Housing Authority of the County of Tulare Fiscal Year 2010 Moving to Work Annual Report

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Section I: Introduction

Mission Statement: To provide affordable, well maintained rental housing to qualified low and very low income families. Priority shall be given to working families, seniors, and the disabled. Tenant self-sufficiency and responsibility shall be encouraged. Programs shall be self-supporting to the maximum extent feasible.

Background: The Housing Authority of the County of Tulare (HATC) was established in 1945. It initially sought to provide affordable housing for returning WWII veterans and their families. However, since its establishment, it has incorporated numerous different programs into its housing portfolio. These programs are funded by various types of agencies that include the US Department of Housing and Urban Development (HUD), the US Department of Agriculture (USDA), the Tax Credit Allocation Committee of the State Treasurer's Office (LIHTC), California's Rental Housing Construction Program (RHCP), HOME, City Redevelopment Agencies (RDA) and other local agencies.

HATC is also a current participant of the Moving to Work (MTW) demonstration program. Our mission statement was instituted prior to HATC's participation in the MTW demonstration program. With the commencement of the MTW demonstration program, however, we feel better able at providing our families necessary tools to establish responsibility and achieve self-sufficiency. At the present, HATC provides affordable and well maintained rental housing to nearly 5000 households. We have a solid reputation for providing safe and affordable housing to low and very low income families within Tulare County

HATC entered into its first MTW demonstration program contract with HUD in May 1, 1999. This report spans the 2010 fiscal year (July 1, 2009 to June 30, 2010). In this report we discuss current goals, operating information, non-MTW HATC programs and activities, long term MTW objectives and plans, proposed MTW activities, ongoing MTW activities, agency performance and evaluation, and the sources and uses of our funding.

Goals and Objectives: HATC has established specific goals and objectives for its employees and its company which include:

1. Reducing cost by achieving greater cost effectiveness in federal expenditures.
2. Increase incentives for families to seek employment, meet educational goals, or to participate in job training programs to achieve economic self-sufficiency. Decrease incentives for families to fail to report or underreport income by establishing fixed subsidies.
3. Increase housing choices for program participants
4. Increase productivity and work quality by reducing calculation errors and unnecessary work volume.

HATC will further elaborate on how its goals are being met in Section VI: Ongoing MTW Activities.

We believe that the MTW demonstration program permits local agencies flexibility to provide assistance that best benefits low income participants.

HATC currently administers almost 5,000 units of assistance. This number includes Section 8 Housing Choice Vouchers (HCV), Public Housing, Veterans Administrative Supportive Housing (VASH) and units funded by different sources.

A. Housing Stock Information

Public Housing: HATC currently owns and maintains 710 MTW Public Housing units. We have not purchased any new Public Housing units and we do not anticipate purchasing any during the next fiscal year. HATC has not made any significant capital expenditures by development (>30%) and does not anticipate making significant capital expenditures by development greater than 30% in the next fiscal year. Table 1 shows our Public Housing Stock:

Table 1

HUD FUNDING				
MTW PUBLIC HOUSING as of 06/30/2010				
Complex	Location	No. of Units	Leased	Vacant
30-1A	Cutler	24	24	0
30-1B	Cutler	6	6	0
30-2	London	20	19	1
30-3	Cutler	25	24	1
30-4	Goshen	20	20	0
30-5	Dinuba	80	78	2
30-7	Woodlake	25	23	2
30-8	Traver	10	10	0
30-10	Tulare	75	74	1
30-11	Woodlake	5	5	0
30-12	Tulare	50	49	1
30-15	Visalia	36	34	2
30-16	Visalia	74	74	0
30-17	Porterville	65	63	2
30-19	Visalia	69	67	2
30-20	Tulare	50	49	1
30-21	Tulare	30	30	0
30-24	Porterville	46	45	1
Total MTW Public Housing Units		710	694	16

Section 8 Housing Choice Voucher Program (HCV): As of June 30, 2010, HATC had a total of 2,837 MTW vouchers allocated of which 2,744 were leased, making our lease up percentage 96.72%. At the present time, HATC does not have any project based vouchers. The 2009/2010 MTW Plan provides for implementation of a project-based component of the Housing Voucher Program. We anticipated constructing a new tax credit complex where we would enter a contract and establish thirty project based vouchers at that location. Funding issues have prevented the completion of the

construction of this complex and its projected completion date is anticipated to be before the end of the 2010/2011 fiscal year.

HATC was also allocated 35 VASH vouchers for its veteran population in order for them to obtain affordable housing. As of June 30, 2010, only one of those slots has been utilized. HATC continues working with the Department of Veteran Affairs and is optimistic about receiving more client referrals that are able to locate and qualify for housing in Tulare County. As mentioned in prior reports, HATC continues to maintain four Moderate Rehabilitation Program units which are not counted in the total HCV allocations.

Table 2 shows the breakdown of Housing Voucher Units:

Table 2

HUD FUNDING		
SECTION 8 HCV as of 06/30/2010		
Type	Allocated	Leased
MTW Housing Choice Voucher	2,837	2,744
VASH Housing Choice Voucher	35	1
Moderate Rehabilitation (Mod Rehab)	4	4
Total Section 8 Units	2,876	2,749

Multifamily Housing (HUD): HATC manages, by contract, two Multi-family complexes. One complex, La Serena, provides affordable housing for low income families while the other complex, Santa Fe Plaza, provides affordable housing for qualified seniors.

Table 3 provides information on these two Porterville based projects:

Table 3

MULTIFAMILY HUD FUNDING			
Complex	Location	Year Built/Acquired	No. of Units
Santa Fe Plaza (Section 8/202)	Porterville	1983	105
La Serena (Section 8 New Construction)	Porterville	1983	65
		Total Multifamily Units	170

Other Housing Stock (Non-HUD): HATC owns/manages several other properties throughout the community funded by various sources. In partnership with Kaweah Management Company (KMC), a non-profit affordable development company, HATC has several new complexes in development. These new units are being developed using a combination of funds that include LIHTC, HOME, RDA tax increment funding, bonds, HATC MTW program reserve funds and HATC administrative program reserve funds. Last fiscal year, HATC rehabilitated **Court and Paradise**, an eleven unit apartment complex in the City of Visalia. In addition to the renovation of 11 units; we anticipate building an additional nine units on the site which have been approved for 9% tax credits. Once the project is complete, the permanent loan, anticipated to be approximately $750,000 for the 20 units, will be funded by MTW reserve funds at 4% for 30 years.

Oakwood Apartments, a 20 unit at risk apartment project was acquired in the City of Tulare. The project was in the RDA's target area and the HATC, KMC, and the City RDA worked to secure $250,000 of tax increment funds to do renovations to the units and site. The 20 units were acquired for $950,000 or $47,500 per unit. The funding for the purchase came from the HATC MTW reserve funds.

Other acquired units were two 4-plexes acquired in the City of Visalia. The 2 4-plexes, DBA as **West Oriole Apts.,** had been foreclosed on and were in the City of Visalia Redevelopment Target Area. The 4-plexes were purchased for $360,000 and $365,000. Initial funding came from MTW reserve funds; and, the fund was largely reimbursed when the units were financed by our banking partner Valley Business Bank at $250,000 per 4-plex at 5% for 25 years. HATC acquired **East Tulare Apartments**, a twelve unit complex in the City of Visalia in conjunction with the County Mental Health Department. The project will be owned by a new 501 non- profit entity **TMHSA Housing Inc**. under the Mental Health Services Act. There were no MTW Funds involved with the acquisition or renovation of this project.

The HATC, KMC, the Visalia RDA, and the Central Valley Regional Center (CVRC) cooperated together to acquire a centrally located home that had been converted to a Tri-plex. The project was purchased with the intent of providing housing for the developmentally disabled clientele serviced by the Central Valley Regional Center. The final financing for the project came from the City of Visalia, the CVRC, and private sources. The project is operating as the **Encina Tri-plex**.

Additional projects are still in the works and will be completed in future years. Following are tables 4-8 delineating our other housing stock and their various funding sources:

Table 4

FARM LABOR HOUSING STOCK USDA FUNDING			
Complex	Location	Year Built/Acquired	No. of Units
Terra Bella FLC	Terra Bella	1977	14
Sonora	Tulare	1985	52
Linnell FLC	Visalia	1938/1967/1972/1977	191
La Puente	Visalia	1980	15
Woodville FLC	Woodville	1938/1967/1977	178
Total Farm Labor Housing Units			450

Table 5

RENTAL HOUSING CONSTRUCTION PROGRAM UNITS STATE OF CALIFORNIA RHCP FUNDING			
Complex	Location	Year Built	No. of Units
Parkwood Manor	Tulare	1983	75
Clark Court	Visalia	1983	24
Visalia Garden Villas	Visalia	1987	60
Total RHCP Housing Units			159

Table 6

LIHTC STOCK CALIFORNIA TAX CREDIT ALLOCATION FUNDING			
Complex	Location	Year Built/Acquired	No. of Units
Gateway Village II	Farmersville	2009	16
Cypress Cove	Tulare	1993	52
Westport Village	Visalia	1989	25
Fairview Village	Visalia	1994	8
Willowbrook	Visalia	1996	10
Kimball Court	Visalia	2000	95
Court & Paradise	Visalia	1980-2008	11
Parkside Court	Woodlake	2007	24
Total Tax Credit Housing Units			241

Table 7

MIXED FUNDING UNITS				
Complex	Location	Year Built/Acquired	No. of Units	Funding Sources
Linmar Apartments	Dinuba	1982-1992	48	USDA
Gateway Village Apartments	Farmersville	2008	48	USDA/CTCAC
Sultana Acres	Sultana	1992	36	RHCP/CTCAC
Oakwood	Tulare	2009	20	MTW/Tulare RDA*
North E Street	Tulare	1963/1980	1	HATC Non-Profit
Blain Units	Tulare/Porterville	1984-2001	14	HATC Non-Profit
Robinwood Court	Visalia	2007	10	HOME/Visalia RDA
Millcreek Parkway	Visalia	2008	70	Visalia RDA
West Oriole	Visalia	2010	8	MTW/Visalia RDA**
Tracy Court	Visalia	2010	3	HATC Non-Profit
North Jacob	Visalia	1958/1993	1	HATC Non-Profit
South Crenshaw	Visalia	1983/1995	1	HATC Non-Profit
Myrtle Court	Visalia	1998/2008	32	HATC Non-Profit
Encina Triplex	Visalia	1945/2008	3	Visalia RDA
County Center	Visalia	1974/2010	1	HATC Non-Profit
East Tulare Avenue Cottages	Visalia	1979/2009	22	RHCP/CHFA/Tulare RDA
Transitional Living Center	Visalia	1966/2005	32	Visalia RDA
Village Grove	Farmersville	1984-2009	48	USDA/CTCAC/BOND
Poplar Grove	Poplar Grove	2003	50	USDA/CTCAC
Millcreek Parkway	Visalia	2008	70	Visalia RDA
Total Mixed Funding Units			518	

*See next page

** See next page

Table 8

FUTURE HOUSING STOCK FUNDING SOURCES				
Complex	Location	Estimated Completion	No. of Units	Funding Sources
Exeter Family	Exeter	2012	49	TBD
Lindsay Senior Apartments	Lindsay	2011	72	USDA/CTCAC
Tule Vista	Tulare	2011	57	USDA/CTCAC/BD/Tul RDA/MTW***
Cross & West Streets	Tulare	2011	49	USDA/CTCAC
Tulare NSP	Tulare	2011	5	Tulare RDA/NSP/MTW
Goshen & Lovers Lane	Visalia	2013	TBD	CTCAC
Total Future Housing Units			232	

* The HATC board approved the use of MTW reserve funds in the amount of $950,000 to purchase the twenty (20) unit Oakwood project in the City of Tulare Redevelopment Area in cooperation with the RDA, who authorized the use of funds to be granted to Kaweah Management Company, nonprofit corporation managed by the HATC. MTW Flexibility allowed for the quick closing of this project to help fight blight in the City of Tulare. Contributions of MTW funds to these projects are authorized through HATC's approved of MTW Activity #5, Development of Additional Affordable Housing, which makes use of the 'Broader Uses of Funds' authority in HATC's Attachment D of the Standard MTW Agreement.

** West Oriole consisted to two fourplexes that were in foreclosure. They are located in the City of Visalia Redevelopment Target Area. The HATC board approved funding from MTW program reserves in the amount of $365,000 per 4-Plex. After acquisition the 4-plexes were financed by a local banking partner Valley Business Bank in the amount of $250,000 per 4-plex at 5% for 25 years. The balance of the acquisition, $230,000, came from MTW Funds. Contributions of MTW funds to these projects are authorized through HATC's approved MTW Activity #5, 'Development of Additional Affordable Housing', which makes use of the 'Broader Uses of Funds' authority in HATC's Attachment D of the Standard MTW Agreement.

*** The Tule Vista project will be financed by multiple sources. One source will be MTW Reserve funds in the amount of $3,900,000 to be used as a bridge loan during the fifteen (15) year tax credit compliance period. The project is one of the first in the State of California to have approval to convert to home-ownership at the end of 15 years. Once the units are sold the sale proceeds will be repaid to HATC. Contributions of MTW funds to these projects are authorized through HATC's approved MTW Activity #5, 'Development of Additional Affordable Housing', which makes use of the 'Broader Uses of Funds' authority in HATC's Attachment D of the Standard MTW Agreement.

B. Leasing Information

Public Housing: HATC has 710 public housing units, all of which are part of the MTW demonstration program. Throughout the report year, HATC was able to house 115 new families in our public housing units. At the end of the fiscal year, HATC had 694 units leased; representing a 98% lease up. Presently, our agency does not anticipate the demolition, disposition, or major rehabilitation of any public housing unit that would reduce the public housing occupancy rate.

During FY 2010, 60 families vacated because they reached their five year time limit.

Housing Choice Vouchers: HATC has a total of 2,837 MTW voucher allocations. Of this amount, 2,744 slots are in use making the utilization rate 96.7%. Throughout FY2010, HATC leased a total of

33,423 unit months. Our agency housed 719 new families on the MTW demonstration program during the report time frame. HATC received thirty-five voucher allocations for the VASH program and at the present only one VASH slot has been used. We also have four units as part of the Moderate Rehabilitation program, all of which are under lease. Both VASH and the Moderate Rehabilitation program are not part of the MTW demonstration program.

HATC felt the effect of the housing market crisis during FY 2010. HUD re-evaluated and imposed lower fair market rents for Tulare County due to lower values brought about by the high number of foreclosures. We, in fact, saw a decrease in rental prices which permitted our clients to find and rent units in better neighborhoods. The flip side was that several participating landlords of the HCV program also lost their properties due to foreclosures, causing their tenants to be displaced. Many staff hours were expended in an effort to recertify all HCV participants negatively impacted by the foreclosure problem. In some cases clients that were recertified to move were adversely affected by not being able to find substitute housing before their vouchers expired.

There were a total of 251 families that timed out of the HCV program.

HATC currently has no project based vouchers, however, as part of the 2010/2011 Agency Plan, HATC requested to utilize its Section 8 reserve account in an effort to help additional families by allocating thirty slots of project based Section 8. We plan to use these project based Section 8 vouchers at a new complex, Tule Vista that is in the process of being constructed.

C. Waiting List Information

Summary: HATC maintains open waiting lists for Section 8 and Public Housing. These waiting lists have not been closed in the last twenty years. Before the MTW Demonstration program, it took an applicant, on average, five years to reach the top of the Section 8 waiting list. At the present, the average time on the Section 8 waiting list is four years. We do not anticipate having to close any of our waiting lists in the future and mass purges have not been necessary.

HATC is convinced the main factor in lowering the wait time is the MTW Demonstration program that creates additional turnover. This provides a fairer method of distributing housing subsidies and serves to keep waiting lists shorter in duration.

Public Housing: Tulare County has four geographical areas that have their own Public Housing waiting lists. An applicant can apply for any or all of the waiting lists. HATC first and foremost gives a preference on all waiting lists to Tulare County residents. The other three preferences are elderly, disabled/handicap and families with working income. As a result of these preferences, waiting list time for Public Housing applicants varies. Applicants that do not fall within any of the preferences will remain at the bottom of the waiting list until all applicants receiving preferences are updated.

Housing Choice Vouchers: HATC maintains one Section 8 HCV waiting list for Tulare County. HATC provides a local residency preference. Except for Tulare County residency, status on the wait list is determined strictly by the time and date of the application. Once applicants reach the top of the waiting list they are contacted and if they respond, they are scheduled for an eligibility interview in one of our four area offices. The average wait time for the Section 8 waiting list is approximately four years.

The Waiting List Characteristics are shown in tables 9 and 10:

Table 9

Public Housing Waiting List Characteristics			
Race/Ethnicity	**Hispanic**	**Non-Hispanic**	**Total**
Asian	6	35	41
Black	11	298	309
White	5,063	2,308	7,371
American Indian	1	7	8
Hawaiian/Other Pacific Islander	1	16	17
Grand Total	**5,082**	**2,664**	**7,746**
Household Size	**Elderly/Disabled**	**Family**	**Total**
1	1082	512	1594
2	378	1603	1981
3	136	1741	1877
4	44	1176	1220
5	23	589	612
6	10	297	307
7	4	91	95
8		35	35
9	1	16	17
10	1	5	6
11		2	2
Grand Total	**1,679**	**6,067**	**7,746**
Sex of Head of Household	**Female**	**Male**	**Total**
Households	6,154	1,592	7,746

Table 10

Section 8 HCV Waiting List Characteristics			
Race/Ethnicity	**Hispanic**	**Non-Hispanic**	**Total**
American Indian	1	13	14
Asian	11	95	106
Black	25	439	464
Hawaiian/Other Pacific Islander	2	27	29
White	8,618	3,409	12,027
Grand Total	**8,657**	**3,983**	**12,640**
Household Size	**Elderly/Disabled**	**Family**	**Total**
1	1658	830	2488
2	641	2219	2860
3	296	2656	2952
4	157	2031	2188
5	87	1191	1278
6	40	538	578
7	14	192	206
8	1	59	60
9	3	18	21
10		6	6
11		3	3
Grand Total	**2,897**	**9,743**	**12,640**
Sex of Head of Household	**Female**	**Male**	**Total**
Households	9,958	2,682	12,640

Section III: Non-MTW Related Housing Authority Information

This section is not applicable to HATC. We have no Non-MTW Related Housing Authority Information to report.

Although it's an oversimplification, HATC's two main MTW goals are to increase self-sufficiency and to simplify program administration. HATC believes this can best be driven by a change in the rent system and imposition of time limits. Abt Associates best summed up the goals of the agency in their May 2000 initial monitoring report to HUD, and the goals remain unchanged today:
"HATC staff consider the principle benefits of their MTW approach to be that it: allows them to better serve the working poor; gives tenants an opportunity to retain their savings and benefit from increases in income on an ongoing basis; promotes individual responsibility; increases housing choice; removes the incentive for fraud and underreporting; is simpler to administer; and provides a fairer method of allocating housing resources.

