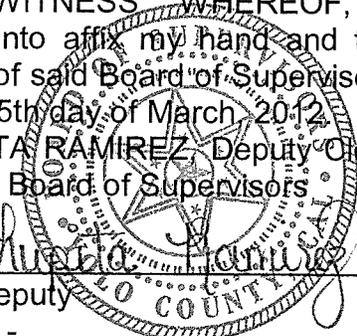
West Sacramento City Representative Mark Johannessen was sworn in by Kristine Mann from the Elections Department.

STATE OF CALIFORNIA
COUNTY OF YOLO

I, JULIE DACHTLER, Deputy Clerk to the Board of Supervisors of said County of Yolo, hereby certify that at a regular meeting of said Board of Supervisors, held in the Erwin Meier Administration Center, in said County on the 28th day of Feb. , 2012, Mark Johannessen was appointed to serve on the Yolo County Housing Commission as it appears in the records of said Board of Supervisors now in my custody.

IN WITNESS WHEREOF, I
hereunto affix my hand and the
Seal of said Board of Supervisors
this 15th day of March, 2012.
LUPITA RAMIREZ, Deputy Clerk
of the Board of Supervisors

By: Lupita Ramirez
Deputy



STATE OF CALIFORNIA
COUNTY OF YOLO

I, Mark Johannessen, solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Subscribed and sworn to before me, this 19th day of _____ 2012.

[Signature]


Yolo County Housing
Yolo County, California

To: Co. Counsel ✓
Yolo County Housing ✓

CONSENT CALENDAR

Excerpt of Minute Order No.12-17, Item No. 4.01, of the Yolo County Housing meeting of April 19, 2012.

MOTION: Pimentel. SECOND: Johannessen. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen. ABSENT: At-large representative.

4.01 Approved the minutes of March 15, 2012.

4.02 Approved and authorized the Executive Director to sign **Resolution No. 12-04** amending the YCH Conflict of Interest Code.

4.03 Received and filed correspondence from Breathe California of Sacramento-Emigrant Trails congratulating Lisa Baker on being selected to receive a 2012 Clean Air Award.

4.04 Received and filed correspondence from the U.S. Department of Housing and Urban Development regarding use of federal funds in lobbying.

Yolo County Housing
Yolo County, California

March 15, 2012

MINUTES

Yolo County Housing met on the 15th day of March, 2012 in regular session in its Chambers in the Erwin Meier Administration Center, 625 Court Street, Woodland, California at 2:00 p.m. Present were Commissioners Thomson, Aguiar-Curry, Swanson, Eisenstat and Pimentel. Absent were Tenant Commissioner Chaney, West Sacramento representative Johannessen and at-large representative. Chair Thomson presided. Lisa A. Baker, Executive Director and Sonia Cortés, Agency Counsel, were present.

Agenda Item No. 1.01
Oath of Office

West Sacramento City Representative Mark Johannessen was absent from the meeting. The Oath of Office will be carried over to the next regularly scheduled meeting of April 19, 2012.

Agenda Item No. 2.01
Pledge of Allegiance

This meeting of the Board of Commissioners commenced with the Pledge of Allegiance.

Agenda Item No. 2.02
Approval of the Agenda

Minute Order No. 12-11: Approved the agenda for this meeting as submitted.

MOTION: Aguiar-Curry SECOND: Eisenstat. AYES: Aguiar-Curry, Swanson, Thomson, Eisenstat, Pimentel. ABSENT: Chaney, Johannessen, at-large representative.

Agenda Item No. 2.03
Public Comment

The Chair invited individuals of the public to make statements on matters relating to Yolo County Housing business. There was no public comment.

Agenda Item No. 3.01
Presentations

3.01 Resource Administrator Janis Holt presented new employee, Mr. James Muller, Housing Specialist II.

3.02 Executive Director Lisa Baker and Alberto Castillo presented an overview of YCH IT/IS Initiatives.

Agenda Item No. 4.01
Consent Agenda

Minute Order No. 12-12: Acted on the Consent Agenda as follows:

4.01 Approved the minutes of February 23, 2012 on Consent.

4.02 Approved and authorized the Executive Director to sign **Agreement No. 12-01**, Memorandum of Understanding for Joint Emergency Management Services, a Shared Services Agreement.

MOTION: Pimentel. SECOND: Aguiar-Curry. AYES: Aguiar-Curry, Swanson, Thomson, Eisenstat, Pimentel. ABSENT: Chaney, Johannessen, at-large representative

Agenda Item No. 5.01
Annual Plan Update

Minute Order No. 12-13: Took the following actions:

- A. Held public hearing to solicit public comment regarding the proposed Annual Plan
- B. Adopted the Agency Plan and fiscal year 2013 Annual Plan update
- C. Approved and authorized the Chair to sign **Resolution No. 12-03** authorizing the Executive Director to execute 2012 Agency Plan and submit to HUD.

MOTION: Aguiar-Curry SECOND: Pimentel. AYES: Aguiar-Curry, Swanson, Thomson, Eisenstat, Pimentel. ABSENT: Chaney, Johannessen, at-large representative.

Agenda Item No. 6.01
Mid-year Budget Update

Minute Order No. 12-14: Took the following actions:

- A. Reviewed the December Program Operating Statements
- B. Appropriated additional identified revenue and approve the budgeting and expenditure of additional funds as identified in the mid-year budget revision.
- C. Approved the expenditure of funds for line item expenses that were not included in the original budget.

D. Authorized the Executive Director to implement the revised budget and recommendations.

MOTION: Pimentel. SECOND: Swanson. AYES: Aguiar-Curry, Swanson, Thomson, Eisenstat, Pimentel. ABSENT: Chaney, Johannessen, at-large representative.

Agenda Item No. 6.02
Crossroads Acquisition

Minute Order No. 12-15: Took the following actions:

- A. Appropriated \$150,000 and authorized the use of up to \$150,000 from the YCH Development fund to complete the Crossroads initial acquisition
- B. Authorized the Executive Director to negotiate and execute any and all necessary documents and to furnish all materials necessary to accomplish the activities.

MOTION: Pimentel. SECOND: Aguiar-Curry. AYES: Aguiar-Curry, Swanson, Thomson, Eisenstat, Pimentel. ABSENT: Chaney, Johannessen, at-large representative.

Agenda Item No. 6.03
Verbal Follow Up and Question and Answer

Conducted verbal follow up Question and Answer regarding board orientation presented on February 23, 2012.

Agenda Item No. 6.03
Executive Director Comments

Executive Director Lisa Baker provided comments.

Agenda Item No. 6.06
Board of Commissioners Comments

The Commissioners spoke of the recent dedication of the new playgrounds and also expressed interest in looking into upgrading the facility where the very successful boxing program is held. Commissioner Aguiar-Curry inquired about recycling options in Winters, to which the Executive Director indicated they were looking into this issue.

Adjournment

Adjourned this meeting of the Yolo County Housing at 3:21 p.m.

Helen Thomson
Helen Thomson, Chair
Yolo County Housing

Julie Dachtler
Julie Dachtler, Clerk of the Board

Yolo County Housing
Yolo County, California

To: Co. Counsel ✓
Yolo County Housing ✓

CONSENT CALENDAR

Excerpt of Minute Order No.12-17, Item No. 4.02, of the Yolo County Housing meeting of April 19, 2012.

MOTION: Pimentel. SECOND: Johannessen. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen. ABSENT: At-large representative.

4.01 Approved the minutes of March 15, 2012.

4.02 Approved and authorized the Executive Director to sign **Resolution No. 12-04** amending the YCH Conflict of Interest Code.

4.03 Received and filed correspondence from Breathe California of Sacramento-Emigrant Trails congratulating Lisa Baker on being selected to receive a 2012 Clean Air Award.

4.04 Received and filed correspondence from the U.S. Department of Housing and Urban Development regarding use of federal funds in lobbying.



Yolo County Housing

Lisa A. Baker, Executive Director

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

DATE: April 19, 2012
TO: YCH Housing Commission
FROM: Lisa A. Baker, Executive Director
PREPARED BY: Janis Holt, Resource Administrator
SUBJECT: Resolution Amending the YCH Conflict of Interest Code

RECOMMENDED ACTION

That the Board of Commissioners Review, Approve, and Adopt the Resolution Amending the YCH Conflict of Interest Code.

BACKGROUND / DISCUSSION

Under the Political Reform Act (the "Act"), Government Code Section 81000, *et seq.*, all public agencies are required to adopt a Conflict of Interest Code ("Code"). A Code designates positions required to file Statements of Economic Interests (Form 700), and assigns disclosure categories specifying the types of interests to be reported. The Form 700 is a public document intended to alert public officials and members of the public to the types of financial interests that may create conflicts of interests. The Act also requires every government agency to review its Code biennially to determine if it is accurate or, alternatively, that the code must be amended. However, under the Act, any amendments made to the Code will not be effective until they have been approved by the agency's code reviewing body, in YCH's case, that body is the Yolo County Board of Supervisors.

As required by the Act, the Board of Commissioners adopted a Conflict of Interest Code for Yolo County Housing on March 11, 2010 through Resolution No. 10-03. Yolo County Housing has made changes to its governance structure that requires that modifications be made to the list of designated positions and disclosure categories of the Code. The attached Resolution will update Appendix A of the Code to reflect those changes, but the Code will not be effective until it has been approved by the Yolo County Board of Supervisors.

FISCAL IMPACT

There could be financial impact for non-reporting of Form 700 Statement of Economic Interests by designated employees of up to \$10 per day past the filing deadline up to a maximum of \$100.

CONCLUSION

Staff recommends that the Board Adopt the Resolution Amending the YCH Conflict of Interest Code.

Attachment: Resolution

YOLO COUNTY HOUSING

RESOLUTION NO. 12- 04

(Resolution Approving Amendments to the Conflict of Interest Code)

WHEREAS, the Political Reform Act, Government Code Section 81000 et seq., requires that conforming amendments be made to conflict of interest codes adopted and promulgated pursuant to its provisions; and

WHEREAS, the Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regulations Section 18730, which contains the terms of a model conflict of interest code that can be incorporated by reference, and which the Fair Political Practices Commission periodically amends to conform to amendments to the Political Reform Act; and

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Yolo ("Yolo County Housing") previously adopted Resolution No. 10-03 incorporating the Fair Political Practices Commission's model conflict of interest code; and

WHEREAS, the Yolo County Housing is required to review its Conflicts of Interest Code on a periodic basis as required by the Political Reform Act; and

WHEREAS, this Commission now desires to restate the provisions of Yolo County Housing's Conflict of Interest Code, particularly to make changes necessitated by changed circumstances such as the creation or abolition of positions and reassignment of duties.

NOW, THEREFORE, BE IT RESOLVED by the Housing Commission of the Housing Authority of the County of Yolo as follows:

1. Yolo County Housing adopts and incorporates by reference the provisions of Section 18730 of Title 2 of the California Code of Regulations and any amendments to it duly adopted by the Fair Political Practices Commission.
2. The standard conflict of interest code, together with the Appendix of Designated Positions (Appendix A) and the Appendix of Disclosure Categories (Appendix B) shall constitute the conflict of interest code of Yolo County Housing.
3. Persons holding designated positions shall file statements of economic interests with the Resource Administrator of Yolo County Housing. Upon receipt of statements of economic interests from Governing Board members, Housing Commission members, and the Executive Director, the Resource Administrator shall cause a copy to be made and retained and shall forward the originals to the Yolo County Clerk-Recorder. Upon receipt of statements of economic interest from all other designated employees, the

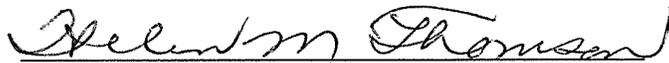
Resource Administrator shall file and retain such statements at the Yolo County Housing Administration Office.

4. Yolo County Housing's Conflict of Interest, including amendments made thereto, shall become effective upon the date of approval by the Yolo County Board of Supervisors, the code reviewing body.

5. All previously adopted resolutions establishing a conflict of interest code for Yolo County Housing are hereby rescinded.

PASSED AND ADOPTED, by the Housing Commission of the Housing Authority of the County of Yolo, State of California, this 19th day of April, 2012 by the following vote:

AYES: **Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen.**
NOES: **None.**
ABSENT: **None.**
ABSTAIN: **None.**



Helen M. Thomson, Chair
Housing Commission of the
Housing Authority of the County of Yolo

Approved as to Form:

By 

Sonia Cortés, Agency Counsel

Attest:
Julie Dachtler, Clerk
Board of Commissioners of the
Housing Authority of the County of Yolo

By 



**APPENDIX A
DESIGNATED POSITIONS/EMPLOYEES
CONFLICT OF INTEREST CODE
YOLO COUNTY HOUSING**

The positions listed below constitute the list of designated positions required by Yolo County Housing’s Conflict of Interest Code (2 Cal. Code of Regulations Section 18730). The individual occupying each position is deemed to make, or participate in the making of, decisions which may foreseeably have a material effect on a financial interest of that individual. The individuals occupying the designated positions shall disclose their economic interests in accordance with the corresponding disclosure categories, defined in Appendix B (Disclosure Categories).

<u>DESIGNATED POSITIONS/EMPLOYEES CATEGORIES</u>	<u>DISCLOSURE</u>
Member, Board of Governors	1
Member, Housing Commission	1
Executive Director	1
Director of Finance	1
Director of Operations	1
Facilities Administrator	1
Resource Administrator	1
Information Technology Manager	1
Agricultural Programs Supervisor	2
Real Estate Services Programs Supervisor	2
Housing Assistance Programs Supervisor	2

The Resource Administrator shall furnish to each Designated Employee upon his/her appointment, annually and upon termination, a Form 700 – Statement of Economic Interest. The Form is to be returned to the Resource Administrator.

APPENDIX B
DISCLOSURE CATEGORIES FOR DESIGNATED POSITIONS
CONFLICT OF INTEREST CODE
YOLO COUNTY HOUSING

CATEGORY 1: Broad Responsibilities. Full Disclosure

Persons in this category shall disclose all applicable investments, business positions, and sources of income, including gifts, loans and travel payments. Persons in this category shall further disclose applicable interests in real property located in the County of Yolo.

CATEGORY 2: Purchasing Responsibilities

Persons in this category shall disclose all applicable investments, business positions, and income, including loans and gifts, from sources which provide services, supplies, materials, machinery, or equipment of the type used by Yolo County Housing.

CATEGORY 3 - Consultants

Consultants shall disclose pursuant to Category 1 subject to the following limitation:

The Executive Director and/or the Director of Finance of Yolo County Housing may determine in writing that a particular consultant, although a “designated position”, is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. Such determination shall be a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

Yolo County Housing
Yolo County, California

To: Co. Counsel ✓
Yolo County Housing ✓

CONSENT CALENDAR

Excerpt of Minute Order No.12-17, Item No. 4.03, of the Yolo County Housing meeting of April 19, 2012.

MOTION: Pimentel. SECOND: Johannessen. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen. ABSENT: At-large representative.

4.01 Approved the minutes of March 15, 2012.

4.02 Approved and authorized the Executive Director to sign **Resolution No. 12-04** amending the YCH Conflict of Interest Code.

4.03 Received and filed correspondence from Breathe California of Sacramento-Emigrant Trails congratulating Lisa Baker on being selected to receive a 2012 Clean Air Award.

4.04 Received and filed correspondence from the U.S. Department of Housing and Urban Development regarding use of federal funds in lobbying.



Yolo County Housing

Lisa A. Baker, Executive Director

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

DATE: April 19, 2012
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
SUBJECT: Receive And File Correspondence From Breathe California of Sacramento-Emigrant Trails Congratulating Lisa Baker on being Selected to Receive a 2012 Clean Air Award

RECOMMENDED ACTIONS:

That the Board of Commissioners:

1. Receive and file the correspondence

BACKGROUND / DISCUSSION

The YCH has received correspondence from Breathe California notifying it that Director Baker has been selected to receive Leadership award for "initiative, leadership and outstanding contributions to clean air in the Sacramento region."

FISCAL IMPACT

None

CONCLUSION

Receive and file the correspondence

Attachment: Letter from Breathe California of Sacramento-Emigrant Trails

909 12th Street
Sacramento, CA 95814
Phone: (916) 444-5900
Fax: (916) 444-6661
staff@sacbreathe.org

www.sacbreathe.org
www.SceneSmoking.org
www.sacSTAND.org

Board of Directors
2011 - 2012

Sue Schooley,
President
Ralph Propper,
President-Elect
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Diana Proctor,
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President

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Ken Hough
Michelle Kessel-Harbart
Diana Parker
Ashley Rice
Rita Ruecker
Arif Seyal, MD
Jean Shaw
Sue Teranishi
Earl Withycombe

Kori Titus, CEO

*Breathe California of
Sacramento-Emigrant
Trails is dedicated
to healthy air and
preventing lung and other
air-pollution related
diseases by partnering
with youth, advocating
public policy, supporting
air pollution research,
and educating
the public.*



March 15, 2012

Ms. Lisa Baker
Yolo County Housing
147 W. Main Street
Woodland, CA 95695

Dear Ms. Baker,

On behalf of Breathe California of Sacramento-Emigrant Trails, congratulations to you for being selected to receive a 2012 Clean Air Award! Nominations were submitted by Janis Holt and Judy Moores.

A Blue Ribbon Panel of community leaders selected you as a recipient in the Leadership Category for initiative, leadership and outstanding contributions to clean air in the Sacramento region.

Breathe California will be hosting its 36th Annual Clean Air Awards Luncheon to honor our 2012 Clean Air Champions on Friday, May 18th. As an award recipient you will receive two complimentary tickets to attend the luncheon as guests of Breathe California.

Each year a professional video is produced which is played at the luncheon to showcase each award recipient's accomplishments. Kendall Concepts will be working with you to film some b-roll footage for the video.

A flyer announcing the luncheon will be sent to you soon. Please note that tables of ten can be reserved if you wish to sponsor a table to invite others to share this special day with you. If you have any questions, please feel free to contact Judy Bruguier at (916) 444-5900 ext 209 or judyb@sacbreathe.org. She will be happy to answer any questions you have. For more information about the Clean Air Awards Luncheon, please visit www.sacbreathe.org.

Again, congratulations on being selected as a Clean Air Champion. We look forward to seeing you on May 18th.

Sincerely,

Kori Titus
CEO

Diana Parker
Member, Board of Directors
Chair, Clean Air Awards Luncheon

Cc: Janis Holt
Judy Moores



2012 Clean Air Champions

Innovative Strategy Award

- **UC Davis West Village**
- **Harv's Car Wash**

Leadership Award

- **Lisa Baker**
- **Sacramento Tree Foundation**

Sustainability Award

- **County of Sacramento**
- **Yocha Dehe Wintun Nation**

Yolo County Housing
Yolo County, California

To: Co. Counsel ✓
Yolo County Housing ✓

CONSENT CALENDAR

Excerpt of Minute Order No.12-17, Item No. 4.04, of the Yolo County Housing meeting of April 19, 2012.