- ***Serving the working poor.*** The low median income in Tulare County, coupled with QHWRA requirements that target families at or below 30 percent of the area median, makes it difficult for HATC to focus its efforts on working families. For example, it is impossible for a full-time minimum wage earner in Tulare County to meet this threshold unless he/she has a large family (five or more). In addition, although families living exclusively on AFDC typically earn less than 30 percent of the area median, welfare reform has meant that many families now earn supplemental income through job training and other self-sufficiency programs, pushing them above the income limit. MTW has provided the agency with a partial solution by lifting the requirements for the course of the demonstration. Under MTW, the agency must ensure that at least 75 percent of assisted families are at or below 50 percent of the area median at any given time. The remainder must be at or below 80 percent of the area median. Agency staff believes that these targets allow them to serve the county's poorest families as well as families that are already working or taking steps to gain employment. MTW also helps HATC come closer to meeting QHWRA targeting requirements in its WtW and regular voucher programs: when possible, the agency diverts higher income families to MTW and enroll those with incomes under 30 percent of median to WtW.[1]

- ***Incentives for tenants to save and increase their income*.** HATC's MTW program employs a" carrot and stick" approach to encourage families to achieve self-sufficiency. HATC staff believes that a flat rent system provides an incentive for families to increase their income because it allows them to keep the full amount of any extra earnings. HATC staff anticipates that flat rents and subsidies may initially pose a hardship to new MTW families, particularly those with the lowest incomes, but the fact that this burden will decrease as incomes go up should act as an incentive for families to seek employment or better jobs. Moreover, the elimination of FSS-type escrow accounts under MTW means that families are free to spend their savings as they wish.

- ***Incentives for increasing individual responsibility*.** The elimination of escrow accounts, in addition to giving families greater freedom in their saving and spending decisions, also forces families to take greater responsibility for their finances. HATC staff believes that escrow accounts provide an artificial sense of security for assisted families, as do utility allowances, which have also been eliminated in the MTW program. MTW's five-year time limit on assistance increases the impetus for families to gain employment and self-

[1] Meeting QHWRA targeting requirements has been a particular challenge for HATC's WtW program, which targets families that are either employed or enrolled in a self-sufficiency program. The agency received an allocation of 400 WtW vouchers in the fall of 1999, but as of April 2000 had only succeeded in housing about 100 families. The agency has requested a waiver of QHWRA targeting revisions for its WtW program, but as of the time of this review (May 2000), the waiver had not yet been granted.

sufficiency skills as quickly as possible, so that they will be able to afford alternative housing once their assistance is terminated. One of the Agency's hopes for the program is that at the end of five years families will have earned and saved enough to purchase a home. In Tulare County, where it is still possible to buy a new home for roughly $85,000, homeownership is not an unattainable ideal

- ***Increased housing choice*.** One of the challenges that HATC faces in its regular voucher and WtW voucher programs is meeting the QHWRA requirement that families not pay more than 40 percent of their income for rent when they first receive a Section 8 subsidy for a particular unit. Given that incomes in the area are so low, HATC's Section 8 families find it difficult to locate units that both meet HUD's Housing Quality Standards and are within the program limits. Under MTW, the 40 percent rule is waived, allowing families to devote a larger percentage of their income to rent should they choose to do so. This provides them with greater choice because it allows them to look for housing in higher-rent neighborhoods with the expectation that their rent burden will decrease as their earnings rise. Alternatively, families are rewarded for finding a less expensive unit by realizing rent savings almost immediately, as under the old shopping incentive. HATC staff acknowledges that the system of fixed subsidies would not work well in parts of the country with very high rents, because the rent burdens on families would simply be too high.

- ***Disincentives to fraud and underreporting*.** HATC staff believes that in spite of the Public Housing Reform Act's earned income disregard provision, any system in which rents are tied to income provides an incentive for tenants to underreport their income at admission and recertification. Tenants also tend find the income verification process intrusive and are often reluctant to provide all of the information necessary to make accurate rent calculations because they are afraid that it will result in higher rents. By untying rents from household income, HATC's MTW program reduces the incentive for fraud and encourages tenants to report their income honestly. This can result in benefits to tenants (beyond reducing the anxiety of underreporting) by allowing staff to provide better counseling—for example, encouraging homeownership for those within reach of this goal.

- ***Increased program clarity*.** HATC argues that a system in which rents are based on bedroom size is far simpler to explain to program participants than one that is based on a complex calculation of adjusted income. Moreover, it more closely reflects the private market system under which most people operate. The flat rent/fixed subsidy system also eliminates the phenomenon of different families paying different amounts for the same unit, which is a common cause of contention among public housing and Section 8 tenants. Finally, with families able to save any extra income they earn but having to be off the program within five years, the program's goals of self-sufficiency and tenant responsibility are clear and more readily understood.

- ***Administrative simplicity*.** In addition to being easier to understand, the MTW program is also simpler to administer, because it eliminates the need for costly and time-consuming interim income verifications and recertification's. Under MTW, income and household composition are verified upon admission to determine program eligibility and bedroom size and annually for evaluation purposes. This reduces the workload of the eligibility clerks. It also provides less room for error as all files contain the same calculations. It is expected that if all of HATC's tenants were on the MTW program, this streamlining of administrative processes would result in significant cost reductions. Further, as the FSS program is phased out, the costs of the current accounting and reporting system for resident escrow accounts would disappear. Finally, with less incentive for tenants to underreport their income, the agency would save on fraud investigations and grievance procedures.

- ***Fairness*.** One of the overarching goals of HATC's MTW approach is that it is a fairer means of providing housing assistance. It is very important to the leadership of the agency that tenants, staff, and the wider public perceive the program as fair and equitable. A system of flat rents and subsidies, they argue, puts everyone on the same initial footing and rewards those who pursue employment and other self-sufficiency opportunities. It also more closely reflects the private market conditions that most people face. Finally, time limits reinforce the notion that rental assistance is not a lifetime benefit but a helping hand to families as they move toward employment and self-sufficiency. The time limits on assistance, and the expectation that many families will reach self-sufficiency sooner than five years, also allow the agency to serve more low-income families."

Finally, additional elements of regulatory relief that have been added over the years of our MTW program are all related to the initial goals HATC established at the outset of the program. The staff and board remain committed to continuing a more locally relevant housing program.

Section V: Proposed MTW Activities

HATC has no proposed FY 2010 activities that were not implemented on which to report.

Table 11

Ongoing MTW Activities Approved by HUD			
Activity Number	**Activity Name**	**Year Identified/ Year Implemented**	**Authorizations**
One	Administrative Cost Savings and Self-Sufficiency	1999/ 1999 and 2008/2009	Attachment C: Section C.11, Section D.2, Section 2 (b), and Section F
Two	Increase Housing Choices	2008-2009/2008	Attachment C: Section D.2 (a)
Three	Encourage Self-Sufficiency in Pre-1999 Families	2009-2010/2009	Attachment C: Section C.11 and Section D.2
Four	Project Based Section 8	2008-2009/TBD	Attachment C: Section D.1 (e) and Section D.7
Five	Development of Additional Affordable Housing	2009-2010/2009	Attachment C: Section B.1 (b) and Section B.2

Activity One – Administrative Cost Savings and Self-Sufficiency: From the beginning of the MTW Demonstration program, HATC has participated in activities which help reduce administrative errors, increase efficiency and potentially reduce staffing in an effort to achieve greater cost effectiveness in federal expenditures. Those activities are:

1. Fixed proration amounts for mixed family households with ineligible alien status family members (for five year program participants), identified 2008 and implemented 2009

2. Phasing out the Family Self Sufficiency Program (FSS) identified and implemented 1999.

3. Requiring Section 8 landlords to use the HUD model lease identified and implemented 1999.

4. Changing the definition of income to include all income into the home of all MTW families' (2008/2009 Plan). Elimination of UAP payments by the establishment of a $0 minimum rent. (2008/2009 Plan), identified 2008 and implemented 2009.

5. Allowing qualified participants to select a flat or fixed medical deduction instead of going through the extensive medical expense verification process, identified in 2008 and implemented 2009.

6. Converting all able bodies families who entered our program after May 1999 to MTW programs with fixed rents/subsidies and time limits, planned in 2008 and implemented 2009.

HATC implemented a fixed proration amount for mixed families with ineligible alien status members. Families on the time limit assistance were the only participants that benefitted from a fixed proration, now all elderly and disabled families are able to benefit from the fixed proration amount as well. The prior way to asses a proration was unclear with amounts varying from household to household. In an effort to be consistent with all assistance recipients, the fixed pro-ration was extended to all households. Public Housing occupants pay an additional twenty-five dollars in rent per ineligible family member per month while on Section 8. Twenty-five dollars is deducted from the family's subsidy per ineligible family member per month.

HATC phased out the FSS program as of October 2002 as in authorized in the first MTW Contract Amendment. As a result that activity will now be omitted from further plans and reports. The contracts that were in place for the FSS program have expired with a majority of former FSS program participants selecting to participate in the MTW Demonstration Program.

HATC continues to require landlords to use the HUD model lease in an effort to conserve time. Before initiating this activity, the amount of time it took to scrutinize each landlord's individual lease agreement took varying amounts of times. There has been additional time savings because the term specified on the HUD model lease is a one year term, making lease terms and time limits easy to calculate as opposed to some month-to-month leases that landlords sometimes submitted. Please refer to table 12 regarding baseline and benchmark for administrative cost and time savings related to not having to review non-standard leases

By changing the definition of income to include "all income into the home of all MTW families", HATC believes it has eliminated the unnecessary process of verifying excluded income. Having to send traditional third party verifications to verify excluded income (such as school grants, foster care, adoption assistance, etc.) and additionally track those verifications was an extremely time consuming process (EIV does not reflect those sources of income). So in essence, that process was eliminated by modifying the definition of income.

Eliminating UAP and establishing a minimum $0 rent has done away with a complicated process that created an extra amount of work to reimburse a particular client often minimal amounts of money. While the amount of UAP payment recipients were few, the process of establishing a UAP, obtaining utility verification from the tenant, issuing a monthly check payment for that client and finally mailing that check , was time consuming and costly. This process has now been eliminated.

The establishment of a fixed or flat medical deduction benefits HATC and the client. Various verifications are sent in order to establish qualifying medical deductions. As is the case when verifying excluded income, creating, mailing and tracking the numerous amounts of verifications to give a medical deduction is extremely time consuming and because of the meticulous detail of medical information, calculating the appropriate medical deduction can be difficult and often error ridden. Qualifying participants are allowed to select a flat annual medical deduction of $500. However, those participants that feel that their annual expenses would exceed the flat amount and would like to go through the traditional verification process are still allowed to do so. Please see table 12 regarding baseline and benchmark for administrative cost and time savings.

Converting all able bodied families to the MTW demonstration program has been one of the ultimate time saving activities in which HATC has been able to participate. Our agency converted all its welfare -to-work program able bodied participants, all able bodied families on the program before the beginning of the MTW program in May of 1999, and all able bodied participants that ported into Tulare County. By allowing only elderly and disabled families to participate in the traditional Section 8 program without fixed subsidies or time limits, the number of interims and retroactive rents have decreased the level of time that staff needs to dedicate to these activities.

Revisions to Benchmarks/Metric and Data Collection Methodology:

In the 2009/2010 MTW Plan, the baseline established for this activity was the number of staff positions needed to handle the work volume before the MTW Demonstration program and the benchmark was the number of staff positions after the inception of MTW. Initially HATC believed that the number of staff needed to handle HATC's work volume would decrease because of newly implemented time saving activities. However, HATC has determined this baseline and benchmark to be ineffective.

Staff case load is not limited to MTW programs. Non-MTW housing inventory has increased and as a result work volume has increased and additional staff has been hired. Also, extra procedures that have been implemented by HUD's EIV system have added additional time burden on staff. As a result, we have developed alternative baselines and benchmarks that will measure the amount of time savings the MTW Demonstration program is able to provide. Our new baseline is the average amount of time spent on interims and retroactive rents calculated at our multifamily project, **La Serena Apartments**, a sixty-five unit family apartment complex. The benchmark for this baseline is the time saved by eliminating the need for interims and retroactive rents for the MTW participants paying a flat rent or receiving the flat subsidy. We will include the time necessary for our Occupancy Specialist to review these files when completed as well. We believe this will provide an appropriate baseline and benchmark because La Serena follows traditional Section 8 program regulations. Our eligibility clerk responsible for performing interims and redeterminations at La Serena as part of her case load will start tracking the amount of time spent on interims and calculating retroactive rents. Once this data is available, HATC will be able to calculate an appropriate ratio that will reflect an estimated amount of time savings for its participants on MTW. Since the clerk has only recently started tracking these times (as of February 2011), we are as of yet unable to present appropriate outcomes. These figures will be available for our 2011 report. Please refer to table 12 below:

Table 12

Activity One: Administrative Cost Savings				
Measurement	**Baseline**	**Benchmark**	**Outcome**	**Achieved Benchmark?**
Comparison of Traditional HUD Regulations in an HATC New Construction Project vs Streamlines Operations under the HATC MTW Program.	La Serena based on Traditional Section 8 Regulations **No Cost Savings**	$75,524 the Cost of one Eligibility Clerk II	no data available yet	N/A

Also, from the onset of the Tulare County MTW program in 1999, families were being encouraged to become self-sufficient. This objective was to be accomplished through:

1. Fixed rents on the Public Housing program for non-elderly or disabled families
2 Fixed subsidies on the Section 8 Program for non-elderly or disabled families
3. A five year time limit on assistance for non-elderly or disabled families.

All of these activities were planned and implemented in 1999.

HATC has collected and stored information for all MTW participants since the onset of the program. We store information such as income from their annual or interim reexaminations. This data has been used to assess and determine important aspects of our agency like rental amounts and rental subsidies. HATC's baseline will be a 2010 gross income comparison with Fresno Housing Authorities participants. Its benchmark will be the comparison of gross income increases/decreases between Tulare and Fresno County for the future plan years.

HATC began receiving the baseline data from the Fresno Housing Authorities in October of 2009. Our Agency receives this information on a quarterly basis, but will not have a full year's worth of data by the end of this plan year for a comparison.

Table 13

Activity One: Encourage Self-Sufficiency in MTW Families		
Measurement	**Baseline**	**Benchmark**
Income comparison between HATC MTW families and Section 8 participants in Fresno County where traditional HUD regulations are in place.	Average beginning income amounts for the start of the fiscal year.	14% increase for Tulare county Section 8 participants. 7% increase for Fresno county Section 8 participants

Activity Impacts and Outcomes:

Since we have just implemented these changes to baselines/metric and data collection methodology, we do not have enough information to determine if the baselines have been achieved or not. We will have this information by the 2011 report and thereafter.

Revisions to MTW Authorizations:

No changes to MTW authorizations were necessary.

HATC is authorized to make these changes according to the MTW Agreement, Attachment C, Section C (11) Rent Policies for Public Housing and Section D(2) Rent Policies for Section 8 Section 2(b), Determining the Content of Rental Agreements and Section F . It was necessary to waive regulations for this activity in order to allow establishing rents which are not based on 30% of income, and allowing the imposition of time limits on assistance rather than only terminating families when their Total Tenant Payment equals or exceeds the contract rent for Section 8 or allowing Public Housing families to stay indefinitely paying a flat rent amount. Further, waivers were needed to require owners to use the Section 8 model lease rather than being allowed to use a lease o their own; allowing a simplified prorated rent calculation for mixed families; allowing changes to the programs definition of income, allowing the termination of the FSS Program, and allowing a change to the calculation of medical deductions.

Activity Two– Increasing Housing Choices: In the 2008/2009 Plan, HATC discussed the necessity of increasing housing choices for program participants. We believed one of the methods to increase housing choices was to eliminate the 40% rule for families on the income based program since the rule had already been waived for all program participants on the five year program. This new change has allowed elderly/disabled program participants to choose units where the rent would exceed 40% of their income thus allowing greater housing choices. This activity commenced as of January 1, 2009.

Revision to Benchmarks:
Initially, HATC established the benchmark as the number of program participants that chose the fixed subsidy time limit program in order to rent a unit that was 40% of their income. Such participants typically would request a Hardship request at the end of their five years citing their elderly or disabled status. Since HUD approved HATC's request to abolish the 40% rule, the benchmark has become ineffective as a form of measurement. As a result, HATC has developed a new baseline and benchmark. In the 2009 MTW Report, HATC had mentioned establishing this baseline at thirty-six (36) elderly/disabled participants, however, that information was inaccurate and the number in that report should have zero as shown in the baseline section of table 14.

Table 14

Activity Two: Increasing Housing Choices				
Measurement	**Baseline**	**Benchmark**	**Outcome**	**Achieved Benchmark?**
Number of elderly/disabled participants paying over 40% of their income prior to waiver versus number of families paying over 40% of their income after waiver.	Zero non-MTW families over 40% of their income towards rent.	40 non-MTW families paying over 40% of income towards rent.	Ninety-six (96) elderly/disabled participants paying over 40% of income FYE 2010	Yes

Revisions to Methodology:

No Revisions to methodology were required

Activity Impacts and Outcomes:

The benchmarks were achieved because additional families were able to choose units they would not have been allowed to rent without MTW waivers of the 40% rule. This increased their housing choices.

Revisions to MTW Authorizations:

No revisions to MTW authorizations were required.

This initiative is authorized by our MTW Agreement, Attachment C, Section D (2) a.   Waivers to the regulations now allowing families to pay more than 40% of their income on the Section 8 Program were necessary to permit this activity for families moving and starting a new contract.

Activity Three– Encourage Self-Sufficiency and Transition of Pre-1999 Families to MTW: From inception of the MTW program in May, 1999, HATC has worked to encourage all of its MTW program participants to become self-sufficient. HATC did not, however, require that able-bodied families participate in the MTW program at that time. Those families were allowed to choose whether they wanted to participate in the MTW Program, or remain in the mainstream program.

The MTW Demonstration Program was designed to motivate able bodied families to work, seek work, participate in job training, and go back to school. We promoted those activities at the onset of the program by establishing the following:

1. Establishing fixed rents for our non-elderly and non-disabled Public Housing participants.

2. Establishing fixed subsidies for our non-elderly and non-disabled HCV participants.

3. Imposing a five year time limit on assistance for all non-elderly and non-disabled families for HCV and Public Housing.

In 2009 HATC reviewed its MTW Program policies with an eye to requiring pre-1999 able-bodied families who had not chosen to convert to MTW to do so. At the time there were only 99 families remaining who had not voluntarily converted to MTW. In discussions with the HATC Board of Commissioners, it was felt that these families also needed to be encouraged to be self-sufficient; and, therefore after a public hearing, HATC included in their 2009-2010 Plan a requirement that all pre-1999 able-bodied families convert to the MTW program under the same conditions as post-1999 families, meaning flat rents and time limits would be imposed.