MOTION: Pimentel. SECOND: Johannessen. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen. ABSENT: At-large representative.

4.01 Approved the minutes of March 15, 2012.

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4.04 Received and filed correspondence from the U.S. Department of Housing and Urban Development regarding use of federal funds in lobbying.



Yolo County Housing

Lisa A. Baker, Executive Director

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

DATE: April 19, 2012
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
SUBJECT: Receive And File Correspondence From The U.S. Department Of Housing And Urban Development (HUD) to the Board Chair

RECOMMENDED ACTIONS:

That the Board of Commissioners:

1. Receive and file the correspondence

BACKGROUND / DISCUSSION

The YCH has received correspondence from HUD on the following matter:

- A reminder regarding federal regulations and statutes (Hatch Act) pertaining to use of federal funds for lobbying.
 - YCH does not retain a lobbyist and does not use federal funds for lobbying purposes. Public Housing Authorities are, however, allowed to engage in educational advocacy.

FISCAL IMPACT

None

CONCLUSION

Receive and file the correspondence

Attachment: Letter from HUD



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

FEB 24 2012

Dear PHA Director/Board Chair:

As you may be aware, we have recently been asked about the expenditure of funds by public housing authorities (PHAs) for lobbying of Congress and the Department of Housing and Urban Development (HUD). Under federal law and regulation, of course, no federal funds may be used for such lobbying by PHAs or any recipients of federal funds, and such lobbying is permissible only if non-federal funds are used and if accurate disclosure forms are filed under 31 U.S.C. 1352. As with all recipients of federal funds, PHAs are responsible for complying with these requirements.

If you have any questions or would like any further information, please contact your local PIH field office. Thank you again for the important work done by PHAs and their employees across the country.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald J. Lavoy".

Donald J. Lavoy
Deputy Assistant Secretary
Office of Field Operations
Office of Public and Indian Housing

Yolo County Housing
Yolo County, California

Meeting Date: April 19, 2012

To: County Counsel ✓
Yolo County Housing ✓

Agenda Item No. 5.01
2010-11 Audit

Minute Order No. 12-18: Approved and accepted the fiscal year 2010-2011 Audit for Yolo County Housing.

MOTION: Eisenstat. SECOND: Pimentel. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen. ABSENT: At-large representative.



Yolo County Housing

Lisa A. Baker, Executive Director

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

DATE: April 19, 2012
TO: YCH Housing Commission
FROM: Lisa A. Baker, Executive Director
BY: Mark Stern, Finance Director
SUBJECT: **Review, Approve and Accept the FY 2010-2011 Audit for Yolo County Housing**

RECOMMENDED ACTIONS:

That the Board of Commissioners review, approve and accept the FY 2010-2011 Yolo County Housing audit.

BACKGROUND / DISCUSSION

Staff presents the audit report from our independent Certified Public Accounting firm for the fiscal year ended June 30, 2011. The auditors have issued an unqualified opinion on the financial statements and a qualified opinion on compliance with requirements applicable to each major program and on internal control over compliance with Circular OMB A-133.

There are a total of four (4) findings included in the audit report, three of which are continuation findings from prior years. As stated in prior reports to the Board, YCH has made significant progress in improving financial viability of the organization – coming from breaking the 2005-2006 audit and reclassifying expenditures, to receiving a “going concern” finding by the auditors after HUD’s evaluation of YCH as a “non-viable entity” in 2006-2007. At one point, HUD held open the 2007 audit until May 2011 due to the severity of issues incurred during the prior administration.

During the last five years the agency has made significant procedural improvements to eliminate or reduce the severity of identified audit findings. As a result, YCH has become a HUD High Performing Agency in both Public Housing and Housing Vouchers and was named PHA of the Year for 2010 by HUD’s San Francisco Regional Office.

The four (4) findings in the 2010-2011 audit are as follows:

2011-1 Segregation of Duties - This issue continues to be a finding primarily because of agency size and limitations on revenue. Several procedures have been implemented since this finding was first noted several years ago, but without having more staff to share duties, best practice segregation cannot be accomplished. Research into third party rent collection services conducted after last year’s audit found the cost to be excessive for the number of units YCH owns and manages. After the 2010-2011 audit period, an additional segregation procedure was implemented that should help resolve this longstanding issue. On-site housing staff are no longer permitted to enter deposits into the accounts receivable system. Copies of every deposit along with receipts

Working together to provide quality affordable housing and community development services for all

issued and money order or checks received are submitted to the finance department for entry into the system. In addition, the Finance Department now issues quarterly statements to residents showing current status and amounts owing, if any, so that residents have a better understanding of, and control over, their individual status.

2011-2 Public Housing Tenant Files - Documents missing from tenant files are a continuation of 2008-2009 and 2009-2010 findings. Housing Management staff has committed to standardizing files to facilitate locating specific documents. All missing documents identified in the audit have been located and placed in the files. New procedures have been implemented to ensure that all required documents are included in all files. A new Housing Specialist has been hired to consolidate the application process through one staff member who has been specifically trained in this process.

2011-3 Intercompany Accounts Review – This is a continuation finding which is far less severe than it was in 2009-2010. The previous finding related to the Housing Choice Voucher (HCV) program has been completely eliminated and the finding related to Low Rent Public Housing (LRPH) is less than half of what it was last year. This is a longstanding issue that dates back to 2006 and before. A software specialist was brought in from TenMast after the 2009-2010 audit to help identify problems in the initial setup of the accounting software. Staff continues to research the sources of past questionable transactions that appear in the general ledger in order to correct them. Current procedures have been implemented to assure that no funds are inappropriately transferred among the various YCH programs.

2011-4 Capital Fund Cluster – This is a new finding of one isolated instance of claiming Capital Funds from HUD and making payment to the vendor more than three days after receipt of those funds. The item in question represented \$1,355 out of a \$107,683 claim. Payment was made to the vendor within two weeks of receipt. During the course of the year, YCH submitted Capital Fund Vouchers for over \$1,000,000 with no other instances of delayed payment to the vendor.

The online submission of the audit to the federal clearinghouse was submitted prior to the federal March 31, 2011 due date.

The audit report is on record at the Clerk of the Board. Interested persons can review the report at either the Clerk of the Board at 625 Court Street, or at the office of the YCH at 147 W. Main Street, Woodland, CA during normal business hours.

Staff wishes to thank the auditors, Reznick Group, P.C., for its conscientious approach during the audit process.

FISCAL IMPACT

Agency-wide YCH had net income of \$1,346,867. The primary components of the gain were:

- HCV Voucher Funding exceeds payments by \$138,142. This gain is restricted for use in the HCV Voucher program.
- HCV Administrative Funding exceeds expenses by \$108,947. This gain is restricted for use within the HCV program.

- Low Rent Public Housing had net income of \$625,147. This primarily resulted from Capital Fund Income for Capitalized Building Improvements classified as depreciable assets. The income is restricted for use within the LRPB Program.
- COCC recorded net income of \$405,781. The primary source of this unrestricted income was the dissolution of California Housing Authority Risk Management Association (CHARMA) which was the YCH property and liability insurance company for many years. The funds received from this dissolution were distributed to YCH programs to be used for Other Post Employment Benefits (OPEB) expenses incurred during the 2010-2011 year. The balance is held as the YCH Development Fund for use in agency expansion.

CONCLUSION:

Staff recommends that the Board receive and approve the audit as submitted.

Attachment: Audit Report on file with the Clerk of the Board.



FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

YOLO COUNTY HOUSING

JUNE 30, 2011

Yolo County Housing

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To the Housing Commission
Yolo County Housing

We have audited the accompanying basic financial statements of Yolo County Housing, formally known as the Housing Authority of the County of Yolo as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Yolo County Housing'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 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 Yolo Counting Housing as of June 30, 2011, and the results of its operations and cash flows 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 March 21, 2012 on our consideration of Yolo County Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 to 17 is not a required part of the basic financial statements, but is supplemental information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on pages 54 through 68, including the financial data schedule required by the U.S. Department of Housing and Urban Development, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Yolo County Housing. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Reznick Group, P.C.

Sacramento, California
March 21, 2012

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2011

As management of the Housing Authority of the County of Yolo (YCH), we offer readers of YCH's financial statements this narrative overview and analysis of the financial activities of YCH for the year ended June 30, 2011. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with YCH's financial statements beginning on page 18.

This discussion and analysis is intended to serve as an introduction to the basic financial statements for YCH. The MD&A is designed to:

- Assist the reader to focus on significant financial issues;
- Provide an overview of YCH's financial activity;
- Identify changes in YCH's financial position (i.e. its ability to address the next and subsequent years' challenges); and
- Identify individual fund issues or concerns.

OVERVIEW OF THE FINANCIAL STATEMENTS

YCH's financial statements are designed to provide readers with a broad overview of YCH's finances in a manner similar to a private sector business. YCH employs, exclusively, Enterprise Funds which utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector. All Enterprise Funds and business-type activities are consolidated into a total for the agency taken as a whole.

YCH's financial statements include a Statement of Net Assets (similar to a balance sheet), a Statement of Activities (similar to an Income Statement), a Statement of Cash Flows, the Notes to financial statements, and certain supplemental information.

Certain funds administered by YCH are programs provided by the U.S. Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control. A summary of YCH funds is presented below:

Low Rent Public Housing

Under the Low Rent Public Housing (LRPH) program, YCH rents units that it owns to low or very low income households. The LRPH Program is operated under an Annual Contributions Contract (ACC) with HUD. Public Housing Agencies are limited by law in the amount of rent

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

collected to no more than thirty percent (30%) of a family's adjusted income, or the resident may choose what is known as "flat rent." The latter is a set rental amount comparable to local market rents. The rental amount does not increase or decrease over a three-year period; no matter the resident's actual income. Flat rents are designed to encourage residents to maximize their earnings in the hope that they may eventually purchase their own homes.

HUD, through the ACC, provides an operating subsidy to cover the gap between rents collected and annual operating expenses.

The ACC provides a Capital Fund Program designed to enable YCH to make capital improvements to its properties and otherwise provide long term assets for the benefit of tenants and the administration. The 2011 Capital Fund Grant was reduced by 10% from 2010 and the grant for 2012 has been reduced by another 10%. These reductions along with the expiration of the ARRA Grant funding will result in fewer improvements to our housing inventory.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program (formerly known as Section 8 tenant-based assistance), YCH administers contracts with independent landlords that own rental property. YCH subsidizes the families' rents through a housing Assistance Payment (HAP) payable to the landlord. The program is administered under an ACC with HUD that provides annual funding to enable YCH to structure a lease that generally sets the participant's rent between thirty percent (30%) and forty percent (40%) of household income and pays YCH a fixed monthly administrative fee for each unit under lease on the first of every month.

Vouchers can also be applied toward the purchase of a home by tenants. YCH will use HUD's HAP funds to subsidize the participant's home loan for fifteen years unless the participant is disabled or elderly in which case there is no time limit on the use of HAP funds to subsidize the loan.

New Hope Community Development Corporation (Component Unit)

New Hope Community Development Corporation (NHCDC) is a 501(c)(3) non-profit corporation created to develop affordable housing and community based economic development ventures. Its primary business activities during the year ended June 30, 2011 was the operation of Cottonwood Meadows Senior Apartments.

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

Office of Migrant Services, Migrant Farm Labor Program (Other State/Local)

YCH manages Migrant Centers in Davis, Madison and Dixon, California. Pursuant to contracts with the State of California Department of Housing and Community Development, Office of Migrant Services, YCH remits rents collected from tenants to the State Office of Migrant Services, which in turn reimburses YCH for its costs of operating the Migrant Centers. The Dixon Migrant Center is managed by YCH on behalf of the Dixon Housing Authority of Solano County.

Other Funds

- Business Activities - used to administer various non-government subsidized programs.
- Davis Solar Rural Rental Assistance (Other State/Local).
- Public Housing Capital Fund Program.

REQUIRED FINANCIAL STATEMENTS

The financial statements of YCH offer both short-term and long term financial information about YCH activities and include:

- The **Statement of Net Assets** which is similar to a balance sheet. The Statement of Net Assets reports all of YCH assets and liabilities for the year ended June 30, 2011 and provides information about the nature and amounts of investments in resources (assets) and the obligations to YCH's creditors (liabilities). It also provides the basis for evaluating the capital structure of YCH and assessing the liquidity and financial flexibility of YCH. The statement is presented in a format in which assets minus liabilities equals "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "current" (convertible to cash within one year), and "non-current".
- The **Statement of Activities** accounts for all of YCH's revenue and expenses for the year ended June 30, 2011. The statement reflects the results of YCH's operations over the year and can be used to determine YCH's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

- The **Statement of Cash Flows** provides information about YCH's cash receipts and cash payments during the year ended June 30, 2011. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, and noncapital financing and investing activities. The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting period covered.
- The accompanying **Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.
- In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This supplementary information section contains the Combining Schedules of Net Assets; Combining Schedules of Revenues Expenses and change in Net assets and Cash Flows along with the Financial Data Schedule (FDS) report electronically submitted to HUD.

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

FINANCIAL ANALYSIS OF YCH AS A WHOLE

The following analysis focuses on YCH's net assets and revenues, expenses and changes in fund net assets during the years ended June 30, 2011 and 2010.

NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>Net Change</u>	<u>%</u>
ASSETS				
Current assets	\$ 3,741,623	\$ 2,778,546	\$ 963,077	35%
Restricted assets	3,043,266	1,916,766	1,126,500	59%
Capital assets, net	18,036,330	17,792,425	243,905	1%
Other non-current assets	41,541	43,672	(2,131)	-5%
	<u>\$ 24,862,760</u>	<u>\$ 22,531,409</u>	<u>\$ 2,331,351</u>	<u>10%</u>
LIABILITIES				
Current liabilities	\$ 2,532,980	\$ 1,628,656	\$ 904,324	56%
Payable from restricted cash	198,256	188,870	9,386	
Non-current liabilities	4,811,556	4,740,785	70,771	1%
	<u>\$ 7,542,792</u>	<u>\$ 6,558,311</u>	<u>\$ 984,481</u>	<u>15%</u>
NET ASSETS				
Invested in capital assets, net of debt	\$ 14,447,149	\$ 14,021,527	\$ 425,622	3%
Restricted	2,746,850	1,561,930	1,184,920	76%
Unrestricted	125,969	389,641	(263,672)	-68%
	<u>\$ 17,319,968</u>	<u>\$ 15,973,098</u>	<u>\$ 1,346,870</u>	<u>8%</u>

The assets of YCH exceed its liabilities as of June 30, 2011 by \$17,319,968. Compared to 2010, this is an 8% increase which resulted from the following unusual items and normal operations:

- During the fiscal year ended June 30, 2011, YCH's assets increased by \$2,331,351(10%).
 - Restricted Cash increased due to:
 1. A USDA Rural Development Grant of \$1,000,000 was received just prior to the year end. Only a small portion of those funds had been spent on their restricted use by the end of the fiscal year.
 2. HAP Voucher and Administrative funding exceeded HAP expenses for the

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

year by \$244,000. HAP net income is restricted for use within the HAP program.

3. The LRPB programs generated positive cash flow. LRPB net income is restricted for use within the LRPB program.

- Current Assets increased primarily by \$963,077 or 35%.
- Construction increased capital assets by \$1,143,000 but the change was only \$244,000 net of depreciation.
- 1% change in Capital Assets over powers the 3% and 105% changes in Current Assets and Restricted Assets thereby reducing the overall percentage increase in Total Assets.
- YCH's total liabilities increased by \$984,481 (15%) in the year ended June 30, 2011.
 - Accounts payable increased by \$90,000 for contractor payments related to the ARRA construction projects.
 - Deferred Revenue increased by \$935,000 for grants received from Davis.
 - Other Post Employment Benefits (OPEB) liability increased by \$293,000 in accordance with the requirements of GASB 45.
 - Notes payable decreased by nearly \$290,000 as a result of normal monthly payments.

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

CHANGES IN NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>Net Change</u>	<u>%</u>
Operating revenues				
Operating revenues - tenants	\$ 2,078,516	\$ 2,133,584	\$ (55,068)	-3%
HUD HCV Grants	10,614,743	10,309,399	305,344	3%
HUD Operating and Capital Grants	2,650,537	3,117,423	(466,886)	-15%
Other government grants	1,753,498	1,731,663	21,835	1%
Other revenue	867,818	174,164	693,654	398%
Total operating revenues	<u>17,965,112</u>	<u>17,466,233</u>	<u>498,879</u>	<u>3%</u>
Operating expenses				
Administration	2,368,377	2,198,736	169,641	8%
Tenant services	74,994	78,692	(3,698)	-5%
Utilities	838,443	838,489	(46)	0%
Ordinary maintenance and operations	1,965,018	1,868,977	96,041	5%
General expenses	781,537	698,240	83,297	12%
Housing assistance payments	9,412,563	8,928,887	483,676	5%
Depreciation expense	899,530	793,808	105,722	13%
Total operating expenses	<u>16,340,462</u>	<u>15,405,829</u>	<u>934,633</u>	<u>6%</u>
Non-operating revenue (expenses)				
Investment income - restricted cash	9,150	7,555	1,595	21%
Interest income	8,349	7,640	709	9%
Interest expense	(293,148)	(370,778)	77,630	-21%
Gain (loss) on disposition of fixed assets	-	4,641	(4,641)	-100%
Amortization of loan costs	(2,131)	(3,606)	1,475	-41%
Net non-operating revenue (expenses)	<u>(277,780)</u>	<u>(354,548)</u>	<u>76,768</u>	<u>-22%</u>
Changes in net assets	<u>1,346,870</u>	<u>1,705,856</u>	<u>(358,986)</u>	<u>-21%</u>
Beginning net assets	<u>15,973,098</u>	<u>14,267,242</u>	<u>1,705,856</u>	<u>12%</u>
Ending net assets	<u>\$ 17,319,968</u>	<u>\$ 15,973,098</u>	<u>\$ 1,346,870</u>	<u>8%</u>

Total operating revenues increased by \$419,000 (2%) over 2010.

- HUD LRPH Operating Grants decreased by \$81,000;
- HUD HCV HAP Funding increased by \$335,000;
- HUD HCV Operations Funding decreased by \$30,000;

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

- HUD Capital Fund earnings increased by \$130,000;
- During the fiscal year, YCH received \$629,000 from the dissolution of the California Housing Authority Risk Management Agency; and
- Rental Income decreased by \$93,000 primarily as a result of lower tenant incomes.