HATC has collected and stored income data on all MTW participants since the onset of the program from annual or interim reexaminations. This data has been used to assess and determine important aspects like rental amounts and rental subsidies. In our 2009/2010 MTW Plan, we established a new baseline and benchmark to measure the success of the proposition that incomes of pre-1999 families on the MTW demonstration program would increase after conversion

Revisions to Benchmarks/Metrics:

The benchmarks and metrics have not changed; we are simply comparing incomes for HATC families with a different group of families on traditional HUD regulations.

Revisions to Methodology:

Since we no longer have income based rent payers in our public housing and voucher programs, we turned to our neighbors to the north, Fresno County for comparison data. Please refer to table 15 below:

Table 15

Activity Three: Encourage Self-Sufficiency in Pre-1999 Families				
Measurement	**Baseline**	**Benchmark**	**Outcome**	**Achieved Benchmark?**
Income comparison between HATC MTW families and Section 8 participants in Fresno County where traditional HUD regulations are in place.	Average beginning income amounts for each group effective the start of the fiscal year.	11% increase for Tulare county Section 8 participants. 7% increase for Fresno county Section 8 participants	N/A	This activity was implemented in October of 2009, therefore a year's worth of data is unavailable for comparison at this time

The data provided by the Housing Authorities of the City and County of Fresno is ideal because Fresno County is very similar to Tulare County demographically. Resident profiles and economic opportunities for both agencies have shown to be comparable. The Housing Authorities of the City and County of Fresno do not participate in the MTW demonstration program therefore, HATC hypothesizes that HATC program participants will see a greater increase in income due to their inclusion in the MTW program.

HATC has isolated the pre-1999 families and will use their data for this activity. However, we began receiving the baseline data from the Fresno Housing Authorities in October 2009, and due to timing of approval of the 2009-2010 plans, the first pre-1999 families were not converted until October 2009. Because the methodology requires a full year of data and we did not have the data from Fresno until after the start of this plan year, insufficient information exists at this time to make a comparison, but will be included in the 2011 report.

Activity Impacts and Outcomes:

Since we have not had a full year of information from the Fresno Housing Authorities, we have not been able to see if our benchmarks have been met and what the outcome has been. We will have this data in the 2011 report and thereafter.

Revisions to MTW Authorizations:

There have been no revisions to MTW authorizations used for this activity.

These items are permissible according to the MTW Agreement, Attachment C, Section C(11) for public housing and Section D(2) for Section 8. It was necessary to waive regulations for this activity in order to allow establishing rents which are not based on 30% of income, and allowing the imposition of time limits on assistance rather than only terminating families when their Total Tenant Payment equals or exceeds the contract rent for Section 8 or allowing Public Housing families to stay indefinitely paying a flat rent amount.

Activity Four– Project Based Section 8: In our 2009-2010 MTW Plan, HATC discussed building of thirty single-family units in the city of Tulare that would allow HATC to participate in the Project Based HCV program for the first time. This complex, Tule Vista, is being built in conjunction with the City of Tulare Redevelopment Agency.

There have been no revisions to Benchmark/Metrics or Data Collection Methodology.

Activity Impacts and Outcomes and Achievement of Benchmark:

The first benchmark was achieved as HATC was able to save time and money by streamlining the process for using Project-based vouchers on this project without the usual RFP and proposal evaluations.

Tule Vista was stalled in construction because of financing issues, but finally broke ground in October 2010. It is projected to begin lease up by June 2011. We will be able to evaluate the second benchmark of this activity when the project is completed.

HATC is authorized to undertake such an initiative by its Moving to Work Agreement, Attachment C, Section D (1)(e) and D (7). These sections allow HATC to us an alternate process for selecting projects in which to use Project Based vouchers.

Revisions to MTW Authorizations:

There have been no revisions to MTW authorizations for this activity. Waiving the limitation on only allowing 25% of units in a complex to be project based is allowed by the MTW authorizations. In this instance only, this project by Kaweah Management Company was considered for this subsidy, consisting of more than 25% of the units, in order to make the project financially feasible. Kaweah Management Company is the non-profit development partner of HATC. As such, HATC developed two separate benchmark and baselines to measure the activity's success. Please see tables 16 and 17 on next page.

Table 16

Activity Four: Project Based Section 8				
Measurement	**Baseline**	**Benchmark**	**Outcome**	**Achieved Benchmark?**
Normal Project Based Section 8 Proposal Preparation and review versus a streamlined process without a RFP or competition.	Time and cost of normal Project Based Section 8 proposal preparation and review: Fifty (50) hours at a cost of $4,238.	Time and cost of streamlined process expected tp be used without RFP or competition: Fifteen (15) hours at a cost of $1270.	Ten (10) hours used at a cost of $847.	Yes

Table 17

Activity Four: Project Based Section 8 (Increase Housing Choices)				
Measurement	**Baseline**	**Benchmark**	**Outcome**	**Achieved Benchmark?**
Allowable number of Project Based Section 8 vouchers versus number allowed in the previous MTW plan	Allowable number of units for Project Based Section 8: 25% of a 57 unit project- Fourteen units (14)	Thirty (30) units with Project Based Section 8	Zero (0)	No, project is not constructed yet

Activity Five– Development of Additional Affordable Housing: In its 2009/2010 MTW Plan, HATC proposed to partner with non-profit agencies in order to develop additional affordable housing choices using Section 8 and Public Housing funds. Please see table 18 below for baseline and benchmark:

Table 18

Activity Five: Development of Additional Affordable Housing				
Measurement	**Baseline**	**Benchmark**	**Outcome**	**Achieved Benchmark?**
Additional number of housing units built as a result of funding flexibility.	Zero (0)	Twenty (20)	Twenty-eight (28) See Table #7 Oakwood and Oriole Units	Yes

Revisions to Benchmarks/Metrics or Data Collection Methodology:

There have been no revisions to baselines/metrics or data collection methods for this activity.

Activity Impacts and Outcomes and Achievement of Benchmark:

The benchmark for this activity has been achieved because additional affordable housing has been developed using MTW money which would not have been allowed without the flexibility of Attachment D of the MTW Agreement. Therefore, additional low income families have been housed in affordable housing.

This activity is authorized by Attachment C, Sections B 1 b and 2 allowing for combining of funding and partnerships with non-profit agencies. These waivers are necessary to use Section 8 and Public housing funding for non– Section 8 and 9 of the 1937 Housing Act activities

Revisions to MTW Authorizations:

Contributions of MTW funds to these projects are authorized through the 'Broader Uses of Funds' authority in HATC's Attachment D of the Standard MTW Agreement. This is an additional authorization cited for this activity.

MTW Hardship Policy: The following is HATC's hardship policy.

The Housing Authority recognizes that substantial, unforeseen hardships may arise, such that families cannot pay their full rent. In such cases, the families may apply to the Housing Authority for relief. Relief may consist of deferral of a portion of the rent. The Housing Authority shall consider such a request, taking into consideration other local resources available to the family. Such requests must be in writing, stating the reason for the hardship, and the expected duration. Consideration will be given for hardship when a family has suffered a catastrophic change, which caused the death, illness or long-term disability of an adult family member, which resulted in the loss of income to the family. These families will be referred to CSET for an assessment of options and links to other community resources for recovery. A contract will be signed with the family stipulating the change to their Moving-to-Work assistance and the steps the family will take to work toward self-sufficiency. The contract will specify the amount by which the family's public housing program rent will be decreased, and for what duration. The amount by which the rent will be changed will be determined by Housing Authority staff on a case-by-case basis. If all possible wage earner(s) for a family become(s) permanently disabled, the family will be changed to a traditional income-based program with no time limit.

In cases where a CSET evaluation is not possible or productive, and where there are still possible wage earners, the hardship request will be presented to a Hardship Committee made up of community citizens who have sufficient knowledge of the MTW program to make informed decisions as to the disposition of rental assistance for such families. Decisions of the Hardship Committee will be final.

This policy is not intended to apply to seasonal-income fluctuations, nor minor or temporary reductions of income.

Since the commencement of the MTW Demonstration Program, HATC has had a total of eighty-seven hardship requests. Participants are allowed to request more than one hardship so the total number includes second and third time requests. During FY 2010, we had a total of nineteen requests. These requests solicited different types of actions such as requesting to be converted to the income based program or requesting additional time on the program. Families that submitted these requests had medical problems or they felt that they did not have enough income to pay the total contract rent.

Of the nineteen requests, seven families were converted to our income based program without a time limit, five families were given a one year extension, two families were denied, three were referred to CSET, and the committee took no action on two families. CSET is a local agency that also tries to promote self sufficiency by offering services such as job training and job placement.

Section VII: Sources and Uses of Funds

The only difference between planned sources of funding, and actual usage of funding was the stimulus money received during the plan year. Attached are the forms showing planned activities and actual expenditures during the Plan year. For the fiscal year ended June 30, 2010 the MTW single-fund budget option was not utilized. The agency does not plan on submitting budgets as single fund.

Table 19

CONSOLIDATED SOURCES AND USES OF MTW FUNDS

FISCAL YEAR 2010

REVENUE (SOURCES)	**BUDGET**	**ACTUAL**	**VARIANCE**	**VARIANCE %**
HCV Program HAP	$ 16,227,405.00	$ 16,454,067.93	$ 226,662.93	1%
HCV Program Admin Fee	1,864,707.00	1,913,153.66	48,446.66	3%
Dwelling Rent Income	2,974,164.00	2,983,275.40	9,111.40	0%
Public Housing Capital Fund	267,282.00	418,496.00	151,214.00	57%
Public Housing Operating Fund (1)	1,548,178.00	1,207,182.80	(340,995.20)	-22%
Miscellaneous Income (2)	30,000.00	39,448.32	9,448.32	31%
Investment Income	500,369.00	1,429,066.87	928,697.87	186%
TOTAL REVENUE	$ 23,412,105.00	$ 24,444,690.98	$ 1,032,585.98	4%
EXPENSES (USES)				
Administration & General Expense	2,570,056	2,476,100	(93,955.79)	-4%
Utilities	512,054	501,347	(10,707.36)	-2%
Operation & Maintenance	1,836,780	2,131,594	294,813.80	16%
Housing Assistance Payment	14,307,639	13,402,752	(904,886.54)	-6%
TOTAL EXPENSE	$ 19,226,528.76	$ 18,511,792.87	$ (714,735.89)	-4%
OPERATING INCOME/LOSS	4,185,576	5,932,898	1,747,321.87	42%
Reserve Draw down (unrestricted)	-	-	-	-
NET INCOME/LOSS	$ 4,185,576.24	$ 5,932,898.11	$ 1,747,321.87	42%

1) Total operating funds of $1.578 mil. The Year end operating fund of $217,175 was requisition but not received before the year end cut off.

2) Miscellaneous Income of $39,448 consists of tenants' maintenance charges, pet fees and legal fees

3) The Housing Authority did not receive any funds or expend any funds for Non-MTW Housing Choice Vouchers for the fiscal year ended 6-30-2010.

Table 20

CONSOLIDATED SOURCES AND USES OF USDA FUNDS FISCAL YEAR 2010				
REVENUE (SOURCES)	**BUDGET**	**ACTUAL**	**VARIANCE**	**VARIANCE %**
RENTAL INCOME	$ 1,851,965.00	$ 1,859,441.00	$ 7,476.00	0%
OTHER SOURCES	1,005,000.00	1,014,356.00	9,356.00	1%
INTEREST INCOME	16,092.00	6,154.00	(9,938.00)	-62%
MISCELLANEOUS	14,433.00	11,862.00	(2,571.00)	-18%
TOTAL REVENUE	$ 2,887,490.00	$2,891,813.00	$ 4,323.00	0%
EXPENSES (USES)				
ADMINISTRATIVE & GENERAL EXPENSES	654,381.00	773,241.00	118,860.00	18%
UTILITIES	255,581.00	234,640.00	(20,941.00)	-8%
OPERATIONS & MAINTENANCE	517,991.00	566,225.00	48,234.00	9%
TOTAL EXPENSE	$ 1,427,953.00	$1,574,106.00	$ 146,153.00	10%
OPERATING INCOME/LOSS	1,459,537.00	1,317,707.00	(141,830.00)	-10%
TRANSFER TO RESERVES	640,844.00	703,077.00	62,233.00	10%
CAPITAL/LONG TERM IMPROVEMENTS	400,000.00	488,948.00	88,948.00	22%
NET INCOME/LOSS	$ 418,693.00	$ 125,682.00	$(293,011.00)	-70%

Table 21

CONSOLIDATED SOURCES AND USES OF STATE & LOCAL FUNDS FISCAL YEAR 2010				
REVENUE (SOURCES)	**BUDGET**	**ACTUAL**	**VARIANCE**	**VARIANCE %**
GRANTS	126,006.00	126,006.00	-	0%
RENTAL INCOME	311,859.00	308,427.00	(3,432.00)	-1%
INTEREST INCOME	2,036.00	2,363.00	327.00	16%
MISCELLANEOUS	7,184.00	4,999.00	(2,185.00)	-30%
TOTAL REVENUE	447,085.00	441,795.00	(5,290.00)	-1%
EXPENSES (USES)				
ADMINISTRATIVE & GENERAL EXPENSES	207,785.00	216,340.00	8,555.00	4%
UTILITIES	44,234.00	43,812.00	(422.00)	-1%
OPERATIONS & MAINTENANCE	140,386.00	141,155.00	769.00	1%
TOTAL EXPENSE	392,405.00	401,307.00	8,902.00	2%
OPERATING INCOME/LOSS	54,680.00	40,488.00	(14,192.00)	-26%
TRANSFER TO RESERVES	42,908.00	17,676.00	(25,232.00)	-59%
NET INCOME/LOSS	11,772.00	22,812.00	11,040.00	94%

Table 22

CONSOLIDATED SOURCES AND USES OF CENTRAL OFFICE COST CENTER FUNDS
FISCAL YEAR 2010

REVENUE (SOURCES)	BUDGET	ACTUAL	VARIANCE	VARIANCE %
RENTAL INCOME	220,500.00	234,171.87	13,671.87	6%
INTEREST INCOME	100.00	79.00	(21.00)	-21%
INVESTMENT INCOME	100,000.00	179,577.00	79,577.00	80%
MISCELLANEOUS	1,700,000.00	1,751,056.00	51,056.00	3%
TOTAL REVENUE	2,020,600.00	2,164,883.87	144,283.87	7%
EXPENSES (USES)				
ADMINISTRATIVE & GENERAL EXPENSES	450,000.00	471,353.00	21,353.00	5%
UTILITIES	14,000.00	15,679.00	1,679.00	12%
OPERATIONS & MAINTENANCE	620,000.00	594,598.00	(25,402.00)	-4%
TOTAL EXPENSE	1,084,000.00	1,081,630.00	(2,370.00)	0%
OPERATING INCOME/LOSS	936,600.00	1,083,253.87	146,653.87	16%
TRANSFER TO RESERVES	17,676.00	17,676.00	-	0%
DEPRECIATION	105,000.00	105,345.00	345.00	0%
NET INCOME/LOSS	813,924.00	960,232.87	146,308.87	18%

The Housing Authority has been involved in numerous activities that involve the cooperation and partnership between Kaweah Management Co the HA affiliated non- profit and other affordable housing builders and developers. Attached to this report as Appendix D is a listing of the projects being worked on by the Housing Authority.

Deficiencies have not been cited or observed in any of our monitoring visits, physical inspections, or other oversight visits during the report year.

As part of the administrative procedures of the MTW Plan, HATC did not do any specific evaluations or assessments with regards to the MTW Demonstration program.

All Capital Fund activities were included in the MTW Block Grant.

The agency certification, that the agency has met all three of the statutory requirements, is included as Appendix A of this report.

**BEFORE THE BOARD OF COMMISSIONERS
OF THE
HOUSING AUTHORITY OF THE COUNTY OF TULARE
STATE OF CALIFORNIA**

-oOo-

IN THE MATTER OF APPROVING CERTIFICATIONS OF COMPLIANCE FOR THE ANNUAL MOVING TO WORK REPORT	)))))	**RESOLUTION NO. 2010-14**

-oOo-

At a duly constituted meeting of the Board of Commissioners of the Housing Authority of the County of Tulare, a public body corporate and politic (the "Housing Authority"), held on September 15, 2010, the following resolution was adopted:

The Executive Director is authorized to act on behalf of the Board of Commissioners for the "Housing Authority", to approve the submission of the Annual Moving to Work Report for the PHA fiscal year beginning July 1, 2009, hereinafter referred to as "the Report", of which this document will be made a part and to make the following certifications to the Department of Housing and Urban Development (HUD) in connection with the submission of the Report:

1. "The Housing Authority" has met the statutory requirement to house at least 75 percent of the families assisted by the agency who have income in the "very low" category;
2. "The Housing Authority" has met the statutory requirement to continue to assist substantially the same total number of eligible low-income families as would have been served had the amounts not been combined;
3. "The Housing Authority" has met the statutory requirement to maintain a comparable mix of families (by family size) as would have been served had the amounts not been used under the MTW demonstration Program.

Housing Authority of the County of Tulare	CA030
PHA Name	PHA Number/HA
KEN KUGLER	Executive Director
Name of Authorized Official	Title
Ken Kugler	September 15, 2010
Signature	Date

4. This Resolution shall take effect immediately upon adoption.

The foregoing resolution was adopted upon a motion presented by Commissioner Ybarra, and seconded by Commissioner Shaw, at a regular meeting of the Board of Commissioners held on the 15th day of September, 2010. Motion carried by the following vote:

AYES:	Saltzman, Tietjens, Snyder, Ybarra, Romero, Shaw, Rodrigues
NAYES:	None
ABSTAIN:	None
ABSENT:	None

HOUSING AUTHORITY OF THE COUNTY OF TULARE

Steven B. Saltzman

STEVEN B. SALTZMAN, Chairperson

MW/Resolutions/2010-14

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary					
PHA Name: Housing Authority of the County of Tulare (CA030)	**Grant Type and Number** Capital Fund Program Grant No: CA39-P030-501-10 Replacement Housing Factor Grant No: Date of CFFP:			**FFY of Grant: 2010** **FFY of Grant Approval:**	
Type of Grant **Original Annual Statement** **Performance and Evaluation Report for Period Ending:**	**Reserve for Disasters/Emergencies**		**Revised Annual Statement (revision no:)** **Final Performance and Evaluation Report**		
Line	**Summary by Development Account**	**Total Estimated Cost**		**Total Actual Cost**[1]	
		Original	**Revised**[2]	**Obligated**	**Expended**
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21)[3]	306,245			
3	1408 Management Improvements	252,273			
4	1410 Administration (may not exceed 10% of line 21)	153,123			
5	1411 Audit	2,500			
6	1415 Liquidated Damages				
7	1430 Fees and Costs	35,000			
8	1440 Site Acquisition				
9	1450 Site Improvement	268,000			
10	1460 Dwelling Structures	370,390			
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures	142,696			
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration				
16	1495.1 Relocation Costs				
17	1499 Development Activities[4]				

1 To be completed for the Performance and Evaluation Report.
2 To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
3 PHAs with under 250 units in management may use 100% of CFP Grants for operations.
4 RHF funds shall be included here.