Operating expenses during the year ended June 30, 2011 decreased by \$230,839 (1% in overall).

- HCV HAP Voucher Cost increased by nearly \$483,000.

The combination of increased revenue from Housing Choice Vouchers, Capital Fund, and the dissolution of the California Housing Authority Risk Management Agency, net of the increased expenditures for Housing Choice Vouchers resulted in a net income of \$1,346,870.

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

CASH FLOWS

	<u>2011</u>	<u>2010</u>	<u>Net Change</u>	<u>%</u>
Cash flows from operating activities:				
Tenant receipts	\$ 3,023,845	\$ 2,118,634	\$ 905,211	43%
Other receipts	860,098	175,328	684,770	391%
Operating and administrative expenditures	(5,916,408)	(5,480,772)	(435,636)	8%
Housing assistance payments	(9,412,563)	(8,928,887)	(483,676)	5%
Net cash used in operating activities	<u>(11,445,028)</u>	<u>(12,115,697)</u>	<u>670,669</u>	<u>-6%</u>
Cash flows from noncapital financing activities:				
Operating grants received	<u>14,330,780</u>	<u>13,127,873</u>	<u>1,202,907</u>	<u>9%</u>
Net cash provided by noncapital financing activities	<u>14,330,780</u>	<u>13,127,873</u>	<u>1,202,907</u>	<u>9%</u>
Cash flows from capital financing activities:				
Grants to acquire capital assets	1,081,092	1,723,236	(642,144)	-37%
Acquisition of capital assets	(1,143,435)	(1,051,626)	(91,809)	9%
Proceeds from disposal of fixed assets	2,400	4,801	(2,401)	-
Financing costs paid	-	(4,800)	4,800	-
Principal paid on debt	(184,996)	(720,014)	535,018	-74%
Interest paid on debt	(289,869)	(375,532)	85,663	-23%
Net cash (used in investing activities)	<u>(534,808)</u>	<u>(423,935)</u>	<u>(110,873)</u>	<u>26%</u>
Cash flows from investing activities:				
Interest income - restricted cash	9,150	7,555	1,595	21%
Interest income	8,349	7,640	709	9%
Net cash provided by investing activities	<u>17,499</u>	<u>15,195</u>	<u>2,304</u>	<u>15%</u>
Net increase (decrease) in cash	2,368,443	603,436	1,765,007	292%
Cash, beginning of year	<u>3,497,952</u>	<u>2,894,516</u>	<u>603,436</u>	<u>21%</u>
Cash, end of year	<u>\$ 5,866,395</u>	<u>\$ 3,497,952</u>	<u>\$ 2,368,443</u>	<u>68%</u>
Cash and cash equivalents	\$ 2,823,129	\$ 1,581,186	\$ 1,241,943	79%
Restricted cash and cash equivalents	<u>3,043,266</u>	<u>1,916,766</u>	<u>1,126,500</u>	<u>59%</u>
Total cash, end of year	<u>\$ 5,866,395</u>	<u>\$ 3,497,952</u>	<u>\$ 2,368,443</u>	<u>68%</u>

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

COMPARISON OF ACTUAL TO BUDGET FOR THE YEAR ENDED JUNE 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Net Change</u>	<u>%</u>
Operating Revenue:				
Tenant	\$ 2,078,516	\$ 2,169,068	\$ (90,552)	-4%
Interfund fees	1,194,683	2,053,659	(858,976)	-42%
HUD HCV Grants	10,614,743	10,312,275	302,468	3%
HUD Operating and Capital Grants	2,650,537	1,955,626	694,911	36%
Other Government Grants	1,753,498	1,775,813	(22,315)	-1%
Other income	867,818	467,549	400,269	86%
Total operating revenue	<u>19,159,795</u>	<u>18,733,990</u>	<u>425,805</u>	<u>2%</u>
Operating Expenses:				
Administration	3,563,060	3,573,126	(10,066)	0%
Tenant services	74,994	131,257	(56,263)	-43%
Utilities	838,443	936,808	(98,365)	-11%
Ordinary maintenance and operations	1,965,018	2,406,313	(441,295)	-18%
General expenses	781,537	596,057	185,480	31%
Housing assistance payments	9,412,563	9,415,350	(2,787)	0%
Depreciation expense	899,530	900,000	(470)	0%
Total operating expenses	<u>17,535,145</u>	<u>17,958,911</u>	<u>(423,766)</u>	<u>-2%</u>
Non-Operating Revenue (Expenses):				
Interest income - restricted	9,150	5,875	3,275	56%
Interest income - unrestricted	8,349	6,875	1,474	21%
Interest expense	(293,148)	(176,661)	(116,487)	66%
Amortization of loan costs	(2,131)	(2,150)	19	-1%
Net non-operating revenue (expenses)	<u>(277,780)</u>	<u>(166,061)</u>	<u>(111,719)</u>	<u>67%</u>
Changes in net assets	<u>\$ 1,346,870</u>	<u>\$ 609,018</u>	<u>\$ 737,852</u>	<u>121%</u>

Significant variances from the original budget include:

- HUD LRPB Funding was \$54,000 more than budget.
- Other Income includes \$629,000 received from the dissolution of the California Housing Authority Management Risk Agency.
- HCV Admin Fees earned were \$66,000 more than budget.

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

HUD Funding levels are not known until well into the year. NAHRO makes estimates of funding levels available and HUD requires reports that calculate funding levels. Until the Federal Budget is passed and the final HUD allocation percentage is determined, agencies make an educated guess.

- General Expenses included Compensated Absences which were budgeted as Administrative or Maintenance Salaries. The compensated absences are a calculated separation required for data entered into FDS (HUD's Financial Data Schedule).
- Tenant Services included a full time Coordinator however the position was vacant for a portion of the year and when filled it was only a 60% position.

SUMMARY OF FIXED ASSETS

	<u>Balance, 6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance, 6/30/2011</u>
Capital Assets:					
Land	\$ 3,921,298	\$ -	\$ -	\$ -	\$ 3,921,298
Construction in progress	824,263	56,252	-	(681,564)	198,951
Building and improvements	31,186,141	1,019,073	-	681,564	32,886,778
Furniture, equipment and vehicles	<u>647,637</u>	<u>68,110</u>	<u>-</u>	<u>-</u>	<u>715,747</u>
Total capital assets	36,579,339	1,143,435	-	-	37,722,774
Less accumulated depreciation	<u>(18,786,914)</u>	<u>(899,530)</u>	<u>-</u>	<u>-</u>	<u>(19,686,444)</u>
Total capital assets, net	<u>\$ 17,792,425</u>	<u>\$ 243,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,036,330</u>

The additions to Fixed Assets are comprised of:

- A major drainage project was completed at the West Sacramento AMP.
- Two new vehicles were purchased.

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

SUMMARY OF LONG-TERM DEBT

	<u>Balance, 6/30/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, 6/30/2011</u>
Low Rent Public Housing:				
Office building, mortgage 1	\$ 1,476,706	\$ -	\$ (109,500)	\$ 1,367,206
Office building, mortgage 3	160,000	-	(50,000)	110,000
Total low rent public housing	<u>1,636,706</u>	<u>-</u>	<u>(159,500)</u>	<u>1,477,206</u>
Cottonwood:				
HCD Note	368,800	-	-	368,800
Cottonwood Note	1,738,065	-	(22,078)	1,715,987
Total Cottonwood	<u>2,106,865</u>	<u>-</u>	<u>(22,078)</u>	<u>2,084,787</u>
Esparto Development:				
Esparto project - CDBG	25,028	-	(2,540)	22,488
Total Esparto development	<u>25,028</u>	<u>-</u>	<u>(2,540)</u>	<u>22,488</u>
Davis Solar Rural Rental Assistance USDA Note	1,485	-	(878)	607
Total long-term debt	<u>\$ 3,770,084</u>	<u>\$ -</u>	<u>\$ (184,996)</u>	<u>\$ 3,585,088</u>

- Office Building Mortgages #1 and # 3 principal balances were reduced through normal monthly payments.
- Cottonwood, Esparto CDBG and Davis Solar notes reductions came from normal payment activity.

Yolo County Housing

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2011

SIGNIFICANT ENVIRONMENTAL AND ECONOMIC FACTORS AFFECTING YCH

Significant environment and economic factors affecting YCH include:

- Federal funding from the Department of Housing and Urban Development (HUD)
- Funding from the State Office of Migrant Services (OMS)
- Local labor supply and demand which affect salary and wage rates
- Local inflation, recession and employment trends can affect resident income and therefore the amount of rental income.
- Local rental market and economy, which has a direct effect on the ability to find viable privately-owned rental properties that are available to our Housing Choice Voucher (HCV) program
- Rising costs in particular water, utilities and gasoline.

CONTACTING YCH

This financial report is designed to provide a general overview of YCH's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lisa A. Baker, Executive Director, Yolo County Housing, 147 W. Main Street, Woodland, California 95695.

Yolo County Housing
STATEMENT OF NET ASSETS

June 30, 2011

ASSETS

Current assets	
Cash and cash equivalents	\$ 2,823,129
Restricted cash and cash equivalents	3,043,266
Accounts receivable - tenant, net	15,664
Accounts receivable - other	92,533
Accounts receivable - funding source	519,031
Inventories, net	180,486
Prepaid items and other assets	<u>110,780</u>
Total current assets	<u>6,784,889</u>
Noncurrent assets	
Capital assets not being depreciated	4,120,249
Capital assets, net of accumulated depreciation	13,916,081
Loan cost, net of accumulated amortization	<u>41,541</u>
Total noncurrent assets	<u>18,077,871</u>
Total assets	<u>\$ 24,862,760</u>

(Continued)

Yolo County Housing

STATEMENT OF NET ASSETS - CONTINUED

June 30, 2011

LIABILITIES

Current liabilities	
Accounts payable - vendors	\$ 321,686
Accounts payable - funding source	652,550
Accrued compensated absences - current portion	39,776
Accrued interest payable	4,093
Notes payable - current portion	163,500
Deposits payable	198,256
Deferred revenue - current portion	1,217,789
Other current liabilities	<u>133,586</u>
Total current liabilities	<u>2,731,236</u>
Noncurrent liabilities	
Accrued compensated absences - net of current portion	119,315
Notes payable - net of current portion	3,421,588
Family self sufficiency escrows	3,502
Deferred revenue - net of current portion	46,520
Other post-employment benefits	889,362
Other liabilities	<u>331,269</u>
Total noncurrent liabilities	<u>4,811,556</u>
Total liabilities	<u>7,542,792</u>

NET ASSETS

Invested in capital assets, net of related debt	14,447,149
Restricted	2,746,850
Unrestricted	<u>125,969</u>
Total net assets	<u>\$ 17,319,968</u>

See notes to financial statements

Yolo County Housing
STATEMENT OF ACTIVITIES
Year ended June 30, 2011

OPERATING REVENUES	
Dwelling rental income	\$ 2,078,516
Other revenue	867,818
	<u>867,818</u>
Total operating revenues	<u>2,946,334</u>
OPERATING EXPENSES	
Administrative expenses	2,368,377
Tenant services	74,994
Maintenance	1,965,018
Utilities	838,443
General expenses	781,537
Housing assistance payments	9,412,563
Depreciation	899,530
Amortization	2,131
	<u>2,131</u>
Total operating expenses	<u>16,342,593</u>
Operating loss	<u>(13,396,259)</u>
NONOPERATING REVENUES (EXPENSES)	
Grant revenue	13,886,063
Interest income	17,499
Interest expense	(293,148)
	<u>(293,148)</u>
Total nonoperating revenues (expenses)	<u>13,610,414</u>
Change in net assets before capital grants and transfers	214,155
Capital grants	<u>1,132,715</u>
Change in net assets before transfers	<u>1,346,870</u>
Transfers in	1,857,314
Transfers out	<u>(1,857,314)</u>
Change in net assets	1,346,870
NET ASSETS	
Beginning of year	<u>15,973,098</u>
End of year	<u>\$ 17,319,968</u>

See notes to financial statements

Yolo County Housing
STATEMENT OF CASH FLOWS

Year ended June 30, 2011

Cash flows from operating activities	
Cash received from tenants	\$ 3,023,845
Other operating cash received	860,098
Cash payments for administration expenditures	(5,916,408)
Cash payments for housing assistance expenditures	<u>(9,412,563)</u>
Net cash used for operating activities	<u>(11,445,028)</u>
Cash flows from capital and related financing activities	
Principal paid on notes payable	(184,996)
Cash received from capital grants	1,081,092
Acquisition and construction of capital assets	(1,143,435)
Proceeds from disposal of capital assets	2,400
Interest paid	<u>(289,869)</u>
Net cash used for capital and related financing activities	<u>(534,808)</u>
Cash flows from noncapital financing activities	
Cash received from operating subsidy	839,454
Cash received from Housing Choice Voucher program	10,608,616
Cash received from capital grants	1,132,715
Cash received from grants - Migrant and RD programs	<u>1,749,995</u>
Net cash provided by noncapital financing activities	<u>14,330,780</u>
Cash flows from investing activities	
Interest income	<u>17,499</u>
Net cash provided by investing activities	<u>17,499</u>
Net increase in cash and cash equivalents	2,368,443
Cash and cash equivalents	
Beginning of year	<u>3,497,952</u>
End of year	<u>\$ 5,866,395</u>
Financial statement presentation	
Cash and cash equivalents	\$ 2,823,129
Restricted cash and cash equivalents	<u>3,043,266</u>
Total cash and cash equivalents	<u>\$ 5,866,395</u>

(continued)

Yolo County Housing

STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2011

Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (13,396,259)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization	901,661
Changes in operating assets and liabilities:	
Decrease (increase) in assets:	
Tenant accounts receivable	19,468
Other receivables	(89,793)
Inventories	(38,233)
Prepaid items and other assets	(8,070)
Increase (decrease) in liabilities:	
Accounts payable	(108,099)
Accounts payable - funding sources	49,384
Accrued compensated absences	22,206
Deposits payable	(9,677)
Deferred revenue	934,640
Other liabilities	(16,016)
Net cash used for operating activities	<u>\$ (11,445,028)</u>

See notes to financial statements

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - REPORTING ENTITY

Yolo County Housing formally known as the Housing Authority of the County of Yolo (YCH) was established pursuant to the State Health and Safety Code in 1950 by the Yolo County Board of Supervisors. YCH is a public entity organized under the laws of the State of California's Health and Safety Code to provide housing assistance to low and moderate income families at rents they can afford. Eligibility is determined by family composition and income in areas served by YCH. To accomplish this purpose, YCH has entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development (HUD) to operate assisted housing programs.

On June 20, 2006, the County's Board of Supervisors exercised its authority under Health and Safety Code section 34290, due to the resignation of the independent housing commission, and declared itself to be the commissioners of YCH for a temporary period. The County's Board of Supervisors has indicated that the Board is acting as the Commissioners of YCH for only a temporary time period. In accordance with Government Accounting Standards Board (GASB) Statement No. 14, footnote 3, YCH is considered to have retained its independent status and is not considered to be a component unit of the County. As of June 30, 2011, the governing body of YCH consists of the five members of the County Board of Supervisors plus two tenant Commissioners appointed by the Board.

YCH has one blended component unit. The blended component unit, although a legally separate entity, is in substance part of YCH operations. The component unit is known as the New Hope Community Development Corporation (NHCDC). NHCDC owns and operates a rental housing project under the State of California Rental Housing Community Development (RHCP).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements

The basic financial statements (i.e. the Statement of Net Assets, the Statement of Activities and the Statement of Cash Flows) include report information on all the enterprise activities of YCH and its blended component unit. These basic financial statements are presented in accordance with GASB standards.

YCH has entered into an agreement with the Housing Authority of the City of Dixon to administer its only program - a Migrant Center funded by the California Department of Housing and Community Development. This program owns no real property and carries no

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

long-term debt. YCH uses its staff and other resources to operate this program. The operations of this program are considered by management to be, in substance, part of YCH and as such are reported as part of YCH financial statements.

Description of Funds

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of its assets, liabilities, net assets, revenues, and expenses. The funds maintained by YCH allow compliance and financial accountability by separate functions and activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

YCH distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. Operating expenses include the cost of services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In accordance with GASB standards, YCH has elected to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, which are not inconsistent with GASB pronouncements. Subsequent to this date, YCH accounts for its funds as required by GASB.

Cash and Cash Equivalents

YCH's cash and cash equivalents are considered to be cash on hand and all highly-liquid instruments purchased with an original maturity of three months or less.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent reserves and security deposit accounts.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Accounts Receivable

Tenant accounts receivable are carried at the amount considered by management to be collectible, net of an allowance for doubtful accounts of \$15,000. Other accounts receivable are principally amounts due from HUD and California State agencies. The allowance for doubtful accounts has been provided based on the likelihood of the recovery.

Interfund Receivables and Payables

Interprogram due from/to have been eliminated in the financial statements as prescribed by GASB standards in regards to interfund activities, payables and receivables.

Inventories

Inventory is valued at the lower of cost or market on an average cost basis. Inventory consists of expendable maintenance supplies held for consumption. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as assets when purchased and expenses when used. The value of the maintenance supplies inventory as of June 30, 2011, is \$180,486, net of an allowance for obsolete inventory of \$6,949.

Capital Assets

Capital assets are stated at cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. The capitalization threshold for all capital assets is \$5,000.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful life of the assets is as follows:

	<u>Years</u>
Buildings	40
Building improvements	15
Furniture and fixtures	7
Vehicles	5

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Property acquired with HUD funds is considered to be owned by YCH while used in the program for which it was purchased. However, HUD may have a reversionary interest in the property and ownership of any proceeds from disposition thereof.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Impairment of Capital Assets

YCH 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, 2011, there has been no impairment of the capital assets.

Loan Costs and Amortization

Loan costs are recorded at cost at the date of acquisition. Loan costs in the amount of \$61,527 are being amortized over the term of the loan using the effective yield method. As of June 30, 2011 accumulated amortization was \$19,986. Estimated annual amortization for each of the next five years is \$2,131 per year.

Accrued Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Permanent employees are entitled to receive compensation at their current base salary for all unused annual leave upon termination or retirement.

It is YCH's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since YCH does not have a policy to pay any amounts when employees separate from service with YCH. All vacation pay is accrued when incurred. Total liability for YCH is \$159,091 based on year-end hourly rates. Of this amount, \$39,776 is considered by YCH to be a current liability.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

In providing direction for conversion to the GAAP basis of accounting, HUD's Accounting Brief No. 6 discusses the conflicting direction given in HUD grant handbooks, which are not considered GAAP, and the cost principles of GAAP. In its final analysis, HUD opines that "Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under federal awards, including but not necessarily limited to wages, salaries, and fringe benefits." Since federal awards extend for a limited time period, and accrued benefits may not be paid out during the term of the award, the above analysis can be reasonably interpreted to mean that costs may be drawn down at the close of the award period to fund unpaid compensated absences.