Page1

form **HUD-50075.1** (4/2008)

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: **Housing Authority of the County of Tulare (CA030)**	**Grant Type and Number** Capital Fund Program Grant No: CA39-P030-501-10 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2010** **FFY of Grant Approval:**

Type of Grant
Original Annual Statement **Reserve for Disasters/Emergencies** **Revised Annual Statement (revision no:)**
Performance and Evaluation Report for Period Ending: **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost[1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	1,531,227			
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	**Date**	**Signature of Public Housing Director**	**Date**

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Page2

form **HUD-50075.1** (4/2008)

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part II: Supporting Pages

PHA Name: Housing Authority of the County of Tulare (CA030)	**Grant Type and Number** Capital Fund Program Grant No: CA39-P030-501-10 CFFP (Yes/No): Replacement Housing Factor Grant No:	**Federal FFY of Grant: 2010**

Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised[1]	Funds Obligated[2]	Funds Expended[2]	
PHA-WIDE	OPERATIONS	1406		306,245				
PHA-WIDE	MANAGEMENT IMPROVEMENTS	1408		253,273				
PHA-WIDE	ADMINISTRATIONS	1410		153,123				
PHA-WIDE	AUDIT	1411		2,500				
PHA-WIDE	FEES & COSTS	1430		35,000				
PHA-WIDE	SITE IMPROVEMENTS	1450		268,000				
PHA-WIDE	DWELLING STRUCTURES	1460		370,390				
PHA-WIDE	NON-DWELLING STRUCTURES	1470		142,696				
	TOTAL			1,531,227				

[1] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[2] To be completed for the Performance and Evaluation Report.

Page3

form **HUD-50075.1** (4/2008)

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
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Part II: Supporting Pages

PHA Name: Housing Authority of the County of Tulare (CA030)	**Grant Type and Number** Capital Fund Program Grant No: CA39-P030-501-10 CFFP (Yes/No): Replacement Housing Factor Grant No:	**Federal FFY of Grant: 2010**

Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised[1]	Funds Obligated[2]	Funds Expended[2]	

[1] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[2] To be completed for the Performance and Evaluation Report.

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form **HUD-50075.1** (4/2008)

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part III: Implementation Schedule for Capital Fund Financing Program

PHA Name: Housing Authority of the County of Tulare (CA030)Housing Authority of the County of Tulare (CA030)					**Federal FFY of Grant: 2010**
Development Number Name/PHA-Wide Activities	All Fund Obligated (Quarter Ending Date)		All Funds Expended (Quarter Ending Date)		Reasons for Revised Target Dates[1]
	Original Obligation End Date	Actual Obligation End Date	Original Expenditure End Date	Actual Expenditure End Date	

[1] Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.

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form **HUD-50075.1** (4/2008)

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part III: Implementation Schedule for Capital Fund Financing Program

PHA Name: Housing Authority of the County of Tulare (CA030)					**Federal FFY of Grant: 2010**
Development Number Name/PHA-Wide Activities	All Fund Obligated (Quarter Ending Date)		All Funds Expended (Quarter Ending Date)		Reasons for Revised Target Dates[1]
	Original Obligation End Date	Actual Obligation End Date	Original Expenditure End Date	Actual Expenditure End Date	

[1] Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.

Appendix B: Capital Fund and Budget

	A	B	C	D	E	F	G	H	I	J	K
1	Housing Authority of the County of Tulare										
2	Public Housing Site Budgets										
3	July 1, 2009 to June 30, 2010										
4		Totals		AMP 805 DINUBA		AMP 812 TULARE		AMP 815 VISALIA		AMP 817 P'VILLE	
5		Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
6	Family / Elderly			Family		Family		Family		Family	
7	Scattered Site?										
8	Age										
9	Recently Renovated?										
10	Units	710		195		205		199		111	
11	Unit months available	8,520		2,340		2,460		2,388		1,332	
12	Average Bedroom Size										
13	% Occupancy	67%		66%		69%		65%		65%	
14	Unit Months Occupancy	5,686.0		1,551.0		1,705.0		1,561.0		869.0	
15	Unit Months Mod Vacancies										
16	REVENUE										
17	Dwelling Rentals	$2,974,162	$2,983,275	$803,024	$765,848	$862,507	$897,069	$832,765	$830,984	$475,866	$489,374
18	Non-dwelling Rentals	2,982	2,460	805	748	865	681	835	662	477	369
19	Transfer from Capital Fund (1406)	-	128,799	-	39,162	-	35,681	-	34,636	-	19,320
20	Investment Income	314,000	768,549	84,780	226,057	91,060	215,721	87,920	209,337	50,240	117,434
21	Other Income	374,865	1,456,563	102,956	378,942	108,236	343,877	105,068	435,759	58,606	297,986
22	Total Revenue	$3,666,009	$5,339,646	$991,565	$1,410,757	$1,062,668	$1,493,029	$1,026,588	$1,511,378	$585,189	$924,482
23	EXPENSES										
24	Administrative Salaries	$ 416,517	$ 448,208	$ 115,547	$ 119,668	$ 125,422	$ 126,135	$ 103,879	$ 130,586	$ 71,668	$ 71,819
25	Benefits	166,589	163,515	47,689	39,982	48,956	47,289	41,845	52,653	28,100	23,591
26	Legal	13,888	13,724	3,750	1,294	4,028	3,807	3,889	7,705	2,221	917
27	Staff Training	10,000	1,369	2,700	396	2,900	426	2,800	20	1,600	527
28	Travel	10,224	5,991	2,760	1,530	2,965	1,782	2,863	1,765	1,636	914
29	Audit	6,220	2,583	1,680	627	1,802	774	1,743	750	995	432
30	Administrative Other	106,500	114,980	29,232	21,005	30,757	25,950	29,857	46,571	16,654	21,454
31	Total Administrative	$1,360,654	$750,370	$203,359	$184,503	$216,830	$206,163	$186,876	$240,050	$122,874	$119,654
32	Gas	4,516	5,882	1,219	1,411	1,310	1,646	1,264	1,823	723	1,002
33	Electric	53,676	46,882	14,493	8,260	15,566	18,761	15,029	14,737	8,588	5,123
34	Water	206,524	195,576	55,761	67,454	59,892	34,314	57,827	70,091	33,044	23,718
35	Sewer	221,435	228,797	59,787	54,218	64,216	78,284	62,002	60,321	35,430	35,974
36	Total Utilities	$486,151	$477,137	$131,260	$131,343	$140,984	$133,005	$136,122	$146,972	$77,785	$65,817
37	Maintenance Salaries	358,783	424,909	94,588	91,107	99,049	134,775	114,114	142,194	51,032	56,833
38	Benefits	207,905	225,315	54,434	55,220	58,318	65,538	65,258	71,858	29,895	32,698
39	Maintenance Materials	423,272	397,944	105,818	82,508	105,818	116,109	105,818	147,008	105,818	52,319
40	Maintenance Contracts	586,006	690,345	158,222	123,092	169,942	234,571	164,082	234,172	93,760	98,510
41	HUD Cap - soft cost	-	128,799	-	39,162	-	35,681	-	34,636	-	19,320
42	Total Maintenance	$1,575,965	$1,867,311	$413,062	$391,089	$433,126	$586,674	$449,273	$629,869	$280,505	$259,679
43	Insurance	56,914	56,953	15,632	13,827	16,433	17,065	15,952	16,533	8,898	9,528
44	PILOT	79,832	82,202	22,661	20,242	21,759	23,524	22,193	24,119	13,219	14,318
45	Bad Debt Expense	25,475	18,378	6,878	1	7,388	1,101	7,133	13,945	4,076	3,331
46	Total General Expenses	$162,221	$157,533	$45,171	$34,069	$45,580	$41,691	$45,278	$54,596	$26,193	$27,177
47	Total Expenses	$2,954,276	$3,252,351	$792,851	$741,004	$836,519	$967,532	$817,549	$1,071,487	$507,356	$472,328
48	Cash Flow from Operations	$711,733	$2,087,295	$198,713	$669,753	$226,148	$525,497	$209,039	$439,890	$77,832	$452,155

HOUSING AUTHORITY OF THE COUNTY OF TULARE
VISALIA, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

HOUSING AUTHORITY OF THE COUNTY OF TULARE

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MICHAEL L. OXENREIDER
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the County of Tulare
Visalia, California

I have audited the accompanying basic financial statements of the Housing Authority of the County of Tulare (the Housing Authority), as of and for the years ended June 30, 2010 and 2009 as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 I 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority, as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information, and accordingly, express no opinion on it.

PHONE (559) 924-9076 406 'B' STREET | LEMOORE, CA 93245 FAX (559) 924-9078

In accordance with *Government Auditing Standards,* I have also issued a report dated January 19, 2011 on my consideration of the Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audits.

My audits were performed for the purpose of forming an opinion on the basic financial statements of the Housing Authority taken as a whole. The accompanying schedule of expenditures of federal awards required by the *U.S. Office of Management and Budget Circular* A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the financial data schedule required by the Department of Housing and Urban Development listed in the table of contents are presented for purposes of additional analysis and are 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Michael L. Oxenreider
Certified Public Accountant
January 19, 2011

MANAGEMENT'S DISCUSSION

AND ANALYSIS (MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Housing Authority of the County of Tulare (Housing Authority) financial performance provides an overview of the Housing Authority's financial activity for the fiscal year ended June 30, 2010. Readers are encouraged to consider the information presented here in conjunction with the accompanying basic financial statements included in this report.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No 34 Basic Financial Statements – and Managements' Discussion and Analysis – for State and local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The Authority's net assets increased by $9,010,900 during 2010, resulting in net assets of $105,436,226. Net assets are sub-categorized into capital net assets, $58,229,175, restricted net assets, $15,189,719 and unrestricted net assets (liquid), $32,017,332.

- The total revenues increased by $1,675,551 during 2010, and ended at $28,611,767. The increase in revenues was due to an increase in voucher subsidy, interest rates and capital funding.

- Total spending for all Housing Authority programs was approximately $21.6 million for the year. Approximately $7.18 million of rental and investment income were generated to cover part of total expenses, and government grants and subsidies covered the balance. Approximately 62 percent of our FY 2010 spending was for housing assistance payments.

Overview of the Financial Statements

The Authority's financial statements consist of two parts – Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include the Entity wide financial statements and notes to the financial statements.

- The Entity-wide financial statements provide information about the Authority's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Assets, the Statement of Revenues Expenses and changes in Fund Net Assets and the Statement of Cash Flows.

- The Basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the Entity-wide statements.

The remainder of the overview section of Management's Discussion and Analysis explains the structure and contents of each of these statements.

The Statement of Net Assets presents information on the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets present information showing how the Housing Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The Statement of Cash Flows presents the change in the Housing Authority's cash and cash equivalents during the most recent fiscal year.

The notes to basic financial statements provide additional information that is essential to a full understanding to the data provided in the fund financial statements.

Financial Analysis

As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. The following analysis focuses on the net assets (table 1) and the changes in net assets (Table 2) of the Housing Authority as a whole. The largest portion of the Housing Authority's net assets (56 %) reflects its investment in capital assets (e.g., land, development costs, and construction in progress, structures, equipment and vehicles) net of related depreciation. The Housing Authority uses these capital assets to provide services to program participants, consequently these assets are not available for future spending.

TABLE 1

STATEMENT OF NET ASSETS

	2010	2009
Current Assets	$ 46,638,435	$ 41,203,097
Capital Assets, Net of Depreciation	58,229,175	54,676,372
Non-Current Assets	5,693,198	4,955,939
Total Assets	110,560,808	100,835,408
Current Liabilities	1,803,294	1,527,189
Non-Current Liabilities	3,321,288	2,882,893
Total Liabilities	5,124,582	4,410,082
Net Assets:		
Invested in Capital Assets, Net of Related Debt	58,229,175	54,676,372
Restricted Net Assets	15,189,719	18,106,087
Unrestricted Net Assets	32,017,332	23,642,867
Total Net Assets	$ 105,436,226	$ 96,425,326

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

Capital assets increased by approximately $3.552 million (net of accumulated depreciation and dispositions). The increase in net capital assets was due to the ongoing activity of the capital fund programs and purchase of properties to be developed.

Cash increased approximately $6.084 million due primarily to the transfer of investments into cash as a result of the decline in the market return on investments. Receivables increased approximately $600 thousand due to receipt of approximately $140 thousand of HUD receivable and reimbursement of $460 thousand advances from Kaweah Management for the purchase of W. Oriole, S. County and Oakwood Properties. Investments increased approximately $1.3 million due to the increase in market rates.

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TABLE 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2010	2009
Operating Revenue:		
Rental Income	$ 5,437,813	$ 5,436,979
Grants and Subsidy	19,700,033	19,055,866
Other Revenue	1,743,436	1,286,400
Total Operating Revenue	26,881,282	25,779,245
Operating Expenses:		
Housing Assistance Payments	13,402,752	13,562,119
Administrative Services	738,944	701,762
Personnel Services	4,009,834	3,862,366
Contractual Services	1,450,376	1,347,604
Utilities	648,580	609,490
Materials and Supplies	664,280	677,834
Insurance	270,238	276,731
Miscellaneous	204,366	202,280
Depreciation	202,819	204,871
Total Operating Expenses	21,592,188	21,445,056
Operating Income (Loss)	5,289,094	4,334,189
Nonoperating Revenues (Expenses)		
Interest Revenue	1,627,086	514,977
Debt Forgiveness	88,407	90,807
Gain (Loss) on Sale of Fixed Assets	0	0
Interest Expense	(22,177)	(11,001)
Capital Contributions	1,730,485	1,156,971
Total Nonoperating Revenues (Expenses)	3,423,801	1,751,754
Change in Net Assets	8,712,894	6,085,942
Net Assets at Beginning of Year	96,425,326	90,339,810
Prior Period Adjustment	298,006	(427)
Net Assets at End of Year	$ 105,436,226	$ 96,425,326

THE AUTHORITY'S FUNDS

This section of the report will offer explanations for each fund's separate activities. Although financial reporting is combined into one fund, the Authority maintains several funds internally for fiscal and compliance purposes. Each fund's activity only reflects revenue and grant funds received and costs associated with operating specific programs or properties, subject to the Authority's rules and policies that govern housing services, as well as capital assets for each program or property. The internal funds are described below.

Business Type Fund – Named the Relinquished Fund, this fund operates as the property management "division" of the Authority. Its main sources of income are management, maintenance and rental fees to other programs. The Fund represents non-HUD resources developed from a variety of activities. Other non-program business operations are accounted herein.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents 710 units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable

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the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the:

Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's property, and the

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords who own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income if they are not in the Moving to Work Program. HUD allows the Authority to lease 2,836 units.

Farm-Worker Apartments – The Authority owns, manages and operates 445 units of permanent housing for farm-worker families. These units went under major rehabilitation in 2004, 2005 and 2006. Eligibility is based upon income from farm work.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $58,229,175 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) of $3,925,929 from the end of last year.

TABLE 3

CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	2010	2009
Land	$ 4,182,397	$ 4,182,397
Buildings	38,332,899	38,332,899
Equipment – Dwelling	318,665	318,665
Equipment – Administrative	21,951	21,951
Leasehold Improvements	42,520,343	38,815,598
Subtotal	85,376,255	81,671,510
Less: Accumulated Depreciation	(27,147,080)	(26,995,138)
Capital Assets, Net of Accumulated Depreciation	$ 58,229,175	$ 54,676,372

TABLE 4

CHANGES IN CAPITAL ASSETS

Beginning Balance	$ 54,676,372
Additions	3,853,670
Retirements, at cost	(148,925)
Previous Depreciation on Retired Assets	50,877
Depreciation	(202,819)
Ending Balance	$ 58,229,175

Debt Outstanding

As of year-end, the Authority had $3,180,478 in debt outstanding (bonds, notes, etc.) compared to $2,754,692 last year, a $425,786 increase.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Authority (Authority) is committed in its efforts of providing affordable housing to the residents of Tulare County. As we look to the future, the Authority working with Kaweah Management Company (KMC), as well as other potential non-profit entities, is in the process of acquiring existing multi-family projects or vacant land properties for new developments.

On May 30, 2008 together with The Visalia Redevelopment Agency (VRDA), and KMC, with the financing to be provided by the Authority, has purchased a piece of property on Court and Paradise Street in Visalia. The property purchased comprises of an existing 11 units of multi-family dwellings; currently being rehabilitated, with an adjacent piece of land that will be used to develop an additional nine new units.

The City of Tulare Redevelopment Agency (RDA) and KMC are in the process of developing Tule Vista, a 57-unit multi-family project. This will be a 15 year homeownership conversion tax credit project. The RDA has entered into agreement to provide an estimated $3 million residual-receipts loan towards the project. The Authority will be providing a $3.9 million loan, bearing an interest rate of three percent for a period of 35 years, towards the project. The Authority will receive 37.5 percent of the available residual receipt from the project. These extra funds when available will help the Authority in furthering its cause in developing more future affordable housing for the community. In September of 2009, KMC, with the financing provided by the Authority, purchased a piece of property on Oakwood and Vetter Street in Visalia. Currently the project is undergoing rehabilitation work with $250,000 of funding provided by the RDA.

Working closely with Roope LLC through KMC, the Authority is in the process of developing Euclid Village Apartments in Dinuba. This is a 57-unit dwelling. United States Department of Agriculture Rural Development (USDA), has committed one million in loans toward the development.

Other projects in the works include the acquisition/development of multiple fourplexes: 32-unit project, Myrtle Court in Visalia; 73-unit project, Lindsay Senior Apartments in Lindsay; 48-unit project, Village Grove Senior Apartments; 16-unit project, Gateway II in Farmersville; 49-unit project, Tulare Irrigation District in Tulare; 40-unit project, Palomar Senior Apartments in Farmersville; two new fourplexes on West Oriole; a single family home on South County was acquired recently adding to the existing eight units in the City of Visalia. Under the Covenants, conditions and restrictions, West Oriole project is to be managed by an approved third party outside management company which is currently Mill-Creek Management Company.

In line with the agency mission, through KMC, the agency acquired two single-story triplex units on East Kaweah Avenue in Visalia. The project is financed by the Authority in $400,000 in loans from the City of Visalia. This project is currently undergoing demolition with the intent of making the project into two new two-story fourplexes.

Significant economic factors affecting the Authority are as follows:

- The Authority is reliant on federal funding from the U. S. Department of Housing and Urban Development (HUD), and the U. S. Department of Agriculture (USDA); and state funding from the California Office of Housing & Community Development.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary rental trends, which can affect vacancy levels
- Inflationary pressure on utility rates, supplies and other costs

Rental rates had been level through the 1990's. Since the year 2000, rents have increased at a faster rate than historical averages. This is due to a shortage of affordable housing units in the area. Most of our properties are operated on an annual budget basis, therefore, we do not benefit proportionately from the higher rents, except vacancy levels will remain low; i.e., more rent income reduces subsidy levels. Since we do not own market units, higher rents will not increase our bottom line.

To afford the debt service for improvements at the Farm Labor units, the Authority will pursue rent increases, which can be subsidized by rental assistance from federal funds. The debt related to office improvements will be paid from office lease charges to the Authority programs.

Expansion of the Authority's rental unit's base would allow for increased profits.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, residents, customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Executive Director, at 5140 W. Cypress Avenue, Visalia, CA 93277, or by telephone at (559) 627-3700, extension 114.

ENTITY-WIDE

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE COUNTY OF TULARE
STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009

		2010		2009
ASSETS				
Current Assets				
Cash - Unrestricted	$	22,739,943	$	18,859,283
Cash - Restricted - Modernization & Development		0		0
Cash - Other Restricted		10,652,541		11,363,395
Cash - Tenant Security		409,595		394,726
Total Cash		33,802,079		30,617,404
Receivables				
Accounts Receivable - HUD Other Projects		142,119		1,636
Accounts Receivable - Other Government		18,080		21,164
Accounts Receivable - Miscellaneous		2,450,746		2,004,728
Accounts Receivable - Tenant Dwelling Rents		25,126		48,415
Allowance for Doubtful Accounts - Dwelling Rents		(3,070)		(8,573)
Notes, Loans & Mortgages Receivable - Current		0		0
Accrued Interest Receivable		762,552		725,683
Total Receivables		3,395,553		2,793,053
Investments - Unrestricted		4,814,977		3,204,709
Investments - Restricted		4,050,370		4,289,010
Prepaid Expenses and Other Assets		193,806		175,645
Inventories		381,650		123,276
TOTAL CURRENT ASSETS		46,638,435		41,203,097
Noncurrent Assets				
Fixed Assets				
Land		4,182,397		4,182,397
Buildings		38,332,899		38,332,899
Furniture, Equipment & Machinery - Dwellings		318,665		318,665
Furniture, Equipment & Machinery - Administration		21,951		21,951
Leasehold Improvements		42,520,343		38,815,598
Accumulated Depreciation		(27,147,080)		(26,995,138)
Total Fixed Assets		58,229,175		54,676,372
Notes, Loans & Mortgages Receivable - Noncurrent		5,693,198		4,955,939
Other Assets		0		0
Total Non-Current Assets		63,922,373		59,632,311
TOTAL ASSETS	$	110,560,808	$	100,835,408

SEE NOTES TO FINANCIAL STATEMENTS.

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009

		2010		2009
LIABILITIES AND EQUITY				
LIABILITIES:				
Current Liabilities				
Bank Overdraft	$	0	$	0
Accounts Payable, < 90 days		195,435		101,959
Accrued Compensated Absences-Current Portion		1,165		707
Accrued Compensated Absences		229,224		216,611
Accrued Interest Payable		6,976		6,976
Accounts Payable – HUD PHA Programs		4,900		748
Accounts Payable -- Other Government		0		0
Tenant Security Deposits		401,365		394,726
Deferred Revenues		104,316		116,985
Current Portion Long Term Debt- Capital Projects		88,407		88,407
Other Current Liabilities		233,757		556,945
Accrued Liabilities - Other		537,749		43,125
Total Current Liabilities		1,803,294		1,527,189
Noncurrent Liabilities				
Long-Term Debt, Net of Current Portion– Capital Project		3,092,071		2,666,285
Accrued Compensated Absences - Noncurrent		229,217		216,608
Total Noncurrent Liabilities		3,321,288		2,882,893
TOTAL LIABILITIES		5,124,582		4,410,082
EQUITY:				
Investments in Capital Assets, Net of Related Debt		58,229,175		54,676,372
Reserved Fund Balance				
Restricted Net Assets		15,189,719		18,106,087
Unrestricted Net Assets		32,017,332		23,642,867
TOTAL EQUITY / NET ASSETS		105,436,226		96,425,326
TOTAL LIABILITIES AND EQUITY / NET ASSETS	$	110,560,808	$	100,835,408

SEE NOTES TO FINANCIAL STATEMENTS.

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Operating Revenues		
Operating Subsidy	$ 19,700,033	$ 19,055,866
Rental Income, Net	5,437,813	5,436,979
Miscellaneous	1,743,436	1,286,400
Total Operating Revenues	26,881,282	25,779,245
Operating Expenses		
Personnel Services	4,009,834	3,862,366
Contractual Services	1,450,376	1,347,604
Administrative Services	738,944	701,762
Utilities	648,580	609,490
Materials and Supplies	664,280	677,834
Insurance	270,238	276,731
Housing Assistance Payments	13,402,752	13,562,119
Miscellaneous	204,366	202,280
Depreciation	202,819	204,871
Total Operating Expenses	21,592,188	21,445,056
Operating Income (Loss)	5,289,094	4,334,189
Nonoperating Revenues (Expenses)		
Interest Revenue	1,627,086	514,977
Debt Forgiveness	88,407	90,807
Gain (Loss) on Sale of Fixed Assets	0	0
Bond Income Net of Fees	0	0
Interest Expense	(22,177)	(11,001)
Total Nonoperating Revenue and Expenses	1,693,316	594,783
Net Income (Loss) Before Contributions and Transfers	6,982,410	4,928,972
Contributions and Transfers		
Capital Contributions	1,730,485	1,156,971
Net Income From Contributions and Transfers	1,730,485	1,156,971
Change in Net Assets	8,712,894	6,085,942
Net Assets at Beginning of Year	96,425,326	90,339,811
Prior Period Adjustments	298,006	(427)
Net Assets at End of Year	$ 105,436,226	$ 96,425,325

SEE NOTES TO FINANCIAL STATEMENTS.

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities:		
Tenant Revenue	$ 4,098,054	$ 3,745,275
Non - Tenant Revenue	24,889,447	22,105,021
Operating and Maintenance Expense	(21,101,361)	(21,562,036)
Net Cash Used by Operating Activities	7,886,139	4,288,260
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(3,853,670)	(1,838,157)
Proceeds from Sale of Fixed Assets	98,048	61,872
Net activity of Investments	(1,371,628)	6,226,084
Net Cash Used by Investing Activities	(5,127,250)	4,449,799
Cash Flows from Financing Activities		
New Borrowings	500,000	1,500,000
Debt Principal Payments	(74,214)	(90,680)
Net Cash Provided by Financing Activities	425,786	1,409,320
Net Increase (Decrease) in Cash	3,184,675	10,147,379
Cash – Beginning of Year	30,617,404	20,470,025
Cash – End of Year	33,802,079	30,617,404
Reconciliation of Excess (Deficiency) of Revenues Over (Under) Expenses to Net Cash Provided by Operating Activities:		
Excess (Deficiency) of Revenues Over (Under) Expenses	8,712,894	6,085,942
Adjustments to Reconcile Excess (Deficiency) of Revenues Over (Under) Expenses to Net Cash Provided by Operating Activities:		
Depreciation	202,819	204,871
(Gain) Loss on sale of fixed assets	0	0
Equity Transfers and Prior Period Adjustment	298,006	(427)
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts Receivable	(1,339,759)	(1,691,704)
Prepaid Expenses and Deferred Charges	(18,161)	(22,856)
Inventory	(258,374)	15,953
Other Assets	0	13,284
Increase (decrease) in:		
Accounts Payable and Other Accrued Expenses	282,075	(331,768)
Tenant Security Deposits	6,639	14,964
Net Cash Provided by Operating Activities	$ 7,886,139	$ 4,288,260
Supplemental Information		
Noncash Transactions		
Fixed assets reclassed from receivables	$ 0	$ 2,354,515

SEE AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS.

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NOTES TO

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE COUNTY OF TULARE
VISALIA, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Housing Authority of the County of Tulare (the "Authority") is a municipal corporation located in Visalia, California and was established under Section 3420 of the California Health and Safety Code as a local agency within the Ralph M. Brown Act of 1937. Public Housing Authorities were authorized by the Federal Housing Act of 1937. Under that authority, the Tulare County Housing Authority was incorporated in December 18, 1945 to provide and promote safe and sanitary housing for low-income persons residing in Tulare County.

A seven member board of Commissioners appointed by the Tulare County Board of Supervisors governs the Authority. The Executive Director is appointed by the Board and is responsible for the daily functions of the Authority.

Financial Reporting Entity – The Authority's financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of Government Accounting Standards Board's (GASB's) Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization's board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit / burden on the Authority
- There is a fiscal dependency by the organization on the Authority

Based on the foregoing criteria, no entities were identified as component units of the Authority.

Programs Administered by the Authority – The Authority administers annual contribution contract to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development (HUD). Contract administered by the Authority are as follows:

Conventional Housing

The *Conventional Housing Program* is used to account for the operations of the Authority's own rental housing units subsidized by HUD through annual contributions contract SF190. The program has 710 dwelling units under management as of June 30, 2010 and 2009. Transactions related to the Comprehensive Grant Program are included in Conventional Housing Program.

Housing Choice Vouchers Programs

This fund is used to account for the operations of the *Housing Choice Vouchers Program*. During the fiscal year, funding for 2,836 units under annual contributions contract number MRWCA030 was received.

SEE ACCOMPANYING AUDITOR'S REPORT

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Mod – Rehabilitation

The *Mod-Rehabilitation Fund* accounts for 5 rental units.

Administration

The *Administration Fund* serves as an operating fund for all programs. It pays all normal operating expenses which are reimbursed and receives advances from all programs. This fund also accounts for 17 rental units owned by the Authority, 445 units for USDA, 75 units for Parkwood Manor, and 12 units for Clark Court.

Basis of Accounting – The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issues on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

All activities of the Authority are accounted for within proprietary (enterprise) funds. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are rents collected from tenants and subsidies provided by federal agencies. The Authority also recognized as operating revenue and expenses the portion of interest on bonds and notes related to housing developments of the Authority and its partnerships. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, depreciation on capital assets and amortization of bond discounts. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt, restricted and unrestricted components. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

HOUSING AUTHORITY OF THE COUNTY OF TULARE
VISALIA, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reporting amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from such estimates.

Cash consist of amounts deposited in checking accounts.

Investments are carried at cost, which approximates fair market value.

Land, Structures, and Equipment is recorded at cost. Non-expendable assets are capitalized and depreciated from the respective place-in-service date. Depreciation is computed on the straight-line method based on the estimated useful lives of the individual assets: 15-40 years for building and improvements and 5-10 years for equipment. Maintenance and repairs are charged to expense when incurred.

2. CASH AND INVESTMENTS

The Authority maintains a cash pool that is available for use by all funds.

Cash deposits are comprised of the following:

		2010		2009
Checking – Valley Business Bank	$	23,099,686	$	15,904,421
Petty Cash on Hand		1,950		1,950
Investment – Local Agency Investment Fund		150,098		7,540,826
Investment – Stifel, Nicolaus & Company, Inc.		10,550,345		7,170,207
Investment – Morgan Stanley		0		0
	$	33,802,079	$	30,617,404

Investments are comprised of the following:

		2010		2009
Investment – Stifel, Nicolaus & Company, Inc.	$	8,865,347	$	7,493,719
Investment – Morgan Stanley		0		0
	$	8,865,347	$	7,493,719

The Authority's deposits are categorized to give an indication of the level of risk assumed by the Authority at year-end. Category 1 includes insured deposits that are insured or collateralized with securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured deposits collateralized by securities held by the pledging financial institution's trust department or agent in the authority's name. Category 3 include uninsured and uncollateralized deposits including any bank balance that is collateralized with securities held by the pledging financial institution or by is trust department or agent but not the Authority's name. Uninsured and collateralized deposits are classified into these three categories depending on who holds the collateral security and how they are held.

SEE ACCOMPANYING AUDITOR'S REPORT

HOUSING AUTHORITY OF THE COUNTY OF TULARE
VISALIA, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

At June 30, 2010, the Authority's deposits with various financial institutions have a carrying amount and bank value of $15,904,421. Of the Authority's total bank balance, $15,904,421 was covered by Federal Depository Insurance and classified as Category 1.

The Authority's cash management practices are governed by HUD requirements and State of California statutes. These requirements authorize the Authority to invest in banker's acceptances, time certificates of deposit, repurchase agreements, certain commercial paper, obligations of the United States and its agencies and instrumentalities allowed for the California State Treasurer's Local Investment Pool.

Regulations require that amounts on deposit with financial institutions be collateralized at a rate 100% of amounts in excess of deposit insurance coverage.

The Authority maintains cash balances in excess of the federally insured amount of $250,000 at various financial institutions. These balances are fully collateralized, with securities pledged and held by the bank, as required by the U.S. Department of Housing and Urban Development.

Balances are presented on the Statement of Net Assets as follows:

		2010		2009
Cash	$	33,802,079	$	30,617,404
Investments – Restricted		4,050,370		4,289,010
Investments – Unrestricted		4,814,977		3,204,709
Total Cash	$	42,667,426	$	38,111,123

3. LAND, STRUCTURES, AND EQUIPMENT

Land, structures, and equipment consist of the following at June 30, 2010:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 4,182,397	$ 0	$ 0	$ 4,182,397
Buildings	38,332,899	0	0	38,332,899
Equipment – Dwelling	318,665	0	0	318,665
Equipment - Admin	21,951	0	0	21,951
Leasehold Improvements	38,815,598	3,853,670	(148,925)	42,520,343
Subtotal	81,671,510	3,853,670	(148,925)	85,376,255
Less:				
Accumulated Depreciation	(26,995,138)	(202,819)	50,877	(27,147,080)
Net Land, structures and equipment	$ 54,676,372	$ 3,650,851	$ (98,048)	$ 58,229,175

SEE ACCOMPANYING AUDITOR'S REPORT

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
VISALIA, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

4. LONG TERM DEBT

The notes payable consist of the following at June 30, 2009:

1% Mortgages payable to the United States Department of Agriculture, payable in annual installments of $86,007 retiring at various dates, no amortization schedules available.	$ 1,599,178
3.5% note payable to California Housing Finance Agency. No payment due for 10 years.	1,500,000
Non-interest bearing note to the City of Visalia, California. Payable in monthly installments of $200, secured by real property.	33,800
Non-interest bearing note to the City of Visalia, California. No stated rates of interest, payment schedules, or due dates.	47,500
Total Long-Term Debt	$ 3,180,478
Less: Current Portion	88,407
Long-Term Debt	$ 3,092,071

Estimated future principal maturities are as follows:

Fiscal Year Ended June 30,	Amount
2011	$ 88,407
2012	88,407
2013	88,407
2014	88,407
2015	88,407
Thereafter	2,738,443
	$ 3,180,478

5. EMPLOYEE'S PENSION PLAN

The Housing Authority of the County of Tulare is the administrator of a single-employer pension plan established May 1, 1980, to provide retirement benefits for its employees. The employees of the Housing Authority are considered to be employed by the Administrative Fund of the Authority. Employee cost, including pension cost, is allocated to various funds and programs in accordance with the regular cost allocation methods used to pro-rate salaries.

Separate audited financial statements of the pension plan are issued annually for its fiscal year ended December 31. A complete description of the plan and the pension benefit obligation are included in that report.

SEE ACCOMPANYING AUDITOR'S REPORT

HOUSING AUTHORITY OF THE COUNTY OF TULARE
VISALIA, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

6. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in note 5, the Authority provides health plan coverage for retirees through a variety of health plans. The Authority contributes $250 per employee toward the monthly premium. Post-employment benefits include medical benefits only.

A total of 6 retirees participated in the plan as of June 30, 2010. The cost of postemployment health care is recognized each month as premiums are paid on a pay-as-you-go basis. For the year ending 2010, the cost of postemployment benefits was $39,530.

An actuarial report was prepared during the previous year to estimate the annual required contribution (ARC) for the funding and accrual of postemployment benefits under GASB 43 and 45. Per the actuarial report, the annual required contribution of $327,675 was estimated using a 4.5% discount rate.

Actuarial assumptions were based upon CalPERS demographic (employees turnover, mortality and retirement rates) assumptions, based on 1997-2002 experience study. Unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payrolls on a closed basis over 30 years. The actuarial accrued liability was based on the entry age normal cost method with costs spread as a level percentage of pay.

In addition, actuarial valuations included the following information

Actuarial Accrued Liability (AAL)	$ 2,622,217
Actuarial Value of Assets at beginning of year	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 2,622,217
Remaining Amortization Period	29
Normal Cost	$ 164,010
Amortization of UAAL	163,665
Annual Required Contribution (ARC)	$ 327,675
Annual Required Contribution (ARC)	$ 327,675
Interest on net OPEB Obligation	6,794
Adjustment to ARC	(9,423)
Annual OPEB Cost	$ 325,046
Projected Net Retiree Claim Costs	(39,530)
Increase in net OPEB Obligation	$ 285,516
Net OPEB Obligation – Beginning of Year	$ 150,972
Net OPEB Obligation – End of Year	$ 436,488

SEE ACCOMPANYING AUDITOR'S REPORT

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
VISALIA, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

7. COMMITMENTS AND CONTINGENCIES

In connection with various Federal and State grant programs, the Authority is obligated to administer the programs in accordance with regulatory restrictions, and is subject to audit by grantor agencies. In cases of noncompliance, the agencies involved may require the Authority to refund program monies. The amount of expenditures which may be disallowed, if any, by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority is contingently liable in connection with claims and contracts arising in the normal course of its activities. The Authority management is of the opinion that the outcome of such matters will not have a material effect on the basic financial statements.

The possibility exists that HUD contributions may decrease in the future. In the event that such contributions were significantly decreased, the Authority would need to seek other funding sources to maintain operations at current level.