Notes Payable and Interest Payable

Notes payable consists of notes from banks and other California state agencies. Interest on these notes is accrued at year end.

Deferred Revenue

Deferred revenue includes rents received in advance from tenants, and grant funds received from other governmental agencies, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The rents from tenants will be recognized as revenue when earned and the grant funds will be recognized as revenue when the qualifying costs are incurred and the possibility of not meeting the conditions are remote.

Net Assets

In the statement of net assets, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements and the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

Income Taxes

YCH is exempt from federal and state income taxes. YCH is also exempt from property taxes but normally and historically made payments in lieu of taxes on owned housing.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2011 consisted of the following:

Deposits	\$ 2,822,894
Petty cash	<u>235</u>
Total cash and investments	2,823,129
Restricted cash and cash equivalents	<u>3,043,266</u>
Total	<u><u>\$ 5,866,395</u></u>

Deposits

The carrying amounts of YCH's cash deposits were \$2,823,129 at June 30, 2011. Bank balances at June 30, 2011, were \$2,974,902. The bank balances were fully insured and/or collateralized with securities held by the pledging financial institutions in YCH's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure YCH'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 YCH's name.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The fair value of pledged securities must equal at least 110% of YCH's cash deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of YCH's total cash deposits. YCH may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation. YCH, however, has not waived the collateralization requirements.

Investment Policy

In accordance with State statutes, HUD regulations and its own investment policy, YCH may invest its funds in U.S. Treasury, U.S. Government agencies, local government pooled investment funds, and other investments as outlined in YCH's investment policy.

Local Agency Investment Fund Investments

YCH participates in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code. LAIF is part of the State of California Pooled Money Investment Account (P.M.I.A.). The balance of the investment portfolio of P.M.I.A. at June 30, 2011 was \$66,353 million of which 5.01% was invested in Structured Notes and Asset-Backed Securities. P.M.I.A. is not registered with the Securities and Exchange Commission (SEC) but is required to invest in accordance with California State Code. The average maturity of P.M.I.A. investments was 237 days as of June 30, 2011. YCH's investments with LAIF at June 30, 2011 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2011, YCH had \$76,568 invested in LAIF and at which time, the LAIF fair value factor of 1.001576470 was used to calculate the fair value of the investments in LAIF. More information on LAIF investment pool can be found at <http://www.treasurer.ca.gov/pmia-laif/>.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as credit risk, custodial risk, concentration of credit risk and market risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risk and changes in interest rates. It is the investment policy of YCH to invest substantially all of its funds securities which limits YCH's exposure to most types of risk.

Credit Risk

Credit risk is the risk that an issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF investment is not rated by such an organization.

Custodial Risk

Custodial risk is the risk that, in the event of the failure of the custodian, the investments may not be returned. As of June 30, 2011, YCH only has investments with LAIF and custodial risk does not apply to local governments' investments pool such as LAIF.

Concentration of Credit Risk

Generally, credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing YCH to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. Investments issued or guaranteed by the U.S. Government and investments in external investment pools such as LAIF are not considered subject to concentration of credit risk.

Market Risk

Market risk is the risk that the value of an investment will change due to changes in the financial market. Changes in market conditions can increase Interest Rate Risk, Liquidity Risk and Reinvestment Risk.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Interest Rate Risk is the risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. As of June 30, 2011, YCH has no exposure to interest rate risk.

Liquidity Risk is the risk of being unable to liquidate an investment prior to maturity. Related to liquidity risk is the concept of marketability, or the ability to sell an instrument on short notice without incurring a meaningful loss in price.

Reinvestment Risk is the risk that the proceeds from a fixed-income security cannot be reinvested at the same rate of return currently generated by that holding. This risk is common with securities that are callable.

YCH maintains its portfolio in readily available demand deposits and LAIF. These ensure liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions.

NOTE 4 - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consist of funds held in escrow, tenant deposits, replacement reserves required by the lender and other funds being held by YCH on behalf of its clients. The balances are as follows:

HUD funds restricted in use for HAP payments	\$	762,968
Local Agency Investment Fund		76,568
Replacement reserves:		
Madison Migrant Center		1,223,571
Davis Migrant Center		437,606
NHCDC		160,997
Rural Rental USDA Davis		55,113
Tenant security deposits		248,631
Family Self Sufficiency Program participants' escrow funds		25,495
Migrant Centers operations		52,317
		<hr/>
Total restricted cash	\$	<u>3,043,266</u>

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The amounts held for the replacement of the USDA Rural Economic and Community Development (USDA) and the California Department of Housing and Community Development (HCD) for the RHCP and Migrant Programs cannot be disbursed without the approval of the USDA or the HCD. These amounts are offset by restricted net assets.

The amounts held for the operations of the Migrant programs can be disbursed only on expenditures that have been pre-approved by the HCD, Office of Migrant Services (OMS). These amounts are offset by restricted net assets; however, they are not fully funded due to outstanding receivables from the State of California.

The amounts held by YCH on behalf of Family Self Sufficiency Program participants and tenants are reported as payable from restricted assets. These liabilities have been fully funded as of June 30, 2011.

NOTE 5 - ACCOUNTS RECEIVABLE - FUNDING SOURCES

At June 30, 2011, due from funding sources consisted of the following:

<u>Source</u>	<u>Program</u>	<u>Amount</u>
Federal	HCV	\$ 13,755
Federal	Capital Fund	36,693
County	ADMH	4,245
State	OMS-Davis	88,745
State	OMS-Madison	144,926
State	OMS-Dixon	<u>230,667</u>
Total		<u>\$ 519,031</u>

All amounts are expected to result in payment in the next fiscal year.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2011 is as follows:

	Balance, June 30, 2010	Additions	Transfers / Retirements	Balance, June 30, 2011
Capital assets, not being depreciated				
Land	\$ 3,921,298	\$ -	\$ -	\$ 3,921,298
Construction in progress	824,263	56,252	(681,564)	198,951
Total capital assets, not being depreciated	<u>4,745,561</u>	<u>56,252</u>	<u>(681,564)</u>	<u>4,120,249</u>
Capital assets, being depreciated				
Building improvements	31,186,141	1,019,073	681,564	32,886,778
Equipment	647,637	68,110	-	715,747
Total capital assets, being depreciated	<u>31,833,778</u>	<u>1,087,183</u>	<u>681,564</u>	<u>33,602,525</u>
Less accumulated depreciation:	(18,786,914)	(899,530)	-	(19,686,444)
Total capital assets being depreciated, net	<u>13,046,864</u>	<u>187,653</u>	<u>681,564</u>	<u>13,916,081</u>
Total capital assets, net	<u>\$ 17,792,425</u>	<u>\$ 243,905</u>	<u>\$ -</u>	<u>\$ 18,036,330</u>

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 7 - ACCOUNTS PAYABLE - FUNDING SOURCE

At June 30, 2011, accounts payable - funding source consist of the following: State of California - Migrant rent collection:

State of California - Migrant rent collection:	
Davis Center	\$ 165,181
Madison Center	222,543
Dixon Center	252,444
State of California - RHCP	<u>12,382</u>
Total	<u>\$ 652,550</u>

HCD provides YCH with grants to operate each of the three migrant centers. In general, all rents and other charges collected from the tenants of these centers are payable to HCD. The above represents collections retained, but not yet forwarded to HCD as of June 30, 2011 for each center.

NOTE 8 - INTERFUND BALANCES

YCH utilizes a few cash accounts to make payments to vendors and for payroll. Costs are accrued to appropriate funds, which necessitates the use of interfund accounts. Costs are reimbursed on a periodic basis. The interfund receivable/payable balance of \$1,707,640 was eliminated in the Statement of Net Assets.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The interfund receivable balances are as follows:

Public Housing:		
AMP 1	\$	150,358
AMP 2		524,766
AMP 3		114,402
AMP 1		(32,763)
AMP 2		<u>(6,412)</u>
Total public housing	\$	750,351
State and local		
Other State program - SL 580		<u>957,289</u>
Total state and local programs		<u>957,289</u>
Total interfund balances	\$	<u><u>1,707,640</u></u>

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The interfund payables are as follows:

Central office cost center		\$	559,416
Capital Fund			36,693
Housing Choice Vouchers			50,937
State and local			
Migrant Housing (HCD) - all programs	\$	646,874	
ADMH		42,175	
Esparto (Joe Serna Grant)		73,875	
Pacifico		<u>37,382</u>	
Total state and local programs			800,306
Rental Rural Davis Housing (USDA)			5,963
Blended Component Unit - NHCDC			
Kentucky Commercial Building		1,004,167	
Cottonwood RHCP		<u>(749,842)</u>	
			<u>254,325</u>
Total interfund balances			<u><u>\$ 1,707,640</u></u>

These interfund payables/receivables have been recorded as current assets and liabilities at the fund level and have been eliminated on YCH's Statement of Net Assets. A number of YCH's programs have significant liabilities, but few liquid assets. This may make repayment of these interfund liabilities on a timely basis problematic.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 9 - LONG-TERM DEBT

The following is a schedule of the changes in long-term debt as of June 30, 2011:

Type of obligations	Interest rates	Maturity date	Balance, 6/30/2010	Additions	Payments	Balance, 6/30/2011	Short-term Portion	Long-term Portion
Office Mortgage 1	2.35%	2030	\$ 1,476,706	\$ -	\$ (109,500)	\$ 1,367,206	\$ 91,657	\$ 1,275,549
Office Mortgage 3	3.50%	2014	160,000	-	(50,000)	110,000	50,000	60,000
Esparto CDBG	3.00%	2019	25,028	-	(2,540)	22,488	2,618	19,870
USDA Davis Note	1.00%	2018	1,485	-	(878)	607	607	-
NHCDC:								
Cottonwood RHCP	0.00%	2017	368,800	-	-	368,800	-	368,800
Cottonwood	3.13%	2030	1,738,065	-	(22,078)	1,715,987	18,618	1,697,369
Total			\$ 3,770,084	\$ -	\$ (184,996)	\$ 3,585,088	\$ 163,500	\$ 3,421,588

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Following is a schedule of debt payment requirements to maturity for the mortgages and loans noted above:

Year ending June 30	Office Mortgages		Government Loans		NHCDC Mortgages		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 141,657	\$ 79,520	\$ 3,178	647	\$ 18,618	\$ 96,471	\$ 340,091
2013	147,168	72,171	2,697	566	19,962	95,127	337,691
2014	112,790	65,323	2,779	484	21,116	93,972	296,464
2015	108,736	59,162	2,397	400	22,338	92,750	285,783
2016	114,883	53,014	2,355	400	23,377	91,711	285,740
2017-2021	682,880	156,609	9,689	704	508,778	435,465	1,794,125
2022-2026	169,092	6,961	-	-	185,441	390,002	751,496
2027-2031	-	-	-	-	1,285,157	300,117	1,585,274
Total	\$ 1,477,206	\$ 492,760	\$ 23,095	\$ 3,201	\$ 2,084,787	\$ 1,595,615	\$ 5,676,664

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

As of June 30, 2011, YCH has the following outstanding debt:

Office Mortgage 1 - \$2,240,000 borrowed at an initial rate of 5.560% per annum from the First Northern Bank. This note is collateralized by YCH's main office building at 147 Main Street, Woodland, California. The loan matures on December 15, 2030 and requires monthly payments of \$13,991.

Office Mortgage 3 - \$480,000 borrowed at a variable rate of 1.25% below the First Northern Bank Base Commercial Loan Rate, from the First Northern Bank. This note is collateralized by YCH's main office building at 147 Main Street in Woodland. The note requires monthly interest only payments. The interest rates for the year ranged from 3.5% to 4%. Loan principal payments of \$160,000 were due and paid on January 15, 2007 and 2008. The remaining \$160,000 owed has been restructured with annual payments of \$50,000 due January 2011, 2012, and 2013. The final \$10,000 is due January 2014. Interest only payments continue to be due monthly on the balance owed.

On May 25, 2004, the County of Yolo, Planning and Public Works Department loaned YCH \$38,250. The loan was made from the County's Community Development Block Grant (CDBG) to aid in the funding of the development located in Esparto, California. The loan earns interest at a rate of 3% per annum and requires quarterly payments of \$816.

The USDA note accrues interest at a rate of 1% per annum and requires monthly payments of \$77.50.

YCH administers three Migrant Housing Centers on behalf of HCD. These Migrant Centers typically sit on land owned by the County, but the buildings are owned by the State. On an annual basis, YCH receives operating and rehabilitation grants to operate and maintain these centers. Two of the centers have been extensively remodeled using grants and loans from USDA. These loans are obligations of the State. However, the annual operating grant contains a value for the servicing of this debt. This amount is requisitioned from HCD, paid to USDA and posted as interest expense in YCH's books of accounts. Neither the capital assets nor the long-term debt is reported in YCH's financial statements.

On October 23, 2001, NHCDC purchased property known as the Cottonwood Meadows Apartments (47 units). These apartments were originally built with funding from HCD under RHCP. To acquire this property, YCH was required to assume the RHCP regulatory agreement and a \$368,800 note with HCD. Among other things, the regulatory agreement restricts the occupancy of 14 of the apartments to tenants with certain specified income levels and requires the establishment and maintenance of replacement and operating reserves,

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

including annual deposits into each. The HCD note is deferred until 2017 at which time the principal balance of \$368,800 is due.

On December 22, 2005, NHCDC refinanced the property known as Cottonwood Meadows Apartments. NHCDC borrowed \$1,900,000 from First Northern Bank. This loan is amortized over 25 years, requires monthly payments of \$11,868 and earns interest at a rate of 5.56% per annum. On September 3, 2009, this loan was renegotiated to decrease the monthly payment to \$9,591. The interest rate and maturity date of December 31, 2030, remain the same. The terms of the loan, as they are now, requires a balloon payment of \$1,099,893 at maturity.

During the fiscal year ended June 30, 1999, HUD directed YCH to remove all HUD-guaranteed debt from their books. This debt included \$6,847,600 of HUD permanent notes and \$6,590,186 of interest accrued on these notes, \$103,720 of outstanding Federal Financing Bank notes, and \$205,000 of outstanding New Housing Bonds. These HUD-guaranteed notes and bonds have not been forgiven by HUD. The Public Housing Program's Annual Contributions Contract (ACC) states that all debt service requirements related to these notes will be HUD's responsibility. Therefore, it is management's opinion that YCH is not liable for this debt unless the federal government fails to honor the ACC. Accordingly, these amounts have been removed from YCH's books.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

A detailed schedule of interest activity for the loans is as follows:

	<u>Expensed</u>	<u>Paid</u>	<u>Current payable</u>
Office Mortgage 1	\$ 59,373	\$ 58,123	\$ 1,706
Office Mortgage 3	4,864	5,222	-
Esparto CDBG	722	722	-
USDA Davis Note	57	57	-
NHCDC - Cottonwood Mortgage	80,217	77,830	2,387
Migrant - Davis Housing Center	59,779	59,779	-
Migrant - Madison Housing	<u>88,136</u>	<u>88,136</u>	<u>-</u>
	<u>\$ 293,148</u>	<u>\$ 289,869</u>	<u>\$ 4,093</u>

NOTE 10 - OTHER LIABILITIES

On October 2, 2003, YCH received a Joe Serna Jr. Farmworker Housing Grant from the State of California. The grant, totaling \$600,000, was issued by the State to assist in the acquisition and development of real property located in Esparto, California. Between March 2004 and October 2005, YCH requisitioned and received \$331,269 of this grant. The property was purchased and the building permits pulled. No further activity has occurred. YCH has reported this grant as a long-term liability. This presentation is the most conservative, until the project is complete and the State is satisfied with the manner in which their funds were spent. No interest has been paid or accrued in relation to this grant.

NOTE 11 - PILOT TAXES

In connection with the Public Housing Program, YCH is obligated to make annual payments in lieu of property taxes (PILOT) to the County of Yolo based on the lesser of the assessable value of owned housing, times the current tax rate; or 10% of the dwelling rents collected, net of utilities expense. In an agreement dated April 2, 2009, the County of Yolo and YCH agreed to use only the 10% of shelter rent calculation for PILOT for fiscal years ending 2003,

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

and 2005-2011. This agreement also forgave the payment of PILOT for the fiscal years ended 2003 and 2005 and set up a repayment agreement for the PILOT owed for the fiscal years ended 2006-2008. During the year ended June 30, 2011, \$127,070 was incurred and \$127,070 remains payable as of June 30, 2011 and is included in other current liabilities in the statement of net assets.

NOTE 12 - DEFERRED REVENUE

In August 2006, YCH executed a lease with a chiropractic practice (the tenant). Under the terms of the 10 year lease, YCH has agreed to rent approximately 2,800 square feet of YCH's office building located at 147 West Main Street in Woodland. The stated rent of the lease is \$2,520 per month. The tenant paid \$220,300 for the improvement of the building and YCH has agreed to credit the tenant in the form of free rent. YCH's acceptance of these tenant improvements resulted in a \$220,300 increase in book value of the building in the Public Housing Program and a \$220,300 credit to unearned revenue. As of June 30, 2011, \$78,995 of deferred revenue exists, including \$32,475 of deferred revenue classified as a current liability.

During the year ended June 30, 2011, YCH received a grant from the City of Davis for improvements of the Water Well system at the OMS Davis project. The grant has been recorded as deferred revenue and is being recognized into revenue as the related cost is incurred. As of June 30, 2011 unused grant funds of \$957,289 are included in deferred revenue and classified as current liability.

In addition to the short-term portion of the prepaid lease liability noted above and the deferred grant revenue, deferred revenue includes \$11,500 of prepaid rent for the migrant programs and \$216,525 of prepaid HAP for the HCV program as of June 30, 2011.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 13 - NET ASSETS

Investment in Capital Assets, Net of Related Debt

Investment in capital assets, net of related debt as of June 30, 2011 consists of the following:

Capital assets, net of depreciation	\$ 18,036,330
Long-term debt	(3,421,588)
Current portion of long-term debt	(163,500)
Accrued interest on long-term debt	<u>(4,093)</u>
Net	<u>\$ 14,447,149</u>

Restricted Net Assets

Net assets are reported as restricted when constraints placed on the net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. YCH has reported the following as restricted net assets:

Excess HAP funding - Housing Choice Voucher	\$ 869,563
Madison Migrant Center replacement reserve	437,606
Davis Migrant Center replacement reserve	1,223,571
Cottonwood RHCP replacement reserve	160,997
USDA Davis replacement reserve	<u>55,113</u>
Total	<u>\$ 2,746,850</u>

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

The excess HAP restricted reserves represent funds received from HUD in excess of the amounts expended by YCH for HAP. Based on HUD directive, these funds may only be used for future HAP payments and any excess received must be restricted in its use. In May 2009, HUD advised all housing authorities that a portion of the excess HAP reserve may be recaptured through reduced funding. YCH had no excess HAP funding recaptured during 2011. The current excess HAP funding activity as of June 30, 2011 is as follows:

Balance, June 30, 2010		<u>\$ 731,421</u>
HUD funding for HAP	\$ 9,541,913	
HAP expense	<u>(9,412,563)</u>	
Excess HAP funding		129,350
Interest and fraud recovery revenue		<u>8,792</u>
Balance, June 30, 2011		<u><u>\$ 869,563</u></u>

Net Assets

A detailed schedule of all YCH's programs' net assets as of June 30, 2011 is as follows:

	Capital assets, net of debt	Restricted net assets	Unrestricted net assets	Total net assets
Public Housing	\$ 11,775,489	\$ -	\$ 1,616,132	\$ 13,391,621
Housing Choice Vouchers	31,073	869,563	488,311	1,388,947
USDA - Davis Solar	162,952	55,113	38,524	256,589
Central Office Cost Center	2,305,669	-	(724,123)	1,581,546
Migrant - Madison Housing Center	-	437,606	(4,338)	433,268
Migrant - Davis Housing Center	-	1,223,571	(975,196)	248,375
Migrant - Dixon Housing Center	-	-	235,733	235,733
Esparto Development	297,431	-	(405,144)	(107,713)
ADMH	675,745	-	(37,930)	637,815
NHCDC - RHCP - Cottonwood	(801,210)	160,997	(1,113,301)	(1,753,514)
Pacifico	-	-	3,134	3,134
Kentucky Commercial Building	-	-	1,004,167	1,004,167
Total	<u>\$ 14,447,149</u>	<u>\$ 2,746,850</u>	<u>\$ 125,969</u>	<u>\$ 17,319,968</u>

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 14 - DEFINED BENEFIT PENSION PLAN

Plan Description

YCH contributes to the California Public Employees' Retirement System (CalPERS), an agent multi-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statutes within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from their website.

Funding Policy

Participants are required to contribute 7.0% of their annual covered salary. YCH makes 50% of the contribution required of the employees on their behalf and for their account. YCH is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2011 was 9.15% of annual covered payroll. The current contribution rate is 9.81%. The contribution requirements of plan members and YCH are established and may be amended by CalPERS.

Annual Pension Cost

For the year ended June 30, 2011, YCH's annual pension cost of \$257,033 was equal to YCH's required contributions. During the year ended June 30, 2011, YCH made payments to CalPERS totaling \$179,222 and the remaining \$77,811 were paid subsequent to year end. These payments consisted of \$55,185 contributions made by employees and \$201,848 contributions made by YCH on behalf of its employees. The required contribution for the year ended June 30, 2011, was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

over a fifteen year period (smoothed market value). CalPERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

Required Supplemental Information

YCH is a participant in the CalPERS 2% at 55 Risk Pool. CalPERS makes certain annual valuations for the Risk Pool as a whole rather than valuations for YCH specifically. The required supplementary information for YCH's Risk Pool in thousands is as follows:

Valuation date	Entry age normal accrued liability	Actuarial value of assets (AVA)	Market value of assets (MVA)	Unfunded liability/ (excess) assets	Funded status (AVA/AL)	Annual covered payroll	URAL as a % of payroll
6/30/08	\$ 2,780,281	\$ 2,547,323	\$ 2,581,858	\$ 232,957	91.6%	\$ 688,607	33.8%
6/30/09	3,104,798	2,758,511	2,014,336	346,287	88.8%	742,981	46.6%
6/30/10	3,309,065	2,946,408	2,320,125	362,657	89.0%	748,401	48.5%

YCH's Side Fund with CalPERS

YCH is a participant in the CalPERS 2% at 55 Risk Pool. At the time YCH joined the Risk Pool, a Side Fund was created to account for the difference between the funded status of the Risk Pool and the funded status of YCH's plan. As of June 30, 2010 and 2009, YCH's Side Fund had a negative balance of \$341,981 and \$341,981, respectively, which will cause YCH's required employer's contribution rate to be increased by the amortization of the Side Fund. CalPERS intends to amortize the negative balance in the Side Fund over the next 27 years.

NOTE 15 - OTHER POST-EMPLOYMENT BENEFIT PROGRAM (OPEB)

Plan Description

The OPEB provided by YCH is medical plan coverage. YCH offers its retired employees/commissioners health insurance through CalPERS. To be eligible for this benefit, the former employee/commissioner must be fifty years of age and have five years of credited service. The employee cannot terminate employment before meeting the age condition and be entitled to receive benefits. YCH's agreement with CalPERS essentially states that YCH will eventually be required to provide retiree medical benefits identical to that which it provides for active employees in the same plan at the same coverage. The plan provides for 100% of the medical premium for retired employees and spouses and 40% of the medical premium for retired commissioners and their spouses.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Eligibility

As of June 30, 2011, ten employees and one commissioner were eligible to receive these benefits. YCH had another 33 employees who are eligible for the program, but are not receiving benefits due to the fact that they are not retired from YCH as of June 30, 2011.

Requirements of GASB 45

GASB has mandated disclosure of other post employment benefit (OPEB) liabilities for all government employers beginning, for YCH, with the fiscal year beginning July 1, 2009. YCH adopted GASB 45 one year early. During the prior fiscal years, YCH had administered this program on a pay-as-you-go basis. Actual program costs were expensed in the period incurred. To comply with GASB 45, YCH received an actuarial report for the program which estimated the present value of the projected benefits of the OPEB program. The valuation date of YCH's most recent actuarial report was January 1, 2009. The actuarial report was performed by Bickmore Risk Services & Consulting.

Funding Policy

The goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned. The entry age normal cost method effectively meets this goal in most circumstances. YCH has adopted an entry age normal cost, pay-as-you-go, approach to the funding of its other post employment benefit (OPEB) liability. YCH makes 100% of the retired employees/commissioner medical premium payments to the healthcare benefit provider. YCH is reimbursed 60% of the premiums for the retired commissioner. During the current fiscal year, YCH made payments totaling \$71,664. No portion of the OPEB liability has been funded by YCH to date. The difference between the actuarially determined OPEB annual required contribution and the actual amounts paid to the healthcare benefit provider on behalf of retirees for the current fiscal year has been allocated to all programs, based on the current retirees' allocation, and reported as a long-term liability of \$889,362.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Annual OPEB cost, net of OPEB Obligation and funding status as of June 30, 2011 is as follows:

Actuarial present value of projected benefits:	
Actives	\$ 4,149,495
Retirees	<u>1,816,536</u>
Total	<u>\$ 5,966,031</u>
Actuarial accrued liability (AAL):	
Actives	\$ 1,925,920
Retirees	<u>1,816,536</u>
AAL (all unfunded)	<u>\$ 3,742,456</u>
Annual required contribution (ARC):	
Normal costs	\$ 205,866
Amortization of unfunded AAL	147,728
Interest as of June 30, 2011	<u>11,835</u>
Total ARC (annual OPEB costs)	365,429
Contributions made	<u>(71,669)</u>
Increase in OPEB obligation	293,760
Net OPEB obligation, beginning of year	<u>595,602</u>
Net OPEB obligation, end of year	<u>\$ 889,362</u>
Covered payroll	<u>\$ 1,492,000</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. No amounts have been funded to date.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The valuation date of YCH's most recent actuarial report was January 1, 2010. The funding method used was the entry age normal cost, level percent of pay. The plan has not been funded; but if it had, the market value of assets method would have been used to value the assets. The actuarial assumptions included a 4.5% discount rate for unfunded plans, salary increases assumed at 3.25% per year, and assumed increases for amortization of payments of 3.25% per year.

NOTE 16 - DEFERRED COMPENSATION PLAN

YCH offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, *State and Local Government Deferred Compensation Plans*. The plan is administered by the ICMA Retirement Corporation. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

As of June 30, 2011, a total of \$180,692 is being held by the ICMA Retirement Corporation on behalf of YCH's employees. These funds are not recorded as assets of YCH since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of YCH's general creditors.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 17 - RISK MANAGEMENT

Worker's Compensation

YCH is a member of the California Housing Worker's Compensation Authority (CHWCA), which provides worker's compensation insurance. CHWCA provides employer liability coverage to its members, in the amount of \$500,000 each accident. CHWCA has purchased excess insurance coverage from \$1,000,000 to statutory, for all of its members.

CHWCA is a joint powers authority consisting of 31 public housing authorities, housing commissions, and redevelopment agencies organized under a joint powers agreement to fund a self-insurance program for worker's compensation. Each member has equal representation on the Board of Directors. The Board elects a seven-member Executive Committee for a two-year term which has the responsibility for overseeing all operations of CHWCA. The Board of Directors has total responsibility for all actions of CHWCA.

Annual premiums and assessments are approved by the Board of Directors and are adjusted each year based on the following criteria:

- Each member's incurred losses;
- Each member's share of such losses and other expenses as a proportion of all members' such losses;
- Each member's contribution to reserves, including reserves for incurred but not reported losses; and
- Each member's share of costs to purchase excess insurance and any additional coverage.

If CHWCA is dissolved, the remaining assets, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members proportionate to each member's cash contributions made during the life of CHWCA. Until dissolution, however, no member has identifiable equity.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Property and Liability Insurance

YCH procured insurance beginning June 1, 2009 through the Housing Authority Insurance Group with the Housing Authority Risk Retention Group and Travelers. The limits for property and liability insurance are \$5 million for both YCH and the Dixon Housing Authority, with deductibles of \$25,000 per occurrence. The limits for automobile insurance are \$5 million for owned autos, \$1 million for non-owned hired autos, and \$1 million for uninsured motorist. The limit for employee benefit administration liability is \$1 million, with a deductible of \$1,000.

NOTE 18 - ECONOMIC DEPENDENCY

YCH receives the majority of its funding from HUD. HUD is subject to the federal budget allocation process each year. For the fiscal year ended June 30, 2011, YCH's budget included \$11,190,887 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by YCH.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

YCH has received funds from various federal, state and local grant programs. It is possible that at some future date it may be determined that YCH was 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 YCH does not expect such disallowed amounts, if any, to materially affect the financial statements.

NOTE 20 - OTHER MATTERS

YCH is a co-general partner in one tax credit property known as Eleanor Roosevelt Circle. The YCH's ownership is .003% in the partnership and the other general partners are responsible for the partnership and its management. The majority of the project is owned by the limited partner, National Equity Fund, a tax credit syndicator.

NHCDC is a managing general partner in one tax credit property known as Cesar Chavez Plaza. NHCDC's ownership is .003% in the partnership and the other general partners are responsible for the partnership and its management. The majority of the project is owned by the limited partner, National Equity Fund, a tax credit syndicator.

Yolo County Housing

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 21 - RELATED PARTY TRANSACTIONS

YCH received legal services from the County of Yolo, Office of the County Counsel services at a rate of \$10,000 per quarter.

NOTE 22 - SUBSEQUENT EVENTS

Management evaluated all activity of YCH through March 21, 2012 and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to financial statements except as noted below.

In January 2012, YCH adopted a change in its governance under which the Board of Supervisors became a Board of Governors and a new board with representatives appointed by the cities (3 of the 4 cities have representation with the 4th city as an alternate), a representative from the County, an At Large member and two tenant commissioners.

SUPPLEMENTAL INFORMATION

Yolo County Housing

COMBINING STATEMENT OF NET ASSETS - ENTERPRISE FUNDS

June 30, 2011

	Business activities	Federal funds	State funds	Eliminations	Agency wide
ASSETS					
Cash and cash equivalents	\$ 318,312	\$ 2,050,337	\$ 454,480	\$ -	\$ 2,823,129
Restricted cash and cash equivalents	76,569	985,023	1,981,674	-	3,043,266
Accounts receivable - tenant, net	-	9,769	5,895	-	15,664
Accounts receivable - other	37,000	10,782	44,751	-	92,533
Accounts receivable - funding source	-	50,448	468,583	-	519,031
Interprogram due from	-	750,351	957,289	(1,707,640)	-
Inventories, net	-	180,486	-	-	180,486
Prepaid items and other assets	73,928	11,992	24,860	-	110,780
Total current assets	505,809	4,049,188	3,937,532	(1,707,640)	6,784,889
Noncurrent assets					
Capital assets not being depreciated	278,120	3,241,908	600,221	-	4,120,249
Capital assets, net of accumulated depreciation	3,506,461	8,564,654	1,844,966	-	13,916,081
Loan cost, net of accumulated amortization	17,526	-	24,015	-	41,541
Total noncurrent assets	3,802,107	11,806,562	2,469,202	-	18,077,871
TOTAL ASSETS	\$ 4,307,916	\$ 15,855,750	\$ 6,406,734	\$ (1,707,640)	\$ 24,862,760

Yolo County Housing

COMBINING STATEMENT OF NET ASSETS - ENTERPRISE FUNDS - CONTINUED

June 30, 2011

	Business activities	Federal funds	State funds	Eliminations	Agency wide
LIABILITIES					
Current liabilities					
Accounts payable - vendors	\$ 302,877	\$ -	\$ 18,809	\$ -	\$ 321,686
Accounts payable - funding source	-	-	652,550	-	652,550
Accrued compensated absences - current portion	17,003	15,656	7,117	-	39,776
Accrued interest payable	1,706	-	2,387	-	4,093
Interprogram due to	559,416	87,630	1,060,594	(1,707,640)	-
Notes payable - current portion	141,657	-	21,843	-	163,500
Deposits payable	2,520	148,042	47,694	-	198,256
Deferred revenue - current portion	32,475	216,525	968,789	-	1,217,789
Other current liabilities	2,194	131,392	-	-	133,586
Total current liabilities	1,059,848	599,245	2,779,783	(1,707,640)	2,731,236
Non-current liabilities					
Accrued compensated absences - net of current portion	51,010	46,957	21,348	-	119,315
Notes payable - net of current portion	1,335,549	-	2,086,039	-	3,421,588
Family self sufficiency escrows	-	3,502	-	-	3,502
Deferred revenue - net of current portion	46,520	-	-	-	46,520
Other post-employment benefits	233,443	425,478	230,441	-	889,362
Other liabilities	-	-	331,269	-	331,269
TOTAL LIABILITIES	2,726,370	1,075,182	5,448,880	(1,707,640)	7,542,792
NET ASSETS					
Invested in capital assets, net of related debt	2,305,669	11,806,562	334,918	-	14,447,149
Restricted	-	869,563	1,877,287	-	2,746,850
Unrestricted	(724,123)	2,104,443	(1,254,351)	-	125,969
TOTAL NET ASSETS	\$ 1,581,546	\$ 14,780,568	\$ 957,854	\$ -	\$ 17,319,968

Yolo County Housing

COMBINING STATEMENT OF ACTIVITIES - ENTERPRISE FUNDS

Year ended June 30, 2011

	Business activities	Federal funds	State funds	Eliminations	Agency wide
Operating revenues					
Dwelling rental income	\$ 33,724	\$ 1,747,107	\$ 297,685	\$ -	\$ 2,078,516
Fee revenue	1,138,001	27,400	-	(1,155,691)	9,710
Other revenue	694,754	197,905	4,441	(38,992)	858,108
Total operating revenues	1,866,479	1,972,412	302,126	(1,194,683)	2,946,334
Administrative expenses					
Tenant services	1,116,242	1,976,194	470,624	(1,194,683)	2,368,377
Maintenance	-	73,394	1,600	-	74,994
Utilities	216,380	1,108,230	640,408	-	1,965,018
General expenses	24,713	449,234	364,496	-	838,443
Housing assistance payments	167,395	395,682	218,460	-	781,537
Depreciation	-	9,412,563	-	-	9,412,563
Amortization	196,302	639,219	64,009	-	899,530
	899	-	1,232	-	2,131
Total operating expenses	1,721,931	14,054,516	1,760,829	(1,194,683)	16,342,593
Net operating loss	144,548	(12,082,104)	(1,458,703)	-	(13,396,259)

Yolo County Housing

COMBINING STATEMENT OF ACTIVITIES - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2011

	Business activities	Federal funds	State funds	Eliminations	Agency wide
Nonoperating revenues (expenses)					
Grant revenue	-	12,132,565	1,753,498	-	13,886,063
Interest income	3,453	8,078	5,968	-	17,499
Interest expense	(64,237)	-	(228,911)	-	(293,148)
Total nonoperating revenues	(60,784)	12,140,643	1,530,555	-	13,610,414
Net income before capital grants and transfers	83,764	58,539	71,852	-	214,155
Capital grants	-	1,132,715	-	-	1,132,715
Change in net assets before transfers	83,764	1,191,254	71,852	-	1,346,870
Operating transfers in	322,016	1,535,298	-	-	1,857,314
Operating transfers out	-	(1,857,314)	-	-	(1,857,314)
Change in net assets	405,780	869,238	71,852	-	1,346,870
Net assets - beginning of year	1,175,766	13,911,330	886,002	-	15,973,098
Net assets - end of year	\$ 1,581,546	\$ 14,780,568	\$ 957,854	\$ -	\$ 17,319,968

Yolo County Housing

COMBINING STATEMENT OF CASH FLOWS - - ENTERPRISE FUNDS

Year ended June 30, 2011

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Agency wide</u>
Cash flows from operating activities					
Cash received from tenants	\$ -	\$ 1,757,116	\$ 1,266,729	\$ -	\$ 3,023,845
Other operating cash received	657,752	197,905	4,441	-	860,098
Cash payments for administration expenditures	(2,629,017)	(2,751,857)	(1,700,935)	1,165,401	(5,916,408)
Cash payments for housing assistance expenditures	-	(9,412,563)	-	-	(9,412,563)
Fees received from other funds	1,138,001	27,400	-	(1,165,401)	-
Net cash provided by (used for) operating activities	(833,264)	(10,181,999)	(429,765)	-	(11,445,028)
Cash flows from capital and related financing activities					
Principal paid on notes payable	(159,500)	-	(25,496)	-	(184,996)
Cash received from capital grants	319,616	761,476	-	-	1,081,092
Acquisition and construction of capital assets	-	(1,143,435)	-	-	(1,143,435)
Proceeds from disposal of capital assets	2,400	-	-	-	2,400
Interest paid	(63,345)	-	(226,524)	-	(289,869)
Net cash provided by (used for) capital and related financing activities	99,171	(381,959)	(252,020)	-	(534,808)