SEE ACCOMPANYING AUDITOR'S REPORT

SUPPLEMENTARY

INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF TULARE
FINANCIAL DATA SCHEDULE
JUNE 30, 2010

Line Item #		Low Rent	NC/SR Section 8 Programs	Section 8 Moderate Rehabilitation Program	Housing Choice Vouchers	Rural Rental Housing Loans	State and Local	Business Activities	Public Housing Capital Fund Program	TOTAL
	ASSETS									
	Current Assets:									
	Cash:									
111	Cash-Unrestricted	11,216,611	5,850	4,400	5,764,366	851,800	129,616	4,767,300	0	22,739,943
112	Cash-Restricted-Modernization and Development	0	0	0	0	0	0	0	0	0
113	Cash-Other Restricted	0	0	0	10,652,541	0	0	0	0	10,652,541
114	Cash-Tenant Security	229,320	0	0	0	127,452	35,855	16,968	0	409,595
100	Total Cash	11,445,931	5,850	4,400	16,416,907	979,252	165,471	4,784,268	0	33,802,079
	Receivables:									
122	Accounts Receivable - HUD Other Projects	128,798	0	13,321	0	0	0	0	0	142,119
124	Accounts Receivable - Other Government	0	0	16,020	0	0	2,060	0	0	18,080
125	Accounts Receivable - Micsellaneous	200,990	0	0	0	22,342	143,238	2,084,176	0	2,450,746
126	Accounts Receivable Tenants - Dwelling Rents	17,795	0	0	0	2,617	0	4,714	0	25,126
126.1	Allowance for Doubtful Accounts-Dwelling Rents	(3,070)	0	0	0	0	0	0	0	(3,070)
127	Notes, Loans & Mortgages Receivable - Current	0	0	0	0	0	0	0	0	0
129	Accrued Interest Receivable	109,604	0	0	55,157	0	0	597,791	0	762,552
120	Total Receivables	454,117	0	29,341	55,157	24,959	145,298	2,686,681	0	3,395,553
131	Investments - Unrestricted	3,557,230	0	0	0	0	0	1,257,747	0	4,814,977
132	Investments - Restricted	4,050,370	0	0	0	0	0	0	0	4,050,370
142	Prepaid Expenses and Other Assets	32,491	0	33,293	9,986	20,346	16,432	81,258	0	193,806
143	Inventories	0	0	0	0	0	0	381,650	0	381,650
144	Interprogram - Due From	0	0	0	0	0	0	0	0	0
150	**TOTAL CURRENT ASSETS**	19,540,139	5,850	67,034	16,482,050	1,024,557	327,201	9,191,604	0	46,638,435
	NON CURRENT ASSETS									
	Fixed Assets:									
161	Land	4,182,397	0	0	0	0	0	0	0	4,182,397
162	Buildings	22,961,240	0	0	0	13,017,144	0	2,354,515	0	38,332,899
163	Furniture, Equipment, & Machinery-Dwelling	0	0	0	0	281,210	37,455	0	0	318,665
164	Furniture, Equipment, & Machinery-Admn.	0	0	0	0	21,951	0	0	0	21,951
165	Leasehold Improvements	31,461,385	0	0	185,337	5,467,644	203,664	5,202,313	0	42,520,343
166	Accumulated Depreciation	(24,387,559)	0	0	(139,606)	(297,723)	(132,972)	(2,189,220)	0	(27,147,080)
160	Total Fixed Assets	34,217,463	0	0	45,731	18,490,226	108,147	5,367,608	0	58,229,175
171	Notes, Loans, & Morgtgages Receivable - NonCurrent	950,000	0	0	0	0	0	4,743,198	0	5,693,198
174	Other Assets	0	0	0	0	0	0	0	0	0
180	TOTAL NONCURRENT ASSETS	35,167,463	0	0	45,731	18,490,226	108,147	10,110,806	0	63,922,373
190	**TOTAL ASSETS**	54,707,602	5,850	67,034	16,527,781	19,514,783	435,348	19,302,410	0	110,560,808

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
FINANCIAL DATA SCHEDULE
JUNE 30, 2010

		Low Rent	NC/SR Section 8 Programs	Section 8 Moderate Rehabilitation Program	Housing Choice Vouchers	Rural Rental Housing Loans	State and Local	Business Activities	Public Housing Capital Fund Program	TOTAL
	LIABILITIES AND EQUITY:									
	LIABILITIES									
	CURRENT LIABILITIES									
311	Bank Overdraft	0	0	0	0	0	0	0	0	0
312	Accounts Payable < - 90 Days	150,766	0	162	4,994	27,020	4,539	7,954	0	195,435
321	Accrued Wage/Payroll Taxes Payable	0	0	0	0	0	0	1,165	0	1,165
322	Accrued Compensated Absences - Current Portion	72,688	858	212	63,456	46,935	9,422	35,653	0	229,224
325	Accrued Interest Payable	0	0	0	0	6,976	0	0	0	6,976
331	Accounts Payable - HUD PHA Programs	4,900	0	0	0	0	0	0	0	4,900
333	Accounts Payable - Other Government	0	0	0	0	0	0	0	0	0
341	Tenant Security Deposits	221,581	0	0	0	127,261	35,555	16,968	0	401,365
342	Deferred Revenues	0	0	0	0	0	2,064	102,252	0	104,316
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue Bonds	0	0	0	0	86,007	0	2,400	0	88,407
345	Other Current Liabilities	12,395	0	10,746	0	8,000	202,616	0	0	233,757
346	Accrued Liabilities - Other	192,825	0	0	43,275	21,834	1,411	278,404	0	537,749
347	Inter-Program Due To	0	0	0	0	0	0	0	0	0
310	TOTAL CURRENT LIABILITIES	655,155	858	11,120	111,725	324,033	255,607	444,796	0	1,803,294
	NONCURRENT LIABILITIES									
351	Long-term Debt, net of Current - Capital Projects/Mortgage Revenue Bonds	0	0	0	0	1,513,171	0	1,578,900	0	3,092,071
353	Noncurrent Liabilities - Other	0	0	0	0	0	0	0	0	0
354	Accrued Compensated Absences - Non Current	72,685	857	211	63,455	46,935	9,421	35,653	0	229,217
350	TOTAL NONCURRENT LIABILITIES	72,685	857	211	63,455	1,560,106	9,421	1,614,553	0	3,321,288
300	**TOTAL LIABILITIES**	727,840	1,715	11,331	175,180	1,884,139	265,028	2,059,349	0	5,124,582
	EQUITY:									
508.1	Invested In Capital Assets, Net of Related Debt	34,217,463	0	0	45,731	18,490,226	108,147	5,367,608	0	58,229,175
	RESERVED FUND BALANCE									
511.1	Restricted Net Assets	0	0	0	15,189,719	0	0	0	0	15,189,719
512.1	Unrestricted Net Assets	19,762,299	4,135	55,703	1,117,151	(859,582)	62,173	11,875,453	0	32,017,332
513	**TOTAL EQUITY / NET ASSETS**	53,979,762	4,135	55,703	16,352,601	17,630,644	170,320	17,243,061	0	105,436,226
600	**TOTAL LIABILITIES AND EQUITY/NET ASSETS**	54,707,602	5,850	67,034	16,527,781	19,514,783	435,348	19,302,410	0	110,560,808

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
FINANCIAL DATA SCHEDULE
JUNE 30, 2010

		Low Rent	NC/SR Section 8 Programs	Section 8 Moderate Rehabilitation Program	Housing Choice Vouchers	Rural Rental Housing Loans	State and Local	Business Activities	Public Housing Capital Fund Program	TOTAL
	REVENUE									
70300	Net Tenant Rental Revenue	2,983,275	0	0	0	1,859,440	308,427	234,172	0	5,385,314
70400	Tenant Revenue - Other	39,446	0	0	0	28,861	4,999	7,620	0	80,926
70500	Total Tenant Revenue	3,022,721	0	0	0	1,888,301	313,426	241,792	0	5,466,240
70600	HUD PHA Operating Grants	1,207,202	0	51,204	18,312,828	0	0	0	128,799	19,700,033
70610	Capital Grants	0	0	0	0	0	0	0	1,689,697	1,689,697
70800	Other Government Grants	0	0	3,189	0	0	126,006	0	0	129,195
71100	Investment Income - Unrestricted	124,396	231	102	625,826	6,383	736	179,577	0	937,251
71500	Other Revenue	0	0	0	0	0	0	1,743,436	0	1,743,436
71600	Gain or Loss on The Sale of Fixed Assets	0	0	0	0	0	0	0	0	0
72000	Investment Income - Restricted	644,151	0	0	34,589	9,390	1,626	79	0	689,835
70000	**TOTAL REVENUE**	4,998,470	231	54,495	18,973,243	1,904,074	441,794	2,164,884	1,818,496	30,355,687
	EXPENSES									
	OPERATING EXPENSES:									
	Administrative:									
91100	Administrative Salaries	448,208	0	1,814	928,733	152,576	55,858	0	96,600	1,683,789
91200	Auditing Fees	2,583	0	160	13,686	3,192	1,636	4,368	0	25,625
91300	Management Fees	0	0	0	13,275	209,798	48,135	0	0	271,208
91400	Advertising and Marketing	0	0	0	0	0	0	0	0	0
91500	Employee Benefit Contributions-Administrative	334,942	0	892	366,792	165,813	19,679	228,554	0	1,116,672
91600	Office Expense	36,678	0	120	116,592	13,164	3,992	0	0	170,546
91700	Legal Expense	13,721	0	21	15,524	4,503	3,377	0	0	37,146
91800	Travel	7,359	0	13	13,634	2,929	730	4,155	0	28,820
91900	Other	56,940	0	103	104,305	31,045	0	13,206	0	205,599
	Utilities:									
93100	Water	195,576	0	2	1,574	15,138	36,111	8,747	0	257,148
93200	Electricity	46,882	0	28	20,083	45,266	6,891	233	0	119,383
93300	Gas	5,881	0	3	1,734	4,091	811	0	0	12,520
93600	Sewer	228,797	0	1	604	23,428	0	6,699	0	259,529
	Ordinary Maintenance & Operation:									
94100	Ordinary Maintenance and Operations - Labor	424,908	0	0	0	227,641	37,324	503,617	0	1,193,490
94200	Ordinary Maintenance and Operations - Materials and Other	397,943	0	11	21,186	136,414	17,745	90,981	0	664,280
94300	Ordinary Maintenance and Operations - Contract Costs	690,343	0	128	169,994	365,821	86,083	105,808	32,199	1,450,376
94500	Employee Benefit Contributions - Ordinary Maintenance	0	0	0	0	0	15,883	0	0	15,883

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
FINANCIAL DATA SCHEDULE
JUNE 30, 2010

		Low Rent	NC/SR Section 8 Programs	Section 8 Moderate Rehabilitation Program	Housing Choice Vouchers	Rural Rental Housing Loans	State and Local	Business Activities	Public Housing Capital Fund Program	TOTAL
96110	Property Insurance	56,952	0	101	21,701	35,730	0	8,964	0	123,448
96120	Liability Insurance	0	0	0	0	0	8,007	0	0	8,007
96130	Workers Compensation	44,492	0	23	10,686	35,881	3,776	43,925	0	138,783
96140	All Other Insurance	0	0	0	0	0	0	0	0	0
96200	Other General Expenses	0	0	0	0	0	0	51,387	0	51,387
96210	Compensated Absences	9,395	0	0	3,707	0	2,908	8,557	0	24,567
96300	Payments In Lieu of Taxes	82,382	0	0	0	0	46,030	0	0	128,412
96400	Bad Debt - Tenants Rent	18,377	0	0	0	830	6,328	2,892	0	28,427
96700	Interest Expense	0	0	0	0	22,177	0	0	0	22,177
96900	Total Operating Expenses	3,102,359	0	3,420	1,823,810	1,495,437	401,304	1,082,093	128,799	8,037,222
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	1,896,111	231	51,075	17,149,433	408,637	40,490	1,082,791	1,689,697	22,318,465
	Other Expenses									
97100	Extra Ordinary Maintenance	0	0	0	0	0	0	0	0	0
97300	Housing Assistance Payments	0	0	24,963	13,377,789	0	0	0	0	13,402,752
97400	Depreciation Expense	21,179	0	0	29,427	37,995	8,873	105,345	0	202,819
90000	Total Expenses	3,123,538	0	28,383	15,231,026	1,533,432	410,177	1,187,438	128,799	21,642,793
10010	Operating Transfers In	1,689,697	0	0	0	0	0	0	0	1,689,697
10020	Operating Transfers Out	0	0	0	0	0	0	0	(1,689,697)	(1,689,697)
10100	Total Other Financing Sources (Uses)	1,689,697	0	0	0	0	0	0	(1,689,697)	0
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	3,564,629	231	26,112	3,742,217	370,642	31,617	977,446	0	8,712,894
	MEMO ACCOUNT INFORMATION									
11020	Debt Principal Payment Enterprise Funds	0	0	0	0	86,007	0	2,400	0	88,407
11030	Beginning Equity	50,185,579	40,277	29,547	12,538,231	17,246,719	130,672	16,254,301	0	96,425,326
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	229,554	(36,373)	44	72,153	13,283	8,031	11,314	0	298,006
11190	Unit Months Available	8,520	0	60	34,032	5,340	1,044	216	0	49,212
11210	Number of Unit Months Leased	8,463	0	60	33,529	5,232	1,026	208	0	48,518
11170	Administrative Fee Equity	0	0	0	1,162,882	0	0	0	0	1,162,882
11180	Housing Assistance Payments Equity	0	0	0	15,189,719	0	0	0	0	15,189,719

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
SONORA APARTMENTS
USDA FORM RD 3560-10
MULTI-FAMILY HOUSING BORROWER BALANCE SHEET
JUNE 30, 2010

ASSETS		
Current Assets		
General Operating Account	$	47,904
Reserve Account		320,182
Security Deposit Account		16,828
Accounts Receivable		2,626
Prepayments		2,208
Total Current Assets		389,748
Fixed Assets		
Land & Buildings		2,566,360
Furniture & Equipment		17,104
Less: Accumulated Depreciation		(35,889)
Total Fixed Assets		2,547,575
TOTAL ASSETS		2,937,323
LIABILITIES AND OWNER'S EQUITY		
Current Liabilities		
Accounts Payable		4,140
Other Current Liabilities		10,153
Security Deposits		16,366
Total Current Liabilities		30,659
Long-Term Liabilities		
Notes Payalbe Rural Development		700,207
Other		8,789
Total Long-Term Liabilities		708,996
TOTAL LIABILITIES		739,655
Owner's Equity		2,197,668
TOTAL LIABILITIES AND OWNER'S EQUITY	$	2,937,323

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
SONORA APARTMENTS
USDA-RURAL DEVELOPMENT-RHS FORM RD 1930-7
MULTIPLE FAMILY HOUSING PROJECT BUDGET
JUNE 30, 2010

	Current Budget	Actual
CASH FLOW STATEMENT		
Operational Cash Sources		
Rental Income	$ 278,040	$ 233,091
RHS Rental Assistance Received	0	33,665
Interest Income	5,300	1,646
Tenant Charges	1,553	1,894
Other Project Sources	0	516,873
Less: Vacancy and Contingency Allowance	(5,561)	0
Transfer From Reserve	5,000	430,617
Total Cash Sources	284,332	1,217,786
Operational Cash Uses		
Total O & M Expenses	203,626	188,648
RHS Debt Payment	55,475	49,912
Transfer to Reserve	19,000	535,873
Long-Term Improvements	5,000	430,617
Total Cash Uses	283,101	1,205,050
Less: P.I.L.O.T.	0	0
Net Cash (Deficit)	$ 1,231	$ 12,736
OPERATING AND MAINTENANCE EXPENSE SCHEDULE		
Maintenance and Repairs Payroll	17,032	15,683
Maintenance and Repairs Supply	15,900	14,389
Maintenance and Repairs Contract	18,000	18,296
Grounds	14,400	14,809
Other Operating Expenses	32,470	20,349
Sub-Total Maintenance and Operating	97,802	83,526
Electricity	3,433	3,510
Water	7,169	6,056
Sewer	16,452	16,346
Fuel	364	590
Garbage & Trash Removal	10,023	9,501
Sub-Total Utilities	37,441	36,003

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
SONORA APARTMENTS
USDA-RURAL DEVELOPMENT-RHS FORM RD 1930-7
MULTIPLE FAMILY HOUSING PROJECT BUDGET
JUNE 30, 2010

	Current Budget	Actual
Site Management Payroll	$ 15,953	$ 15,328
Management Fee	28,326	28,326
Project Auditing Expense	304	190
Legal Expenses	581	2,082
Office Supplies	2,856	2,535
Training Expense	350	316
Health Insurance & Other Employee Benefits	12,807	13,447
Workman's Compensation	3,041	3,063
Other Administrative Expenses	840	505
Sub-Total Administrative	65,058	65,792
Real Estate Taxes	0	0
Property & Liability Insurance	3,325	3,327
Sub-Total Taxes & Insurace	3,325	3,327
TOTAL O & M EXPENSES	203,626	188,648
ACCOUNT BUDGETING/STATUS		
Reserve Account:		
Beginning Balance	221,069	214,911
Transfer to Reserve	19,000	535,873
Transfer from Reserve:		
Building Repair & Improvements	(5,000)	(430,617)
Ending Balance	235,069	320,167
General Operating Account:		
Beginning Balance		35,168
Ending Balance		47,904
Tenant Security Deposit Account:		
Beginning Balance		15,399
Ending Balance		16,828

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
LINNELL, WOODVILLE, TERRA BELLA & VISALIA FARM CENTERS
USDA FORM RD 3560-10
MULTI-FAMILY HOUSING BORROWER BALANCE SHEET
JUNE 30, 2010

ASSETS		
Current Assets		
General Operating Account	$	74,170
Reserve Account		409,395
Security Deposit Account		110,624
Other Cash		150
Accounts Receivable		17,459
Prepayments		18,138
Total Current Assets		629,936
Fixed Assets		
Buildings		16,204,485
Furniture & Equipment		0
Less: Accumulated Depreciation		(261,834)
Total Fixed Assets		15,942,651
TOTAL ASSETS		16,572,587
LIABILITIES AND OWNER'S EQUITY		
Current Liabilities		
Accounts Payable		43,803
Other Current Liabilties		0
Security Deposits		110,895
Total Current Liabilities		154,698
Long-Term Liabilities		
Notes Payable Rural Development		898,971
Other		85,941
Total Long-Term Liabilities		984,912
TOTAL LIABILITIES		1,139,610
Owner's Equity		15,432,977
TOTAL LIABILITIES AND OWNER'S EQUITY	$	16,572,587

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
LINNELL, WOODVILLE, TERRA BELLA & VISALIA FARM CENTERS
USDA-RURAL DEVELOPMENT-RHS FORM RD 1930-7
MULTIPLE FAMILY HOUSING PROJECT BUDGET
JUNE 30, 2010

	Current Budget	Actual
CASH FLOW STATEMENT		
Operational Cash Sources		
Rental Income	$ 1,611,720	$ 1,592,685
RHS Rental Assistance Received	0	0
Interest Income	10,792	4,508
Tenant Charges	3,820	9,968
Other - Project Sources	9,060	8,535
Less: Vacancy and Contingency Allowance	(32,234)	0
Non-Operational Cash Sources		
Cash - Non Project	0	0
Authorized Loan (Non-RHS)	0	0
Transfer From Reserve	0	58,331
Total Cash Sources	1,603,158	1,674,027
Operational Cash Uses		
Total O & M Expenses	1,407,268	1,266,991
RHS Debt Payment	61,584	68,555
Transfer to Reserve	121,844	167,204
Total Cash Uses	1,590,696	1,502,750
Non-Operations Cash Uses		
Long-Term Improvements	0	58,331
Less: P.I.L.O.T.	0	0
Net Cash (Deficit)	$ 12,462	$ 112,946
OPERATING AND MAINTENANCE EXPENSE SCHEDULE		
Maintenance and Repairs Payroll	104,784	105,979
Maintenance and Repairs Supply	157,500	99,741
Maintenance and Repairs Contract	56,950	95,289
Grounds	113,646	120,573
Capital Budget	167,250	58,117
Painting	3,000	3,000
Sub-Total Maintenance and Operating	603,130	482,699
Electricity	46,645	41,756
Water	10,582	9,083
Sewer	7,545	7,083
Fuel	4,085	3,501
Garbage & Trash Removal	149,283	137,214
Sub-Total Utilities	218,140	198,637