Yolo County Housing

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2011

	Business activities	Federal funds	State funds	Eliminations	Agency wide
Cash flows from noncapital financing activities					
Cash received from operating subsidy	-	839,454	-	-	839,454
Cash received from Housing Choice Voucher program	-	10,608,616	-	-	10,608,616
Cash received from capital grants		1,132,715			1,132,715
Cash received from grants - Migrant and RD programs		-	1,749,995	-	1,749,995
Net cash provided by (used for) noncapital financing activities	-	12,580,785	1,749,995	-	14,330,780
Cash flows from investing activities					
Interest income	3,453	8,078	5,968	-	17,499
Net cash provided by investing activities	3,453	8,078	5,968	-	17,499
Net increase (decrease) in cash and cash equivalents	(730,640)	2,024,905	1,074,178	-	2,368,443
Cash and cash equivalents					
Beginning of year	1,125,521	1,010,455	1,361,976	-	3,497,952
End of year	\$ 394,881	\$ 3,035,360	\$ 2,436,154	\$ -	\$ 5,866,395

Yolo County Housing

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS - CONTINUED

Year ended June 30, 2011

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Agency wide</u>
Reconciling of operating loss to net cash used in operating activities					
Operating loss	\$ 144,548	\$ (12,082,104)	\$ (1,458,703)		\$ (13,396,259)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:					
Depreciation and amortization	197,201	639,219	65,241		901,661
Changes in operating assets and liabilities:					
Decrease (increase) in assets:					
Tenant accounts receivable	-	18,790	678		19,468
Other receivables	(37,000)	(8,781)	(44,012)		(89,793)
Inventories	-	(38,233)	-		(38,233)
Prepaid items and other assets	(10,277)	(123)	2,330		(8,070)
Increase (decrease) in liabilities:					
Accounts payable	(126,472)	(436)	18,809		(108,099)
Accounts payable - funding sources	-	-	49,384		49,384
Other post-employment benefits	62,777	152,402	78,581		293,760
Accrued compensated absences	17,079	4,643	484		22,206
Deposits payable	-	(9,632)	(45)		(9,677)
Deferred revenue	(33,726)	-	968,366		934,640
Due to/from other funds	(1,047,394)	1,158,272	(110,878)		-
Other liabilities	-	(16,016)	-		(16,016)
Net cash provided by (used for) operating activities	<u>\$ (833,264)</u>	<u>\$ (10,181,999)</u>	<u>\$ (429,765)</u>	<u>\$ -</u>	<u>\$ (11,445,028)</u>

FINANCIAL DATA SCHEDULE

Housing Authority of the County of Yolo (CA044)
WOODLAND, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2011

	Project Total	14,871 Housing Choice Vouchers	6 Component Units:	2 State/Local	10,427 Rural Rental Assistance Payments	14,885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,093,638	\$966,758	\$115,350	\$295,439	\$43,631		\$318,313	\$2,823,129		\$2,823,129
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted		\$788,464	\$160,997	\$1,713,493	\$55,113		\$76,568	\$2,794,635		\$2,794,635
114 Cash - Tenant Security Deposits	\$196,560		\$20,322	\$30,257	\$1,492			\$248,631		\$248,631
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$1,290,198	\$1,755,222	\$296,669	\$2,039,189	\$100,236	\$0	\$394,881	\$5,866,395	\$0	\$5,866,395
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects										
124 Accounts Receivable - Other Government		\$13,755		\$504,854			\$36,693	\$547,201		\$547,201
125 Accounts Receivable - Miscellaneous	\$10,780			\$8,480			\$6,410	\$27,670		\$27,670
126 Accounts Receivable - Tenants	\$24,710		\$4,846	\$69	\$1,040			\$30,664		\$30,664
126.1 Allowance for Doubtful Accounts - Tenants	-\$12,000		\$0	\$0	\$0			-\$12,000		-\$12,000
126.2 Allowance for Doubtful Accounts - Other	-\$3,000	\$0	\$0	\$0	\$0		\$0	-\$3,000		-\$3,000
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery										
128.1 Allowance for Doubtful Accounts - Fraud										
129 Accrued Interest Receivable										
130 Total Receivables - Net of Allowances for Doubtful Accounts	\$20,490	\$13,755	\$4,846	\$518,402	\$1,040	\$0	\$73,695	\$627,228	\$0	\$627,228
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$11,992		\$34,374	\$14,501			\$91,454	\$152,321		\$152,321
143 Inventories	\$187,435							\$187,435		\$187,435
143.1 Allowance for Obsolete Inventories	-\$6,949							-\$6,949		-\$6,949
144 Inter Program Due From	\$750,351							\$907,334	-\$907,334	\$0
145 Assets Held for Sale										
150 Total Current Assets	\$2,243,517	\$1,769,977	\$335,889	\$2,724,075	\$101,276	\$0	\$590,030	\$7,733,764	-\$907,334	\$6,826,430

	Project Total	14.871 Housing Choice Vouchers	6 Component Units:	2 State/Local	10.427 Rural Rental Assistance Payments	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
161 Land	\$3,185,656		\$239,463	\$177,220	\$40,839		\$276,120	\$3,921,298		\$3,921,298
162 Buildings	\$11,286,430		\$1,372,522	\$703,500	\$369,175		\$3,895,354	\$17,726,961		\$17,726,961
163 Furniture, Equipment & Machinery - Dwellings	\$262,929	\$2,510	\$77,110				\$323,199	\$698,635		\$77,110
164 Furniture, Equipment & Machinery - Administration	\$13,943,155						\$1,216,043	\$15,159,798		\$15,159,798
165 Leasehold Improvements	-\$16,958,982	-\$21,438	-\$403,131	-\$27,755	-\$246,455		-\$2,028,732	-\$19,686,443		-\$19,686,443
166 Accumulated Depreciation	\$56,232			\$142,890				\$198,951		\$198,951
167 Construction in Progress										
168 Infrastructure	\$1,175,490	\$31,072	\$1,285,964	\$995,964	\$163,559	\$0	\$3,784,581	\$18,036,330	\$0	\$18,036,330
169 Total Capital Assets, Net of Accumulated Depreciation										
171 Notes, Loans and Mortgages Receivable - Non-Current										
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	\$1,175,490	\$31,072	\$1,285,964	\$995,964	\$163,559	\$0	\$3,784,581	\$18,036,330	\$0	\$18,036,330
190 Total Assets	\$14,019,007	\$1,800,049	\$1,621,863	\$3,719,739	\$264,835	\$0	\$4,344,611	\$25,770,084	-\$907,334	\$24,862,760
311 Bank Overdraft										
312 Accounts Payable <= 90 Days				\$19,812			\$219,144	\$237,956		\$237,956
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable							\$50,733	\$50,733		\$50,733
322 Accrued Compensated Absences - Current Portion	\$8,407	\$7,247	\$163	\$6,899	\$54		\$17,003	\$39,773		\$39,773
324 Accrued Contingency Liability										
325 Accrued Interest Payable			\$2,387				\$1,708	\$4,093		\$4,093
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	\$127,070		\$12,382	\$640,167				\$779,619		\$779,619
341 Tenant Security Deposits	\$145,043		\$16,668	\$29,567	\$1,458		\$2,520	\$198,256		\$198,256
342 Deferred Revenues		\$276,525		\$968,789			\$0	\$1,185,314		\$1,185,314
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds							\$0	\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities										
346 Accrued Liabilities - Other		\$4,322					\$67,670	\$67,670		\$67,670
347 Inter-Program - Due To		\$50,937	\$284,325		\$5,983		\$598,109	\$907,334	-\$907,334	\$0
348 Loan Liability - Current			\$18,618	\$2,618	\$607		\$141,657	\$163,500		\$163,500
310 Total Current Liabilities	\$283,520	\$276,031	\$304,543	\$1,698,952	\$8,092	\$0	\$1,095,542	\$3,638,570	-\$907,334	\$2,731,236

	Project Total	14,871 Housing Choice Vouchers	6 Component Units	2 State/Local	10,427 Rural Rental Assistance Payments	14,885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
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		\$3,502		\$331,269			\$46,520	\$381,291		\$381,291
354 Accrued Compensated Absences - Non Current	\$25,216	\$21,742	\$488	\$20,698	\$163		\$51,010	\$119,315		\$119,315
355 Loan Liability - Non Current			\$2,086,169	\$10,870			\$1,335,549	\$3,421,588		\$3,421,588
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities	\$318,651	\$106,827		\$260,441			\$233,143	\$869,862		\$869,862
350 Total Non-Current Liabilities	\$343,867	\$132,071	\$2,086,657	\$602,276	\$163	\$0	\$1,666,522	\$4,811,556	\$0	\$4,811,556
300 Total Liabilities	\$627,367	\$411,102	\$2,371,200	\$2,269,128	\$8,245	\$0	\$2,763,064	\$9,450,126	-\$907,334	\$7,542,792
508.1 Invested in Capital Assets, Net of Related Debt	\$11,775,490	\$31,072	-\$801,210	\$973,176	\$162,952		\$2,305,669	\$14,447,149		\$14,447,149
509.2 Fund Balance Reserved										
511.2 Unreserved, Designated Fund Balance	\$0	\$669,663	\$160,997	\$1,661,177	\$55,113	\$0		\$2,746,950		\$2,746,950
511.1 Restricted Net Assets	\$1,616,130	\$488,312	-\$109,134	-\$1,163,742	\$38,525	\$0	-\$724,122	\$125,969		\$125,969
512.1 Unrestricted Net Assets	\$13,361,620	\$1,386,947	-\$749,347	\$1,450,611	\$256,500	\$0	\$1,581,547	\$17,319,968	\$0	\$17,319,968
512.2 Unreserved, Undesignated Fund Balance										
513 Total Equity/Net Assets	\$14,019,007	\$1,800,049	\$1,621,853	\$3,719,739	\$264,835	\$0	\$4,344,611	\$25,770,084	-\$907,334	\$24,862,750
800 Total Liabilities and Equity/Net Assets										

Housing Authority of the County of Yolo (CA044)
WOODLAND, CA

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2011

Submission Type: Audited/A-133

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	10.427 Rural Rental Assistance Payments	14.885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,715,065		\$254,320	\$3,342	\$37,820		\$33,724	\$2,044,071		\$2,044,071
70400 Tenant Revenue - Other	\$52,042		\$2,093		\$310			\$34,445		\$34,445
70500 Total Tenant Revenue	\$1,747,107	\$0	\$256,413	\$3,342	\$37,930	\$0	\$33,724	\$2,078,516	\$0	\$2,078,516
70600 HUD PHA Operating Grants	\$1,283,068	\$10,614,743				\$37,380	\$282,976	\$12,218,167		\$12,218,167
70610 Capital Grants	\$537,775					\$594,840		\$1,132,715		\$1,132,715
70710 Management Fee						\$51,100	\$674,462	\$674,462	-\$664,752	\$9,710
70720 Asset Management Fee						\$51,100		\$51,100	-\$51,100	\$0
70730 Book Keeping Fee						\$155,633		\$155,633	-\$155,633	\$0
70740 Front Line Service Fee						\$385,523		\$385,523	-\$288,467	\$127,056
70750 Other Fees						\$1,266,716		\$1,266,716	-\$1,128,952	\$136,766
70700 Total Fee Revenue						\$1,753,498		\$1,753,498		\$1,753,498
70800 Other Government Grants	\$2,216	\$1,900	\$780				\$3,453	\$9,349		\$8,349
71100 Investment Income - Unrestricted										
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets	\$160,097	\$9,660						\$9,660		\$9,660
71400 Fraud Recovery		\$55,548	\$2,747	\$1,633	\$61		\$666,035	\$786,121	-\$150,331	\$635,790
71500 Other Revenue		\$3,052	\$67	\$5,121				\$8,150		\$8,150
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted	\$3,730,263	\$10,685,813	\$260,007	\$1,763,594	\$37,991	\$632,320	\$2,152,906	\$19,262,894	-\$1,280,283	\$17,982,611
70000 Total Revenue	\$183,397	\$270,290	\$4,616	\$21,867	\$1,555	\$25,664	\$580,862	\$1,088,251		\$1,088,251
91100 Administrative Salaries	\$20,289	\$16,817	\$2,713	\$4,000			\$12,681	\$56,500		\$56,500
91200 Auditing Fees	\$278,110	\$216,347	\$19,320	\$149,809	\$2,777			\$666,363	-\$664,752	\$1,611
91300 Management Fee	\$88,243	\$117,390	\$324					\$155,633	-\$155,633	\$0
91310 Book-keeping Fee								\$324		\$324
91400 Advertising and Marketing										
91500 Employee Benefit Contributions - Administrative	\$234,681	\$193,502	\$2,244	\$128,492	\$671	\$11,716	\$300,386	\$871,692		\$871,692
91600 Office Expenses	\$110,756	\$129,648	\$3,677	\$62,380	\$549		\$131,386	\$438,436	-\$128,718	\$309,718
91700 Legal Expense	\$25,084		\$1,330				\$50,055	\$77,309		\$77,309
91800 Travel	\$3,585	\$5,627		\$1,168	\$167		\$11,484	\$22,029		\$22,029
91810 Allocated Overhead										
91900 Other			\$13,712	\$9,115				\$22,827		\$22,827
91000 Total Operating - Administrative	\$894,183	\$949,821	\$47,936	\$376,831	\$5,719	\$37,380	\$1,087,694	\$3,398,364	-\$948,103	\$2,450,261

	Project Total	14,871 Housing Choice Vouchers	16 Component Units	2 State/Local	10,427 Rural Rental Assistance Payments	14,885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee	\$51,100							\$51,100	-\$51,100	\$0
92100 Tenant Services - Salaries	\$47,169	\$15,864	\$1,550					\$65,583		\$65,583
92200 Relocation Costs										
92200 Employee Benefit Contributions - Tenant Services	\$13,192	\$6,394						\$19,586		\$19,586
92400 Tenant Services - Other	\$8,034	\$5,000	\$50					\$13,084	\$13,084	\$13,084
92500 Total Tenant Services	\$66,395	\$26,258	\$1,600		\$0	\$0	\$0	\$98,253	\$0	\$98,253
93100 Water	\$127,400		\$17,224	\$77,237	\$5,067		\$2,129	\$229,057		\$229,057
93200 Electricity	\$102,571		\$5,349	\$114,918			\$20,219	\$243,057		\$243,057
93300 Gas	\$9,161		\$1,214	\$68,763			\$1,954	\$81,112		\$81,112
93400 Fuel										
93500 Labor										
93600 Sewer	\$210,100		\$14,094	\$56,747	\$3,864		\$413	\$285,218		\$285,218
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expenses										
93900 Total Utilities	\$449,232	\$0	\$37,881	\$317,912	\$8,931	\$0	\$24,715	\$838,671	\$0	\$838,671
94100 Ordinary Maintenance and Operations - Labor	\$195,635			\$314,812			\$116,446	\$626,893		\$626,893
94200 Ordinary Maintenance and Operations - Materials and Other	\$160,385	\$9,851	\$12,372	\$31,400	\$736		\$5,614	\$220,558		\$220,558
94300 Ordinary Maintenance and Operations Contracts	\$683,752	\$481	\$36,967	\$85,778	\$3,200		\$41,825	\$852,003	-\$280,080	\$571,923
94500 Employee Benefit Contributions - Ordinary Maintenance	\$53,957			\$126,779			\$54,120	\$234,856		\$234,856
94900 Total Maintenance	\$1,093,729	\$10,332	\$49,339	\$558,769	\$3,936	\$0	\$218,205	\$1,934,310	-\$280,080	\$1,654,230
95100 Protective Services - Labor	\$2,231							\$2,231		\$2,231
95200 Protective Services - Other Contract Costs	\$2,895		\$1,099	\$1,745			\$9,810	\$15,589		\$15,589
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95900 Total Protective Services	\$5,126	\$0	\$1,099	\$1,745	\$0	\$0	\$9,810	\$17,820	\$0	\$17,820
96110 Property Insurance	\$75,648		\$8,539	\$66,625	\$840		\$3,912	\$155,864		\$155,864
96120 Liability Insurance	\$11,419	\$2,138	\$5,609	\$7,382			\$24	\$26,572		\$26,572
96130 Workmen's Compensation	\$23,680	\$3,701	\$59	\$27,968	\$100		\$29,229	\$94,737		\$94,737
96140 All Other Insurance	\$4,357	\$766	\$1,265	\$3,402	\$10		\$2,750	\$12,550		\$12,550
96100 Total Insurance Premiums	\$115,104	\$6,605	\$15,472	\$105,577	\$1,050	\$0	\$35,915	\$279,723	\$0	\$279,723
96200 Other General Expenses	\$95,510	\$34,344	\$17,054	\$156,101	\$989		\$74,654	\$378,652		\$378,652
96210 Compensated Absences	\$54,458		\$893	\$48,451	\$268		\$120,856	\$226,944		\$226,944
96300 Payments in Lieu of Taxes	\$127,070							\$127,070		\$127,070
96400 Bad debt - Tenant Rents	\$17,417							\$17,417		\$17,417
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96900 Total Other General Expenses	\$294,455	\$34,344	\$17,937	\$204,552	\$1,285	\$0	\$197,510	\$750,083	\$0	\$750,083

	Project Total	14,871 Housing Choice Vouchers	16 Component Units	2 State/Local	10,427 Rural Rental Assistance Payments	14,885 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
96710 Interest on Mortgage (or Bonds) Payable			\$80,217	\$722	\$52		\$64,237	\$145,228		\$145,228
96720 Interest on Notes Payable (Short and Long Term)										
96730 Amortization of Bond Issue Costs		\$0	\$80,217	\$722	\$52	\$0	\$64,237	\$145,228	\$0	\$145,228
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$80,217	\$722	\$52	\$0	\$64,237	\$145,228	\$0	\$145,228
96900 Total Operating Expenses	\$2,971,364	\$1,029,160	\$251,481	\$1,566,108	\$20,973	\$37,380	\$1,638,086	\$7,514,552	-\$1,280,283	\$6,234,269
97000 Excess of Operating Revenue over Operating Expenses	\$758,899	\$9,656,653	\$8,526	\$197,486	\$17,018	\$594,940	\$514,820	\$11,748,342	\$0	\$11,748,342
97100 Extraordinary Maintenance	\$2,556			\$87,172				\$89,728		\$89,728
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments		\$9,412,563						\$9,412,563		\$9,412,563
97350 HAP Portability-In			\$34,313	\$17,588	\$12,108		\$196,301	\$899,184		\$899,184
97400 Depreciation Expense	\$638,874									
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense	\$3,612,794	\$10,441,723	\$285,784	\$1,670,868	\$33,081	\$37,380	\$1,824,387	\$17,916,027	-\$1,280,283	\$16,635,744
90000 Total Expenses	\$489,845						\$370,238	\$860,083		\$860,083
10010 Operating Transfers - In										
10020 Operating Transfer Out	-\$489,845						-\$282,976	-\$860,083		-\$860,083
10030 Operating Transfers from/to 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 Program and Project - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	-\$87,262	\$87,262	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue over (Under) Total Expenses	\$117,469	\$244,090	-\$25,787	\$92,728	\$4,910	\$507,678	\$405,781	\$1,346,867	\$0	\$1,346,867

	Project Total	14,871 Housing Choice Vouchers	6 Component Units	2 State/Local	10,427 Rural Rental Assistance Payments	14,895 Formula Capital Fund Stimulus Grant	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$24,619	\$2,620	\$878	\$0	\$159,500	\$187,517		\$187,517
11030 Beginning Equity	\$12,766,473	\$1,144,857	\$723,560	\$1,657,685	\$251,690	\$0	\$1,175,766	\$15,973,101		\$15,973,101
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$507,678	\$0	\$0	\$0	\$0	-\$507,678	\$0	\$0		\$0
11050 Changes in Compensated Absence Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition Liability										
11080 Changes in Special Term/Saverance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity		\$519,384						\$519,384		\$519,384
11180 Housing Choice Voucher Payments Equity		\$869,563						\$869,563		\$869,563
11190 Unit Months Available	5172	15878	564	1525	84			23223		23223
11270 Excess Cash	5099	15652	468	1511	84			22814		22814
11610 Land Purchases	\$0							\$1,519,906		\$1,519,906
11620 Building Purchases	\$0							\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$36,693							\$36,693		\$36,693
11650 Leasehold Improvements Purchases	\$203,777							\$203,777		\$203,777
11660 Infrastructure Purchases	\$0							\$0		\$0
13510 CFFP Debt Service Payments	\$0							\$179,883		\$179,883
13691 Requirement Housing Factor Funds	\$0							\$0		\$0



SINGLE AUDIT REPORTS
YOLO COUNTY HOUSING
JUNE 30, 2011

Yolo County Housing

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OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Housing Commission
Yolo County Housing

We have audited the financial statements of Yolo County Housing formally known as the Housing Authority of the County of Yolo as of and for the year ended June 30, 2011, and have issued our report thereon dated March 21, 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 Yolo County Housing's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiency in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiency described as item 2011-1 in the accompany schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yolo County Housing'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 and regulations 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 the Housing Commission, management 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.

Reznick Group, P.C.

Sacramento, California
March 21, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

To the Housing Commission
Yolo County Housing

Compliance

We have audited Yolo County Housing's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Yolo County Housing's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Yolo County Housing's management. Our responsibility is to express an opinion on Yolo County Housing's compliance based on our audit.

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

As described in items 2011-2 and 2011-3 in the accompanying schedule of findings and questioned costs, Yolo County Housing did not comply with requirements regarding tenant file maintenance, including rent calculations and wait list, and inter-fund receivables that are applicable to its Public Housing Program. Compliance with such requirements is necessary, in our opinion, for Yolo County Housing to comply with the requirements applicable to those programs.

In our opinion, except for the instances of material noncompliance described in the preceding paragraph, Yolo County Housing complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of Yolo County Housing is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Yolo County Housing's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Yolo County Housing's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the paragraph above and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses, other deficiencies that we consider to be significant deficiencies, and one that we consider to be a control deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in item 2011-3 in the accompanying schedule of findings and questioned costs to be a material weakness.

A significant deficiency is a deficiency in internal control over compliance, 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. We

consider the deficiencies in internal control over compliance described in items 2011-2 and 2011-3 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Management has prepared the responses to the audit findings identified in the Schedule of Findings and Questioned Costs as “YCH Response”. Management has also prepared the Corrective Action Plan as detailed on pages 18 through 20. We have not audited Management’s Responses or Management’s Corrective Action Plan and we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Yolo County Housing as of and for the year ended June 30, 2011, and have issued our report thereon dated March 21, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Housing Commission, management, others within Yolo County Housing 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.

Reznick Group, P.C.

Sacramento, California
March 21, 2012

Yolo County Housing

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2011

Federal Grantor / Passthrough Grantor Program Title:	Federal CFDA Numbe	Federal Expenditures Amount
<i>Direct Programs</i>		
U.S. Department of Housing and Urban Development		
Public and Indian Housing	14.850 ¹	\$ 793,223
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871 ¹	10,614,743
Sub Total - Housing Voucher Cluster		10,614,743
Capital Fund Cluster		
Public Housing Capital Fund	14.872 ¹	1,224,994
Public Housing Capital Fund Formula Grant (Recovery Act Funded)	14.885 ¹	632,320
Sub Total - Capital Fund Cluster		1,857,314
TOTAL - FEDERAL AWARDS		\$ 13,265,280

1 - audited as major programs

Yolo County Housing

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2011

NOTE 1 - REPORTING ENTITY

Yolo County Housing (YCH) was established pursuant to the State Health and Safety Code in 1950 by the Yolo County Board of Supervisors. YCH is a public entity organized under the laws of the State of California's Health and Safety Code to provide housing assistance to low- and moderate-income families at rents they can afford.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The expenditures included in the Schedule of Expenditures of Federal Awards (the Schedule) were reported under the accrual basis of accounting.

Schedule of Expenditures of Federal Awards

The Schedule summarizes the expenditures of YCH under the programs of the federal government for the year ended June 30, 2011. Award amounts may represent multi-year awards while the expenditures represent current year expenditures only.

The Schedule presents only the expenditures incurred by YCH that are reimbursable under federal programs of federal agencies providing financial assistance. For the purpose of the Schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by YCH from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the Schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the Schedule.

The Schedule was prepared from only the accounts of the grant programs and, therefore does not represent the financial position or results of operations of YCH.

Yolo County Housing

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Yolo County Housing.
2. A significant deficiency was identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Yolo County Housing were disclosed during the audit.
4. A material weakness and significant deficiencies were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Yolo County Housing expresses a qualified opinion.
6. There are audit findings relative to the major federal award programs for Yolo County Housing.
7. The programs tested as major programs include:

Major Programs	Federal CFDA Number	Federal Expenditures Amount
Public and Indian Housing	14.850	\$ 793,223
Section 8 Housing Choice Vouchers	14.871	10,614,743
Public Housing Capital Fund	14.872	1,224,994
Public Housing Capital Fund Formula Grant (Recovery Act Funded)	14.885	632,320
Total Major Program Expenditures		\$ 13,265,280
Total Federal Award Expenditures		\$ 13,265,280
Percentage of total federal award expenditures		100%

8. The threshold for distinguishing Type A and B programs was \$397,958.
9. Yolo County Housing was determined not to be a low-risk auditee.

Yolo County Housing

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2011

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2011-1 Segregation of Duties – Cash Receipts

Criteria - YCH maintains housing offices in Winters, Woodland, and West Sacramento. Each office is staffed with a Housing Specialist/Property Manager. The Housing Specialist/Program Manager accepts rents from the tenants of the housing units. This same staff member also posts the rents to the tenant ledgers, performs the recertifications, monitors the collection of the security deposits and past due rent, and prepares the bank deposits. This appears to be a long standing practice.

Condition - During our audit we noted the following:

1. Lack of segregation of duties over the processing of cash receipts from the tenants as well as preparation of the recertifications in public housing.

Questioned Costs – unknown

Cause - YCH has not established effective internal controls over the collection of tenant rents, including the segregation of duties, to ensure that subledgers are being maintained accurately and in an unbiased manner. Controls have not been designed and implemented that allow management or employees, in the normal course of performing their assigned duties, to prevent or detect misstatements or noncompliance on a timely basis. In addition there were not effective controls in place to monitor the amounts on the rent roll compared to the tenant files in order to ensure checks and balances at the property level.

Effect - A significant deficiency in the internal controls exists over the collection of tenant rents, security deposits, and monitoring of the tenant files.

Recommendation - We recommend that YCH establish effective internal controls over the collection of cash receipts, including segregation of duties to the extent practical under the circumstances. Further, we recommend that YCH establish and implement procedures to bring all the aspects of the security deposit systems into agreement. Ledgers should be reviewed for accuracy, leases should be reviewed for completeness, and immediate action should be taken on all outstanding balances for existing tenants.

Yolo County Housing

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2011

With the understanding that YCH has limited resources for accounting personnel, YCH may also consider more formalized and detailed job descriptions and cross training job functions to allow the responsibility for the financial records to be shared. The Director of Finance has a multitude of responsibilities and YCH may consider ways to cross train functions to allow for the delegation of the preparation of tasks to other staff in order to help develop a review process and some mitigation of the lack of segregation of duties.

YCH Response: Over the last several years, segregation has improved and YCH is committed to additional improvements. In October, 2011 (after the audit period) another change was implemented to further segregate duties. Housing staff no longer are permitted to enter payments deposited into accounts receivable. Deposit slips and all supporting receipts and checks or money orders are copied and submitted to the finance department for data entry.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

2011-2 **Public Housing Tenant File Review (CFDA #14.850)**

Criteria - The primary activity of the Public Housing Program is the rental of owned housing to low income persons, families, and seniors (family). YCH is required by HUD to select the tenants using the waitlist. YCH is also required to perform an annual recertification for each family to determine family income and composition. As YCH staff is analyzing information obtained from the families and through third party verification, decisions are made to determine which information is the most reliable and will result in rent that is fair and in compliance with HUD regulations. HUD regulations also require that each family be given the choice of paying a rent based on a percentage of their income or a flat rent set by YCH.

Condition - During our audit, we reviewed a sample of 40 Public Housing tenant files and found the following in certain tenant files:

1. Two files sampled did not contain social security cards for all family members over the age of 6.
2. One file sampled did not contain documentation of a properly signed lease agreement by all adults over the age of 18.

Yolo County Housing

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2011

3. Three files sampled contained miscalculations of the tenant income and rent amounts.
4. Two files sampled did not contain documentation to show how the participants were removed from the waitlist in order to ensure proper removal from the waitlist.

Questioned Costs - None.

Cause – Adequate internal controls have not been established to ensure that HUD requirements are adequately documented.

Effect - A significant deficiency in internal control over the maintenance of the Public Housing tenant files exists. YCH cannot clearly document compliance with various HUD regulations due to the lack of proper supporting documentation maintained in the tenant files.

Recommendation - We recommend that YCH continue to improve its internal controls over the maintenance of the tenant files to ensure that work done is adequately documented to clearly show compliance with HUD regulations.

YCH's Response:

1. Two files that were sampled did not contain social security cards for all family members over the age of six.
 - **YCH Response:** YCH has collected the social security cards from the family members in question. Furthermore, YCH has established a procedure that every new move-in will be reviewed by the Real Estate Services Supervisor to ensure file integrity and all mandatory documents have been collected. Additionally, YCH now utilizes a checklist for all actions including move-ins, interim re-certifications and annual re-certifications.
2. One file sampled did not contain documentation of a properly signed lease agreement by all adults over the age of 18.
 - **YCH Response:** All housing specialists are required to be certified and are receiving ongoing training. The noted instance was an oversight and is not standard office procedure.

Yolo County Housing

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2011

3. Three files sampled contained miscalculations of the tenant income and rent amounts.

- **YCH Response:** YCH has established procedures and is working to improve file integrity. The new quality assurance procedures that have been established will ensure that tenant files contain proper documentation.

4. Two files sampled did not contain documentation to show how the participants were removed from the waitlist in order to ensure the proper removal from the waitlist.

- **YCH Response:** YCH has consolidated the application waitlist process and assigned it to one Housing Specialist. This Housing Specialist has received specific training regarding the waitlist regulations, policies and procedures.

2011-3 **Intercompany Accounts Review (CFDA #14.850)**

Criteria - HUD's regulation states that surplus cash calculation should be done before distribution and funds advanced should be properly documented to avoid misuse of the funds of any Asset Management Project (AMPs). Also, HUD allows for management type fees to be paid to the Central Office Cost Center (COCC) by the AMPs. The funds of each of the AMPs should remain in the AMP until a surplus cash calculation is done to determine the amount of the funds that can be withdrawn or transferred to other AMPs.

Condition - In prior years, the AMPs advanced funds to the COCC in excess of available surplus cash and as of June 30, 2011, the AMPs collectively had a net outstanding receivable from the COCC in the amount of \$750,351. During the year ended June 30, 2011, the COCC paid down the amount due by \$832,365 compared to the prior year receivable balance of \$1,582,716.

Questioned Costs - \$750,351

Cause - Proper accounting was not maintained in the prior years for the inter-fund accounts. A monthly reconciliation was not done in prior years to ensure that the inter-fund account balances between the AMPs and the COCC are properly supported and documented.

Effect - A material weakness in internal control over compliance existed as Federal funds were being loaned from the AMPs to the COCC.

Yolo County Housing

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2011

Recommendation - We recommend that YCH continue to improve its internal controls to ensure that the inter-company accounts are properly monitored and the due to/due from are adequately documented to clearly show compliance with HUD regulations. Inter-fund accounts should be reconciled on monthly basis and retain proper documentation for the distribution of surplus cash or advances between AMPs from prior period cash. The amounts due of \$750,351 originated from the prior years and management should investigate the reasons for the balance and enter into negotiations with HUD as to the best approach to cure the deficit.

YCH's Response: YCH agrees with this finding that questionable balances exist from activity prior to 2006. YCH hired a technical expert from our software vendor to research the source of the "advances" and staff continues to attempt to identify historical transactions that caused the problem. Current procedures have been implemented to assure that no funds are transferred without justification.

2011-4 Capital Fund Cluster (CFDA #14.872)

Criteria - HUD's regulation states that vendors should be paid within three days of the housing authority receiving the funds under the capital fund.

Condition - During the year YCH overlooked payment of one invoice out of 29 which were submitted for reimbursement of one draw. The invoice was subsequently paid within two weeks of the reimbursement date.

Questioned Costs - none

Cause - Adequate internal controls have not been established to ensure that HUD requirements are adequately followed. YCH should implement a procedure to verify all required payments are made within the three day timeframe.

Effect - A deficiency in internal control over compliance exists as the vendor invoice was not paid within the three day timeframe.

Recommendation - We recommend that YCH continue to improve its internal controls to ensure that a process exists to monitor the three day required payment timeframe.

YCH's Response - YCH agrees that the invoice was paid more than three days after receipt of capital funds. We thank the auditors for pointing out this error on our part.

Yolo County Housing

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2011

This was an oversight and is not standard procedure. The total value of the late payments was \$1,355 out of a \$107,683 capital fund voucher. Procedures have been implemented to assure that this will not recur.

Yolo County Housing

STATUS OF PRIOR AUDIT FINDINGS

June 30, 2011

The previous audit report for the year ended June 30, 2010 contained the following audit findings. A description of the prior year audit findings and their status are as follows:

SECTION II - FINANCIAL STATEMENTS FINDINGS

II-2010-1 **General Ledger Maintenance**

The prior audit included a material weakness in internal controls over the maintenance of the general ledger and the generation of financial reports. This condition was cleared during the year ended June 30, 2011.

II-2010-2 **Segregation of Duties - Cash Receipts and Accounts Payable**

The prior audit included significant deficiencies in internal controls over the maintenance of tenant ledgers and accounts payable due to the lack of segregation of duties. This finding has been partially cleared. The segregation of duties surrounding accounts payable has been cleared. The issues surrounding cash receipts and tenant ledgers continue to exist (See finding 2011-1).

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS

III-2010-3 **Public Housing Tenant File Review (CFA # 14.850)**

The prior audit included deficiencies and lack of documentation from the review of the tenant files. This condition continues to exist. See finding 2011-2.

III -2010-4 **Intercompany Accounts Review (CFDA #14.850).**

The prior audit included a material weakness in controls over the maintenance of the intercompany accounts. This condition continues to exist. See finding 2011-3

III -2010-5 **Housing Choice Voucher Intercompany Accounts (CFDA #14.871).**

The prior audit included a material weakness in controls over the maintenance of the intercompany accounts. This condition was cleared during 2011.

Yolo County Housing

MANAGEMENT'S CORRECTIVE ACTION PLAN

June 30, 2011

FINDINGS - FINANCIAL STATEMENTS AUDIT

Update to 2010-1 General Ledger Maintenance finding and Corrective Action Plan

The plan that was implemented after the 2010 audit was successful and General Ledger Maintenance is not a finding in the 2011 audit.

2011-1 Segregation of Duties – Cash Receipts

A. YCH Agrees with the Auditor's Finding

B. YCH has established the following procedures:

- After the finding was identified in 2010, Housing Specialists at the site were required to submit copies of all deposits to Finance for verification of posting. In October, 2011 this process was further refined by eliminating the ability of Housing Specialists to post cash receipts to the Accounts Receivable module. Now all deposits, with all supporting receipts and checks or money orders, are submitted to Finance for posting.
- Housing Specialists receive Tenant Accounts Receivable registers for review and verification.
- Tenants are mailed quarterly statements of their accounts with all questions to be directed to the Finance Department.
- Tenants are provided a written receipt for every payment. If their payment is received in the drop box, a receipt is subsequently delivered to the tenants.

C. This is a continuation finding (2010-2). The 2011 audit contains no findings related to Accounts Payable as the procedures established after the 2010 audit have resolved the identified problems. YCH continues to tighten internal controls related to tenant rent collections. The limited number of staff will prevent best practice segregation of duties and third party rent collection options that were investigated are cost prohibitive.

Yolo County Housing

MANAGEMENT'S CORRECTIVE ACTION PLAN - CONTINUED

June 30, 2011

FINDINGS - FEDERAL AWARDS PROGRAMS

2011-2 Public Housing Tenant File Review (CFDA #14.850)

- A. YCH agrees with this finding and thanks the auditors for their recommendations.
- B. YCH has taken the following steps to resolve this finding:
 - All of the missing documents identified by the auditors have been received. The sampled tenant files now meet HUD requirements
 - File maintenance and content has been standardized and a checklist was developed after last year's audit.
 - Quality assurance procedures have been enacted to ensure that tenant files contain adequate documentation for all decisions and calculations made regarding tenant rent and the recertification process.
 - The Real Estate Services Supervisor is performing random file reviews.
- C. This is a continuation finding from 2010 (2010-3) and before and the number of non compliant files has been significantly reduced. Staff training has been improved and documentation has been standardized to meet HUD requirements. All files have not yet been brought up to standards but the work is in process.