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
LINNELL, WOODVILLE, TERRA BELLA & VISALIA FARM CENTERS
USDA-RURAL DEVELOPMENT-RHS FORM RD 1930-7
MULTIPLE FAMILY HOUSING PROJECT BUDGET
JUNE 30, 2010

	Current Budget	Actual
Site Management Payroll	$ 136,566	$ 137,248
Management Fee	181,472	181,472
Project Auditing Expense	2,750	3,003
Legal Expenses	3,485	2,421
Office Supplies	37,603	39,908
Training Expense	4,358	2,613
Health Insurance & Other Employee Benefits	152,652	152,366
Workman's Compensation	36,422	32,819
Other Administrative Expenses	1,350	1,402
Sub-Total Administrative	556,658	553,252
Real Estate Taxes	0	0
Other Insurance	0	0
Property & Liability Insurance	29,340	32,403
Sub-Total Taxes & Insurance	29,340	32,403
TOTAL O & M EXPENSES	1,407,268	1,266,991

ACCOUNT BUDGETING/STATUS

	Current Budget	Actual
Reserve Account:		
Beginning Balance	239,619	300,523
Transfer to Reserve	121,844	167,204
Transfer from Reserve:		
Building Repair & Improvements	0	(58,331)
Ending Balance	361,463	409,396
General Operating Account:		
Beginning Balance		74,800
Ending Balance		74,170
Tenant Security Deposit Account:		
Beginning Balance		106,342
Ending Balance		110,624

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
ANNUAL CONTRIBUTION CONTRACTS WITH THE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
RECONCILIATION OF COMPREHENSIVE GRANT AND CAPITAL FUNDS
ADVANCES WITH COSTS
OWNED HOUSING - SF - 190
JUNE 30, 2010

Project Numbers		Funds Approved		Funds Advanced		Funds Expended		Excess (Deficiency)
CA39-PO30-70293	$	1,739,361	$	1,739,361	$	1,739,361	$	0
CA39-PO30-70394	$	2,029,606	$	2,029,606	$	2,029,606	$	0
CA39-PO30-70495	$	1,907,560	$	1,907,560	$	1,907,560	$	0
CA39-PO30-70596	$	1,563,399	$	1,563,399	$	1,563,399	$	0
CA39-PO30-70697	$	1,533,444	$	1,533,444	$	1,533,444	$	0
CA39-PO30-70798	$	1,631,562	$	1,631,562	$	1,631,562	$	0
CA39-PO30-70899	$	1,876,933	$	1,876,933	$	1,876,933	$	0
CA39-PO30-50100	$	1,786,346	$	1,776,346	$	1,786,346	$	0
CA39-P030-50101	$	1,816,484	$	1,816,484	$	1,816,484	$	0
CA39-P030-50102	$	1,733,502	$	1,733,502	$	1,733,502	$	0
CA39-P030-50103	$	1,426,300	$	1,426,300	$	1,426,300	$	0
CA39-P030-50203	$	284,526	$	284,526	$	284,526	$	0
CA39-P030-50104	$	1,651,808	$	1,651,808	$	1,651,808	$	0
CA39-P030-50105	$	1,584,952	$	1,584,952	$	1,584,952	$	0
CA39-P030-50106	$	1,515,711	$	1,515,711	$	1,515,711	$	0
CA39-P030-50107	$	1,472,073		1,472,073		1,472,073		0
CA39-P030-50108	$	1,550,704		1,121,851		1,459,449		(337,598)
CA39-P030-50109	$	1,430,908		-		544,475		(544,475)
CA39-S030-50109	$	1,962,885		1,456,204		1,456,204		-

SEE AUDITORS REPORT.

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OVERALL COMPLIANCE,

INTERNAL CONTROLS

AND

FEDERAL AWARDS SECTIONS

MICHAEL L. OXENREIDER
CERTIFIED PUBLIC ACCOUNTANT

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

Board of Commissioners
Housing Authority of the County of Tulare
Visalia, California

I have audited the financial statements of the Housing Authority of the County of Tulare (the Authority), as of and for the year ended June 30, 2010 and have issued my report thereon dated January 19, 2011. I conducted my 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 my audit, I considered the Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed test 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 my audit and, accordingly I do not express such an opinion. The results of my test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the board, management, 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.

Michael L. Oxenreider
Certified Public Accountant
January 19, 2011

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MICHAEL L. OXENREIDER
CERTIFIED PUBLIC ACCOUNTANT

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the County of Tulare
Visalia, California

Compliance

I have audited the compliance of the Housing Authority of the County of Tulare (the Housing Authority) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 20010. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. My responsibility is to express an opinion on the Housing Authority's compliance based on my audit.

I conducted my 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* and the Guide. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Housing Authority's compliance with those requirements.

In my opinion, the Housing Authority of the County of Tulare's complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Housing Authority of the County of Tulare's 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 my audit, I considered the Housing Authority of the County of Tulare's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

I have audited the financial statements of the Housing Authority as of and for the year ending June 30, 2010, and have issued my report thereon dated January 19, 2011. My 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 No, 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 my 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 audit committee, board of directors, management, others within the organization, 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.

Michael L. Oxenreider
Certified Public Accountant
January 19, 2011

HOUSING AUTHORITY OF THE COUNTY OF TULARE
Visalia, California

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Low Rent Public Housing	14.850a	1,207,202
Housing Choice Rental Voucher Program	14.871	18,312,828
Public Housing Capital Fund Program	14.872	1,818,496
Section 8 Moderate Rehabilitation Program	14.856	51,204
Total U.S. Department of Housing and Urban Development		$ 21,389,730

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HOUSING AUTHORITY OF THE COUNTY OF TULARE
Visalia, California

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010

SECTION 1- SUMMARY OF AUDITOR'S RESULTS

1 The auditor's report expresses an unqualified opinion on the financial statements of the Housing Authority of the County of Tulare.

2 No instances of significant deficiencies were disclosed during the audit of the financial statements reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

3 No instances of noncompliance material to the financial statements of the Housing Authority of the County of Tulare were disclosed during the audit.

4 No instances of significant deficiencies in internal control over major federal award programs were disclosed during the audit reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

5 The auditor's report on compliance for the major federal awards programs for the Housing Authority of the County of Tulare expresses an unqualified opinion on all major federal programs.

6 Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.

7 The programs tested as major programs included:

CFDA Number	Name of Federal Program
14.850	Low Rent Public Housing
14.871	Housing Choice Vouchers
14.872	Public Housing Capital Fund Program

8 The threshold for distinguishing Type A and B programs was $300,000.

9 The Housing Authority of the County of Tulare was determined to be a low-risk auditee.

HOUSING AUTHORITY OF THE COUNTY OF TULARE
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings or questioned cost to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned cost to be reported.

Housing Authority of the County of Tulare

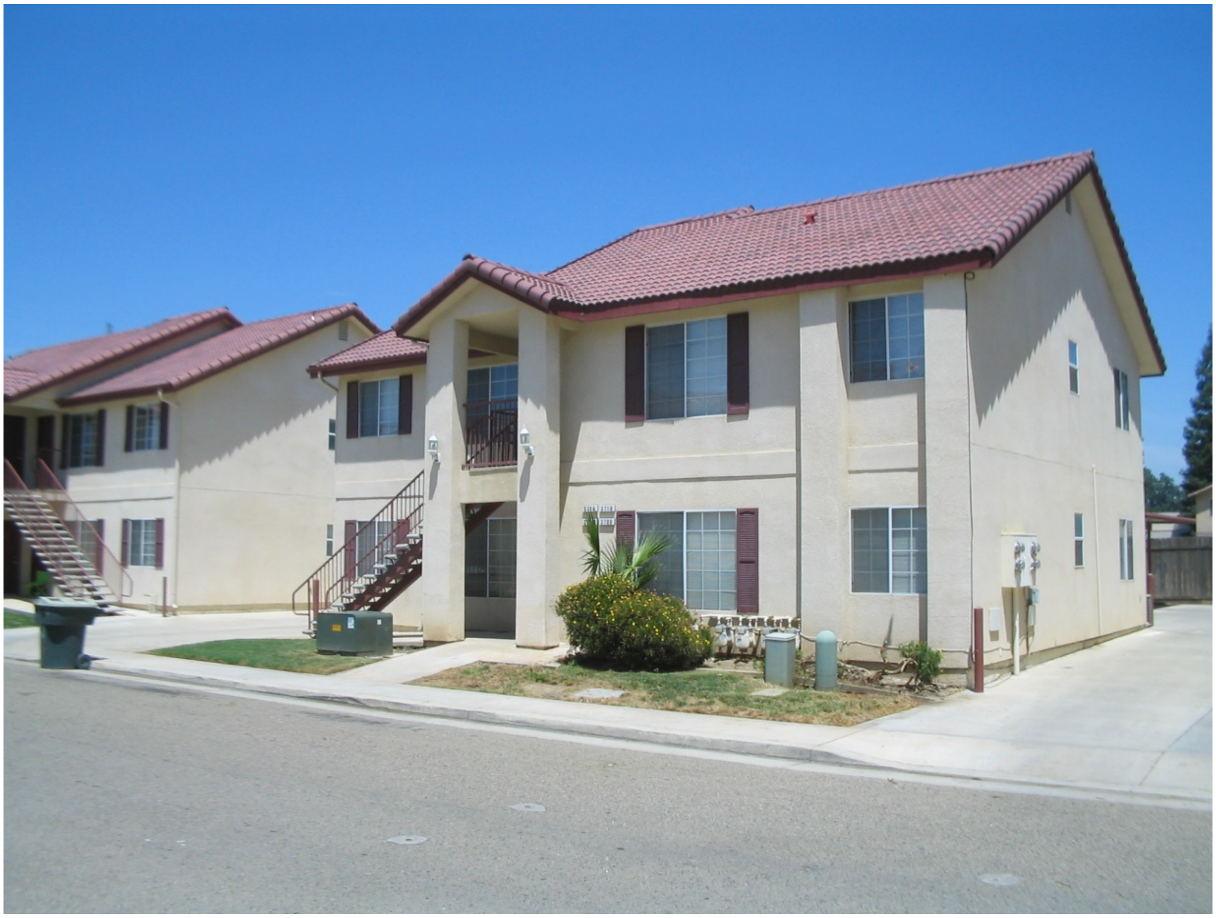
Innovations in PHA Project Development and MTW Leveraging of Funds for Acquisition and Rehabilitation

March 20, 2011

MTW Leveraging

- Tulare County Housing Authority Recent Projects
  Various Uses of Leveraging

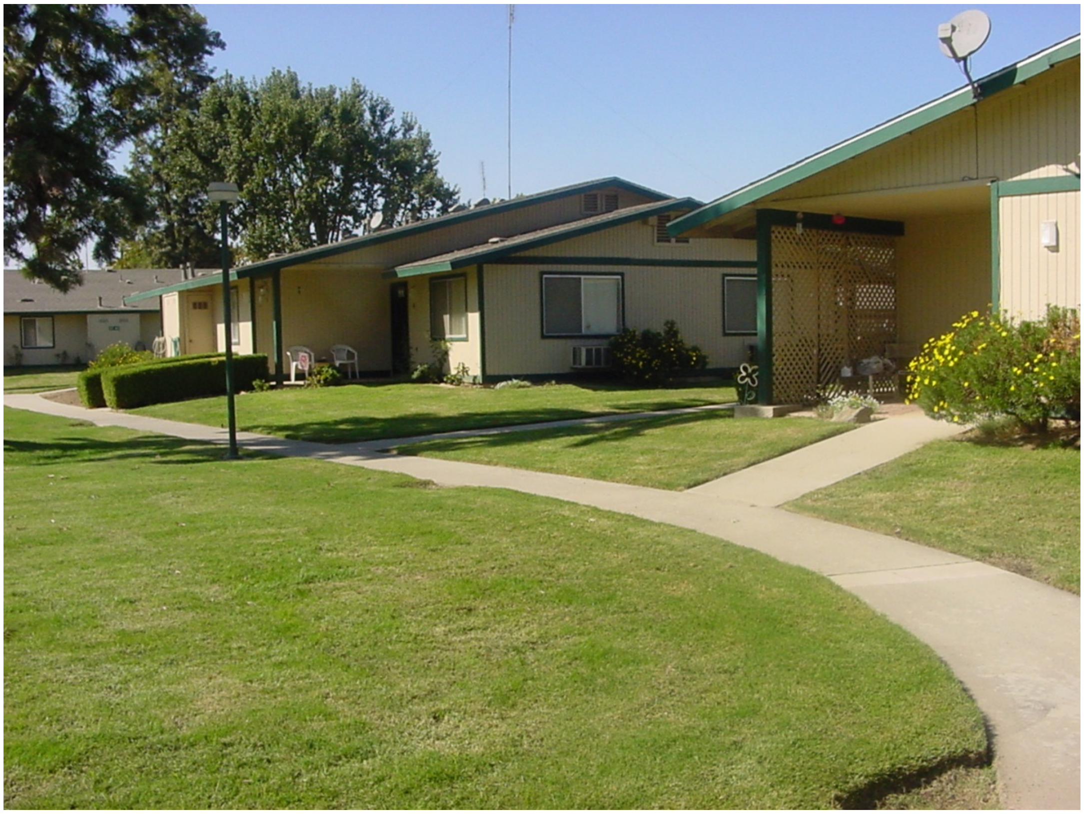
• Myrtle Court Apartments	32 Units
• Court & Paradise Apartments	20 Units
• Village Grove Apartments	48 Units
• Oakwood Apartments	20 Units
• Gateway Village Apartments I & II	64 Units
• Parkside Court Apartments	24 Units
• Tule Vista Bungalows	57 Units
• TID Apartments	57 Units
• Dinuba Euclid Court Apartments	57 Units
• Lindsay Senior Apartments	70 Units
• Farmersville Senior Apartments	40 Units
• East Tulare Ave Cottages	12 Units
• Encina Triplex	3 Units
• East Kaweah Apartments	8 Units
• Oriole Street Fourplexes	8 Units
• 2934 So County Center	1 Unit
• Aspenwood & Beechwood Project	5 Units
• Exeter Village Apartments	48 Units
• Porterville Family Apartments	70 Units
• Projected Total	644 Units



Myrtle Court Project

Eight (8) Foreclosed 4-plexes (32 units) all in the same cul-de-sac that has a total of 12 4-plexes. (All 2 & 1)

Acquisition & Financing plan (Leveraging)
City NSP I funds after acquisition & rehab by Kaweah Mgmt. Co. (a 501c3).
City pulled NSP I funds in favor of Homeownership program.
Financing was secured from HATC bank TARP funds at 4.75% fixed for 10 years 25 year amortization. 4-plexes appraised for $70,000 per unit and LTV of 70%.

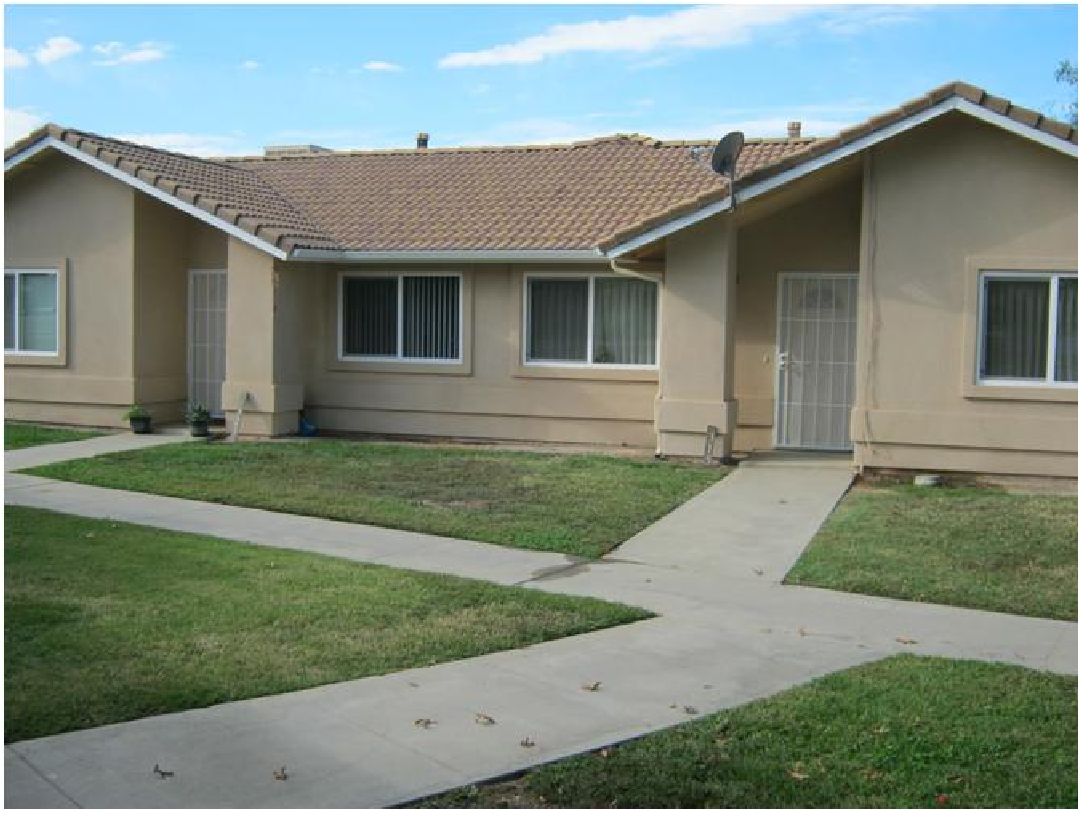


Village Grove Apartments

48 Unit Senior USDA Project Acquisition & Rehab 4% Tax Credit

Financing By:
USDA Loan $1,000,000
Citicorp Loan $1,200,000
Kaweah Mgmt. Co. (a 501c3) GAP financing $700,000

Project was purchased from Regional Bank who had foreclosed on the project many years early and was holding the property until the end of the 15 TC compliance period. The project was purchased for $1,560,000 but that included $384,000 in replacement reserves and operating funds of $70,000. Kaweah Mgmt. Co. controls the project which kept the $454,000 of cash and we did about $1,070,000 of rehab work.