2011-3 Intercompany Accounts Review (CFDA #14.850)

- A. YCH agrees that there are questionable balances in the interfund accounts.
- B. After the 2010 audit identified this problem:
 - YCH hired an expert in our TenMast software to help identify the source of these balances.
 - A concerted effort was made to reduce the outstanding balances via corrections to historical activity that was found to be questionable and purposeful reduction of appropriate transfers from the AMPs and HCV to the COCC central accounts payable account.
 - This resulted in the elimination of finding 2010-5 related to the HCV interfund balance and a more than 50% reduction in the interfund balance between the LRPH program and COCC.
 - Documentation is prepared and retained prior to every transfer between programs and the COCC's central accounts payable account.

Yolo County Housing

MANAGEMENT'S CORRECTIVE ACTION PLAN - CONTINUED

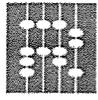
June 30, 2011

- C. This is a continuation of findings from 2010 (2010-4 and 2010-5). The steps that have been undertaken in the last year resulted in the resolution of finding 2010-5 and a large reduction in questioned costs related to finding 2010-4. YCH is confident that no current funds are being transferred inappropriately and is continuing to research historical transactions to resolve the balances from before 2006.

2011-4 Capital Fund Cluster (CFDA #14.872)

- A. YCH agrees with this finding and thanks the auditors for identifying this oversight.
- B. YCH has implemented the following steps to ensure that HUD requirements are met:
- Our practice has been to never claim anything that has not already been paid. This was a one-time incident and is not YCH standard practice.
 - Upon receipt of the Capital Funds, the finance director will immediately review the capital fund voucher to look for unpaid items.
 - Capital Fund Vouchers will be submitted only on Mondays so that there is sufficient time to receive funds and make payment during the same week.
- C. This is a new finding. Since YCH had been troubled for the last several years and our vouchers had to be accompanied by copies of support documents, our practice has been to submit only invoices that have already been paid. This we did to keep our vendors from having to wait for payment until after HUD had received and reviewed the support before issuing payment. In this case, one invoice was included in a Capital Fund Voucher that had not yet been paid.

HUD has closed all of the previous audit findings with the exception of the Interfund Account Balances.



**Reznick
Group**

ACCOUNTING • TAX • BUSINESS ADVISORY

REPORT TO THE
HOUSING COMMISSION

YOLO COUNTY HOUSING

JUNE 30, 2011

April 10, 2012

To the Housing Commission
Yolo County Housing

We have audited the financial statements of Yolo County Housing formally known as the Housing Authority of the County of Yolo (YCH) as of and for the year ended June 30, 2011, and have issued our report thereon dated March 21, 2012. We have also audited the financial statements of the Cottonwood Meadows Project of the New Hope Community Development Corporation, a component unit of YCH, as of and for the year ended June 30, 2011 and have issued our report dated April 10, 2012.

Professional standards require that we provide you with the following information related to our audits. This letter serves to fulfill this professional requirement.

Specific areas to be communicated to you are as follows:

- Our responsibility under U.S. Generally Accepted Auditing Standards
- Other Information in Documents Containing Audited Financial Statements
- Planned Scope and Timing of the Audit
- Significant Audit Findings

Our comments regarding these topics as they relate to the year ended June 30, 2011 audits are presented below. We will be pleased to review these items at your request.

Very truly yours,



Reznick Group, P.C.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letters, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Yolo County Housing's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Yolo County Housing's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Yolo County Housing's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on Yolo County Housing's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Yolo County Housing's compliance with those requirements.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing YCH's financial statements and report does not extend beyond the financial information identified in the report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to YCH management.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by YCH are described in note 2 to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2011. We noted no transactions entered into by YCH during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant judgments and estimates reflected in the financial statements include the collectability of accounts receivable, the determination of the allowance for obsolete inventories and the depreciation computed on the capital assets.

For all significant estimates made by management, we evaluated the key factors and assumptions used to determine that the estimates are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. The audit team will continue to work with management to establish a time table and a monitoring process for next year's audit to ensure that the audit is completed within a reasonable time frame.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Misstatements detected as a result of audit procedures have been reviewed and corrected by management. A schedule of uncorrected misstatements was provided to management separately. Management has determined that their effects are

immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter for YCH dated March 21, 2012 and for New Hope Community Development Corporation dated April 10, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to YCH's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as YCH's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Housing Commission and management of YCH and is not intended to be and should not be used by anyone other than these specified parties.

Yolo County Housing
Yolo County, California

Meeting Date: April 19, 2012

To: County Counsel ✓
Yolo County Housing ✓

Agenda Item No. 5.02
Crosswoods Acquisition

Minute Order No. 12-19: Took the following actions:

- A. Appropriated an additional \$179,722 from the YCH Development Fund to complete the **Crosswoods** initial acquisition.
- B. Ratified approval of \$329,722 to complete the Crosswoods acquisition.

MOTION: Aguiar-Curry. SECOND: Eisenstat. AYES: Aguiar-Curry, Thomson, Eisenstat, Pimentel, Chaney, Johannessen. ABSENT: At-large representative.



Yolo County Housing

Lisa A. Baker, Executive Director

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

DATE: April 19, 2012
TO: YCH Housing Commissioners
FROM: Lisa A. Baker, Executive Director
SUBJECT: **Ratify Approval to Use \$329,722 from YCH Development Fund to complete Crossroads Acquisition**

RECOMMENDED ACTIONS:

That the Housing Commission:

1. Appropriate an additional \$179,722 from the YCH Development Fund to complete the Crossroads initial acquisition; and
2. Ratify approval of \$329,722 to complete the Crossroads acquisition

BACKGROUND / DISCUSSION:

Crossroads Apartments is located at 646 Third Street, Woodland, CA. Crossroads Apartments was a privately-owned HUD-funded Multi Family project. Yolo County Housing stepped forward when the property was for sale in order to continue to preserve the property's affordability for the community. Ultimately, the property was purchased by our bond pool, Cal-AHA and is managed by a private management company.

On October 2, 2008, the Board authorized Lisa A. Baker, Executive Director of Yolo County Housing (YCH) to act as the Agency's chief negotiator for the potential purchase of real property located at 646 3rd Street, Woodland, CA 95695. On April 2, 2009, the Board authorized the Executive Director to execute a Letter of Intent with Cal-AHA for purchase of the property. Cal-AHA then issued a Bond Anticipation Note to acquire the property. Cal-AHA is the current owner. The bonds expire on May 1, 2012, at which time YCH must either acquire the property or Cal-AHA would need to issue a new bond to pay off the existing bonds.

Subsequent to this transaction, YCH partnered with DFA Development and Dawson Holdings, Inc. to bring forward an acquisition-rehabilitation proposal for the property that would meet the criteria laid out in the Letter of Intent with Cal-AHA for acquisition and rehabilitation of the property. DFA-DHA was unable to complete a financing package to cover the acquisition and rehabilitation. DHA agreed to be released from its agreement and staff retained DFA to work out a development proposal with YCH as the principal developer. At its meeting of December 8, 2011, the YCH Board of Commissioners adopted a Resolution authorizing the formation of a limited partnership with New Hope Community Development Corporation to move forward with the acquisition and rehabilitation of the

property and the Board authorized collateralization of YCH's 1212 "L" street lot in the City of Davis to effect the transaction.

YCH is moving forward with the U.S. Department of Housing and Urban Development (HUD) on a 221 (d) (4) loan and a 4% low income housing tax credit – YCH/New Hope are applying to CDLAC for a forward commitment of a 4% non-competitive tax credit/bond allocation and have already engaged CBRE HMF, Inc/Capital Markets to finance the 221 (d) (4).

This would allow the partnership to acquire and rehabilitate the property. However, YCH has been appraised that completion of the 221 (d) (4) loan could take as long as 8 months to 1 year, which is several months beyond the date at which the bonds must be repaid. Staff is anxious to avoid re-bonding for the property as fees and bond interest will add a heavy burden to the project and ensure that future acquisition and rehabilitation will be too expensive and impossible to complete. With that in mind, YCH reached out to consider private financing. YCH entered into negotiations with First Northern Bank to allow a note to acquire the property and to pay off the outstanding bonds. This would require that Cal-AHA defer its origination fee, that YCH use the "L" street lot as collateral and that YCH use funds from its development fund to close the initial acquisition.

At its meeting of March 15, 2012, the Board authorized the use of \$150,000 from the YCH Development Fund to close the anticipated gap, based on the preliminary commitment letter from First Northern Bank. This commitment was predicated on the bank's appraisal coming in at close to the appraisal already completed that complies with the HUD 221 (d) (4) process.

Unfortunately, the appraisal obtained by the bank on March 30, 2012, came in much lower than the HUD appraisal due to methodology and unrealistic assumptions used by the appraiser. This created a much larger gap than what was originally envisioned. The original expression of interest from the Bank was for an 80% Loan to Value ratio (LTV) resulting in a loan of \$2,664,000, assuming the appraisal came in at \$3,330,000. The final loan amount authorized by First Northern Bank was \$2,292,000, using an 80% valuation on the Crosswoods property and the 1212 "L" street lot in Davis as collateral. This created a gap of \$640,721, more than twice the original gap anticipated, in order to close the transaction.

Financing Structure

Due to the large, unanticipated gap, YCH reached out to CalAHA to negotiate a bridge loan and help "share the burden" with YCH. Accordingly, CalAHA agreed to defer its fee until the close of the 221 (d) (4) loan and to grant two additional bridge loans in the amount of \$220,000 and \$16,000 at the same terms as First Northern Bank – 4% simple interest. The final transaction is as follows:

- \$2,292,000 loan from First Northern Bank
- \$220,000 loan from CalAHA
- \$16,000 loan from CalAHA

- \$75,000 deferred loan from CalAHA (carryback)
- \$329,721.43 equity from YCH (final amount may be slightly different due to actual closing costs)

Ultimately, \$2,292,000 is coming from First Northern Bank, with \$311,000 coming from CalAHA, making YCH's capital investment only 11% of total \$2,940,000.

As stated earlier, the bonds are set to expire on May 1, 2012, meaning that time is of the essence in completing the transaction. Since it took so long for YCH to find financing in the market that has developed after the 2008 financial crisis, CalAHA had embarked on a two-fold strategy – continue to negotiate with YCH for bond payoff while simultaneously moving forward with a re-bonding strategy. The deadline for YCH to close its transaction and pay off the existing bonds was April 16, 2012. At its meeting of April 9, 2012, CalAHA unanimously agreed to make the \$220,000 loan and the \$75,000 fee deferral. On April 11, 2012, CalAHA agreed to make the additional \$16,000 loan to close the final gap.

Options

YCH's options were to allow CalAHA to re-bond, thereby adding heavy additional bond debt to the project and making rehabilitation infeasible, or to negotiate to close the gap with a combination of private funding, bridge loans and YCH equity, thus preserving the future financing of the rehabilitation and improvement of the property. Accordingly, staff acted to preserve the affordability of the project and to preserve its future financing through the HUD 221 (d) (4) process.

Due to the fast moving nature of the transaction, final loan documents were not available at the time of the staff report. If they are available, they will be distributed at the Board meeting. Failing that, they will be distributed at the next Board meeting.

FISCAL IMPACT:

YCH has \$393,000 in its development fund for the purposes of affordable housing development. The pro forma modeling for the above scenario shows that the property provides sufficient funds to pay debt service, return the equity investment and for a developer fee for the project through a future 221 (d) (4) loan and 4% tax credit.

CONCLUSION:

Staff has reviewed the proposed project in light of its obligations under its membership in Cal-AHA, the Cal-AHA Letter of Intent, the authorizations and intent previously given by the Board and recommends that the Board appropriate the necessary funds and ratify the expenditure of funds for acquisition.

ATTACHMENTS:

- Expression of Interest to Provide a Commercial Real Estate Mortgage, March 12, 2012,
- Commitment to Provide a Commercial Real Estate Mortgage, April 5, 2012,
- Receipt, Placer Title Company



March 12, 2012

Lisa Baker
Housing Authority of the County of Yolo
147 W. Main St.
Woodland CA 95695

Re: Expression of Interest to provide a Commercial Real Estate Mortgage on
641-645 2nd Street, Woodland CA, 95695.

Dear Lisa:

In response to your recent request, First Northern Bank is pleased to offer to you an Expression of Interest for a Commercial Real Estate loan involving the following primary terms, it being understood that some additional terms may be required by us before final approval and the final documentation for the loan is signed:

1. Loan Amount:
\$2,664,000 or a maximum advance of 80% of the appraised value of the collateral.
2. Interest Rate:
4.00% Fixed.
3. Maturity:
One year
4. Collateral:
Deed of Trust of first priority covering that real property and improvements located at 641-645 2nd Street, Woodland CA 95695 plus additional collateral of a Deed of Trust of first priority covering the real property on a residential lot in Davis.
5. Title Insurance:
ALTA Extended Loan Coverage Policy and those endorsements we may require for the amount of the loan, subject only to those liens, easements and restrictions as may be acceptable to us.
6. Appraisal:
The real property collateral must be appraised at an amount no less than \$3,330,000 by an appraiser acceptable to us, using appraisal methods and standards acceptable to us. The appraisal must be procured by First Northern Bank, with First Northern Bank as the client, for purposes specified by First Northern Bank.

7. Loan Purpose:
Purchase of an apartment building located at 641-645 2nd Street,
Woodland CA 95695
8. Fees:
Loan Fee: .25% (\$6,660) plus \$495 documentation fee.

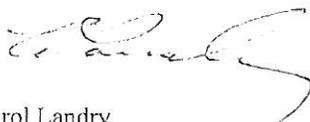
Other Fees: appraisal, appraisal review, title fees, environmental reports
and other out-of-pocket expenses.
9. Prepayment Penalty:
None.
10. Repayment:
Twelve payments of approximately \$12,700 a month based on a thirty
year amortization. The balance will be due at maturity.
11. Guaranties:
None.
12. Conditions:
Satisfactory Phase 1 report dated within the last two years
Satisfactory condition report

This Expression of Interest may not be limited to the above terms and conditions. Additional terms and conditions may apply at final approval and there may be other documentation required from you during the underwriting of your loan request.

If you choose to accept this offer, please sign and return to us the enclosed copy of this letter on or before March 16, 2012. Further, the requested loan must be completely negotiated, documented and closed by May 1, 2012 or this proposal will expire. This expression of interest is not a commitment to lend. A final loan commitment is subject to First Northern Bank's formal approval of this request after it has been fully underwritten including collateral valuation, environmental due diligence, and may be subject to such additional terms, conditions and requirements as may be provided in our loan documents or required by us or our counsel.

I look forward to working with you in completing this loan transaction. If you have any questions please call me at 530-297-2062. Thank you for banking with First Northern Bank.

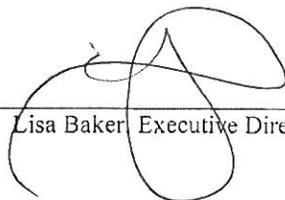
Sincerely,



Carol Landry
Vice President/Commercial Loan Team Manager

Accepted and agreed to this, 12th day of March, 2012.

By: _____
Lisa Baker Executive Director





FIRST NORTHERN BANK

April 5, 2012

Lisa Baker
Housing Authority of the County of Yolo
147 W. Main St.
Woodland CA 95695

Re: Commitment to provide a Commercial Real Estate Mortgage on
641-645 2nd Street, Woodland CA, 95695.

Dear Lisa:

In response to your recent request, First Northern Bank is pleased to offer to you a loan for a Commercial Real Estate loan involving the following primary terms, it being understood that some additional terms may be required by us before the final documentation for the loan is signed:

- i. Loan Amount:
\$2,292,000
2. Interest Rate:
4.00% Fixed. Interest will accrue daily on the basis of a 365 day year.
3. Maturity:
One year
4. Collateral:
Deed of Trust of first priority covering that real property and improvements located at 641-645 2nd Street, Woodland CA 95695 plus additional collateral of a Deed of Trust of first priority covering the real property at 1212 L Street, Davis. California Commercial Code Security interest of first priority in all furniture, fixtures and equipment located at 641-645 2nd Street, Woodland CA 95695.
5. Title Insurance:
ALTA Extended Loan Coverage Policy and those endorsements we may require for the amount of the loan, subject only to those liens, easements and restrictions as may be acceptable to us.
6. Loan Purpose:
Purchase of an apartment building located at 641-645 2nd Street, Woodland CA 95695
7. Fees:
Loan Fee: .25% (\$5,730) plus \$495 documentation fee.

Other Fees: appraisal, appraisal review, title fees, and other out-of-pocket expenses.

9. Prepayment Penalty:
None.

10. Repayment:
Twelve payments of approximately \$10,942 a month based on a thirty year amortization. The balance will be due at maturity.

11. Guaranties:
None.

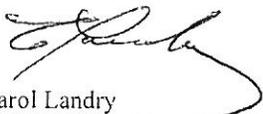
12. Conditions:
Borrower to maintain a minimum Debt Service Coverage Ratio (Net Operating Income/Debt Service on this loan) of 1.25 measured at 12/31 annually.
Borrower to provide annual audited financial statements and an annual 12/31 income statement for Crosswood Apartments.
Borrower may extend the maturity at the same rate and terms for an additional three years for a loan fee of .25% of the principal balance.

You agree to pay or reimburse us for any real property appraisal fees and the costs for all title and lien searches, filings, title insurance premiums or the like we may incur in connection with perfection of our rights as to this loan.

If you choose to accept this offer, please sign and return to us the enclosed copy of this letter on or before April 9, 2012. Further, the requested loan must be completely negotiated, documented and closed by May 1, 2012 or this commitment will expire. Our commitment is also conditioned on there not having occurred by the time we are to advance funds an event of default relating to any agreement for the loan or an event which with the giving of notice or lapse of time or both would constitute such an event of default.

I look forward to working with you in completing this loan transaction. If you have any questions please call me at 530-297-2062. Thank you for banking with First Northern Bank.

Sincerely,



Carol Landry
Vice President/Commercial Loan Team Manager

Accepted and agreed to this, 5th day of April, 2012.

By: 

Lisa Baker, Exccutive Director

RE: 641-645 2ND STREET, WOODLAND,

**PLACER TITLE COMPANY
RECEIPT**

Escrow No. 404-8798

Receipt No. 500392343

Date: April 05, 2012

Amount \$329,721.43

Received From: YOLO CO. HOUSING

Check Date: April 05, 2012

Check No. 012689

Bank # 121105156

Customer's Bank: FIRST NORTHERN BANK

Deposit Type: Check Received

Escrow Officer: Jenny M. Vega

Received By: Cecilia Villanueva

Customer Copy