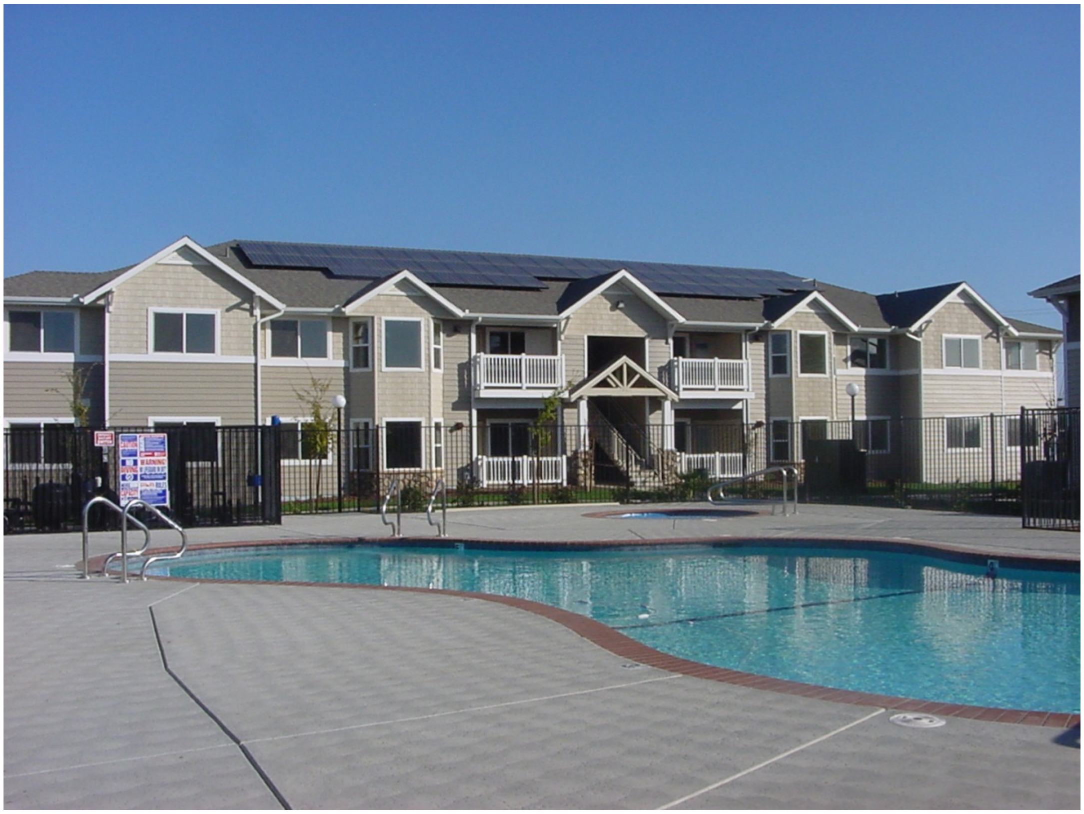
Oakwood Apartments

20 units
1, 2, 3, & 4 bedroom units

Financing Plan
Acquisition Project HATC & Kaweah Mgmt. Co. (a 501c3)
City Home funds $250,000 for rehab.

Project in foreclosure $950,000
City Home funds $250,000
Total Costs $1,200,000 ($60,000 pu)

$950,000 was approved in MTW Plan for the project purchase and to provide the permanent financing. Project will pay 5% interest on Loan. Project fully occupied at acquisition and during rehab.

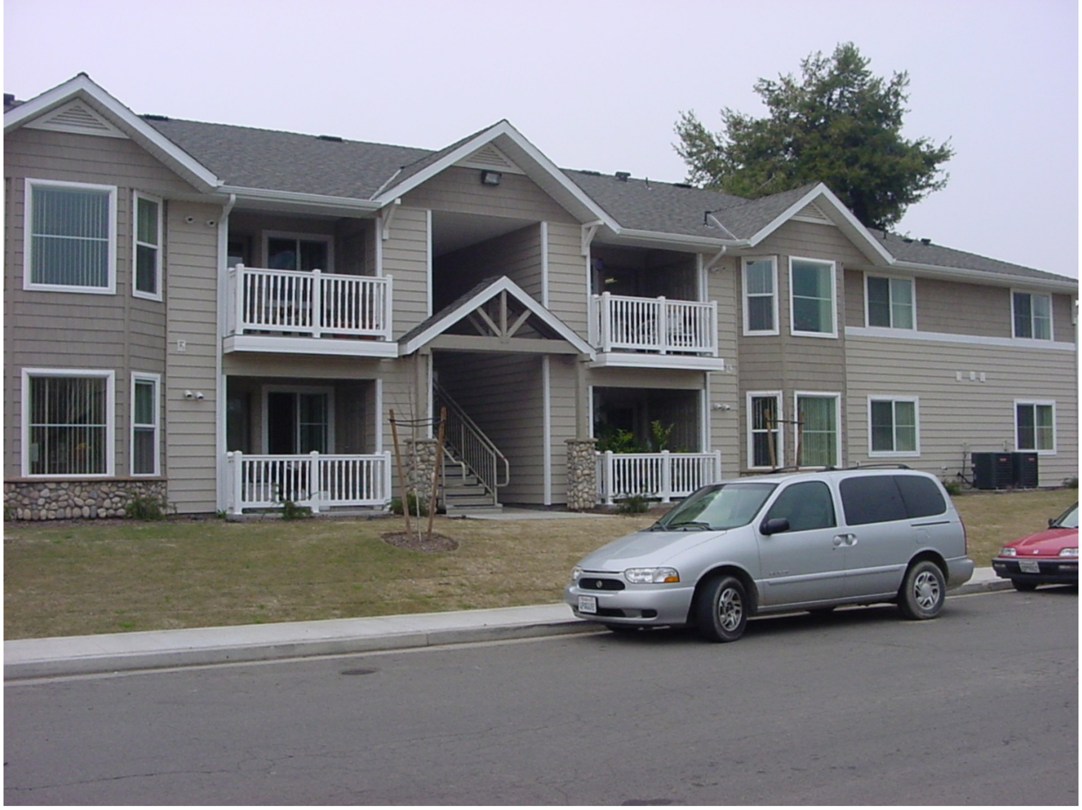


Gateway Village I & II

64 units
2, 3, 4 bedroom units

Joint Venture with Private Developer & HATC & Kaweah Mgmt. Co. (a 501c3) 9% TCAC with USDA& Local City Providing additional financing of $200,000. HATC provided $200,000 GAP funds, developer fees earned by Kaweah Mgmt. Co. of approx $600,000.

Kaweah Mgmt. Co. maintains ownership of project at end of TCAC compliance period and is MGP of all projects. HATC works with local cities to help with building & design issues and provides local ownership & management. HATC & Kaweah Mgmt. Co. get 30% of project developer fees.



Parkside Court Apartments

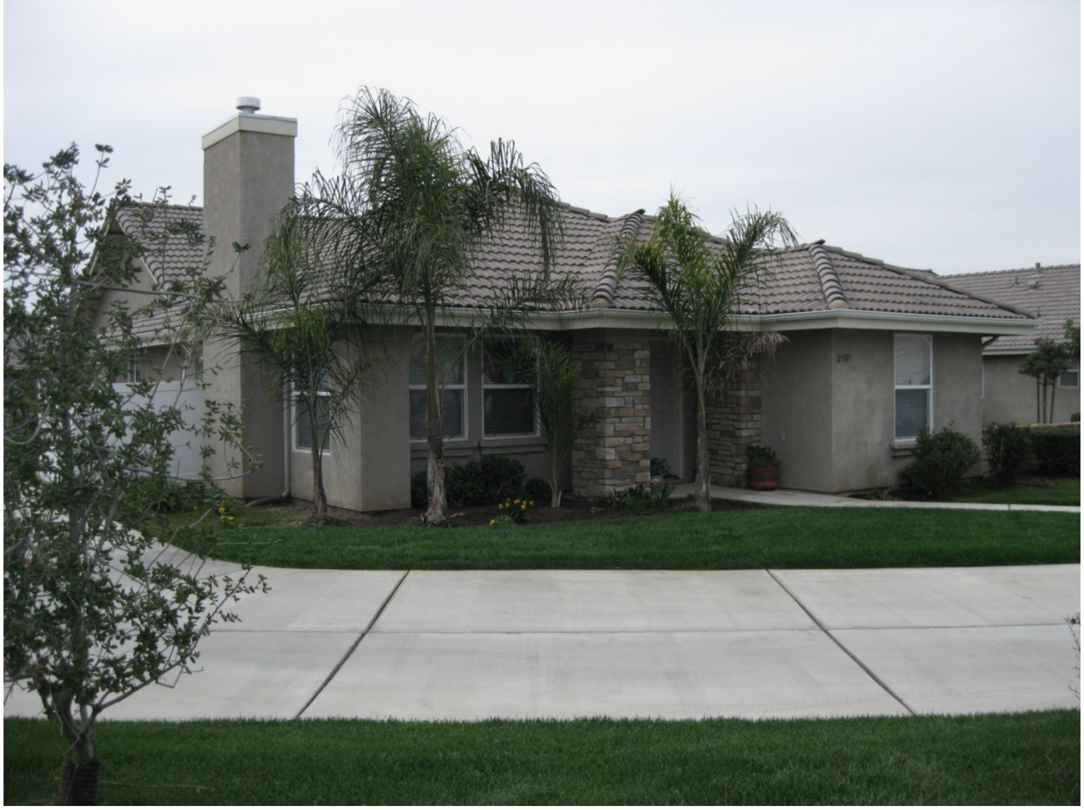
24 units
2, 3, 4 bedroom

First TCAC project to be built in this community.

9% TCAC & USDA 515 funds. Permanent financing Citibank.

Kaweah Mgmt. Co. (a 501c3) is managing general partner with HATC providing the management services.

HATC provided GAP financing for permits & fees and land developments. Fully repaid after completion. 30% developer fee earned.

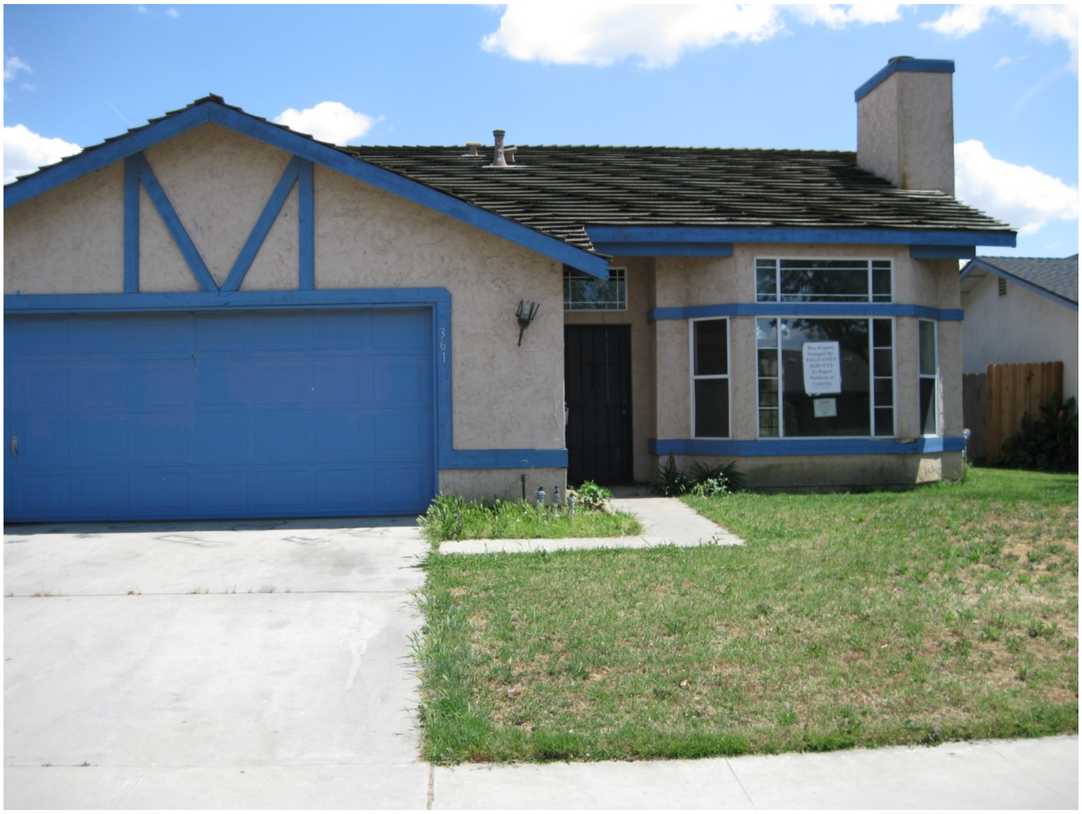


Kaweah Management Co
West Oriole

2 Foreclosed Fourplexes
Two (2) bedroom (2)bath units at 1185sq ft with fireplaces.
Two (2) bedroom (1) bath units at 1005sq ft with fireplaces.

All units have attached garages and semi private rear yards with a center court yard. Master planned community requires one management company for all units and one Landscaper per CC&R's.

Properties were built and first sold in 2006 for $695,000. Owner had lost them in foreclosure but was trying to hold out in Bankruptcy court. Contacted Lender and Bankruptcy Court and bought both 4-plexes all cash deal for $360,000 each. Just too good a deal to pass up.



Aspenwood & Beechwood Homes

Project is Joint venture with City of Tulare Redevelopment Agency who had NSP I funds approved in application with the County of Tulare. They were struggling getting the project off the ground in time so we responded to their RFP.

Project is planned to purchase at least 3 existing foreclosures and build 2 brand new houses in qualifying census tracts to be used as long term rentals.

Kaweah Mgmt. Co. (a 501c3) will be the property owner and funding was approved at $687,500 for the project. It does require Davis Bacon Prevailing wages so it adds some complexity to getting the rehab work done. HATC & Kaweah Mgmt. Co. front the purchase money and then are repaid with the NSP funds.

Tule Vista Project

Financing plan
This project was approved to be a 15 year rental project with the homes to be sold to qualifying families at the end of the 15 year tax credit compliance period. The HATC MTW loan of $3,900,000 will be repaid at the end of the 15 year period (when the homes are sold) with a "loan distribution" of an additional $1,755,000 for a total of $5,655,000. The City has committed up to $75,000 of deferred first time homebuyer financing per unit and their loan and land is subordinate to the HATC. The average sale price per unit only needs to be approximately $142,500 in 15 years to cover the permanent debt and HATC portion. First project we know of to be approved like this in California. The Long term debt is from the New Issue Bond Program NIBP that was approved in 2009.

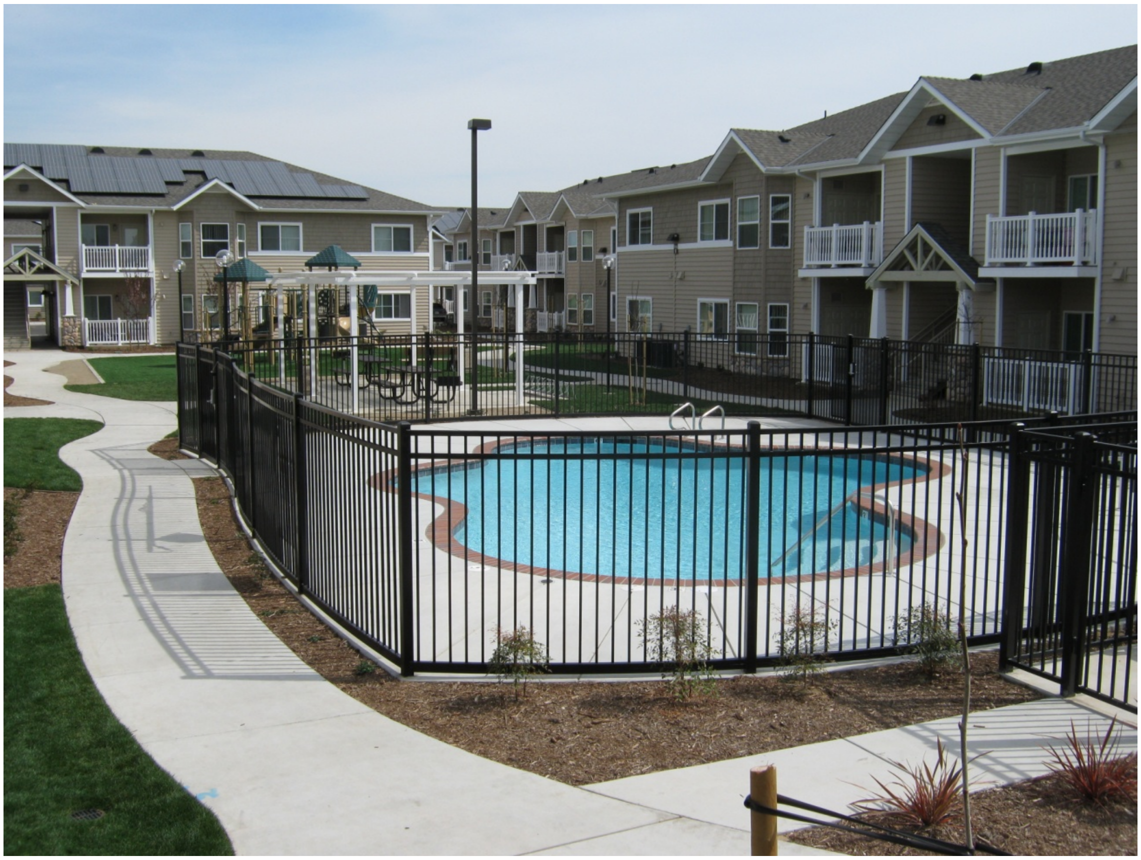
Tule Vista Sources & Uses

CONSTRUCTION PHASE

Sources of Funds			Uses of Funds		
Tax Credit Financing	$	800,752	Total Land Costs	$	385,000
HATC Loan	$	374,952	Total Acquisition Costs	$	-
Tulare RDA Loan	$	2,835,000	New Construction and/or Rehabilitation	$	11,222,177
Tulare RDA Land Loan	$	385,000	Construction Contingency	$	800,000
TCAC ARRA Loan	$	861,504	Financing Costs	$	665,781
Other	$	-	Architecture & Engineering	$	450,000
Deferred Costs	$	223,971	Other Soft Costs	$	1,077,520
Deferred Contractor Profit	$	-	Developer Fees	$	2,100,356
Deferred Developer Fee	$	2,100,356	Soft Cost Contingency	$	100,000
Construction Loan	$	9,443,270	Reserves	$	223,971
Total Source of Funds	$	17,024,805	Total Use of Funds	$	17,024,805

PERMANENT PHASE

Sources of Funds			Uses of Funds		
Tax Credit Financing	$	4,003,384	Total Land Costs	$	385,000
Permanent Loan	$	3,000,000	Total Acquisition Costs	$	-
HATC Loan	$	3,900,000	New Construction and/or Rehabilitation	$	11,222,177
Tulare RDA Loan	$	2,835,000	Construction Contingency	$	800,000
Tulare RDA Land Loan	$	385,000	Financing Costs	$	665,781
TCAC ARRA Loan	$	2,153,759	Architecture & Engineering	$	450,000
Other	$	-	Other Soft Costs	$	1,077,520
Other	$	-	Developer Fees	$	2,100,356
Other	$	-	Soft Cost Contingency	$	100,000
Deferred Developer Fee	$	750,000	Reserves	$	223,971
Total Source of Funds	$	17,027,143	Total Use of Funds	$	17,024,805

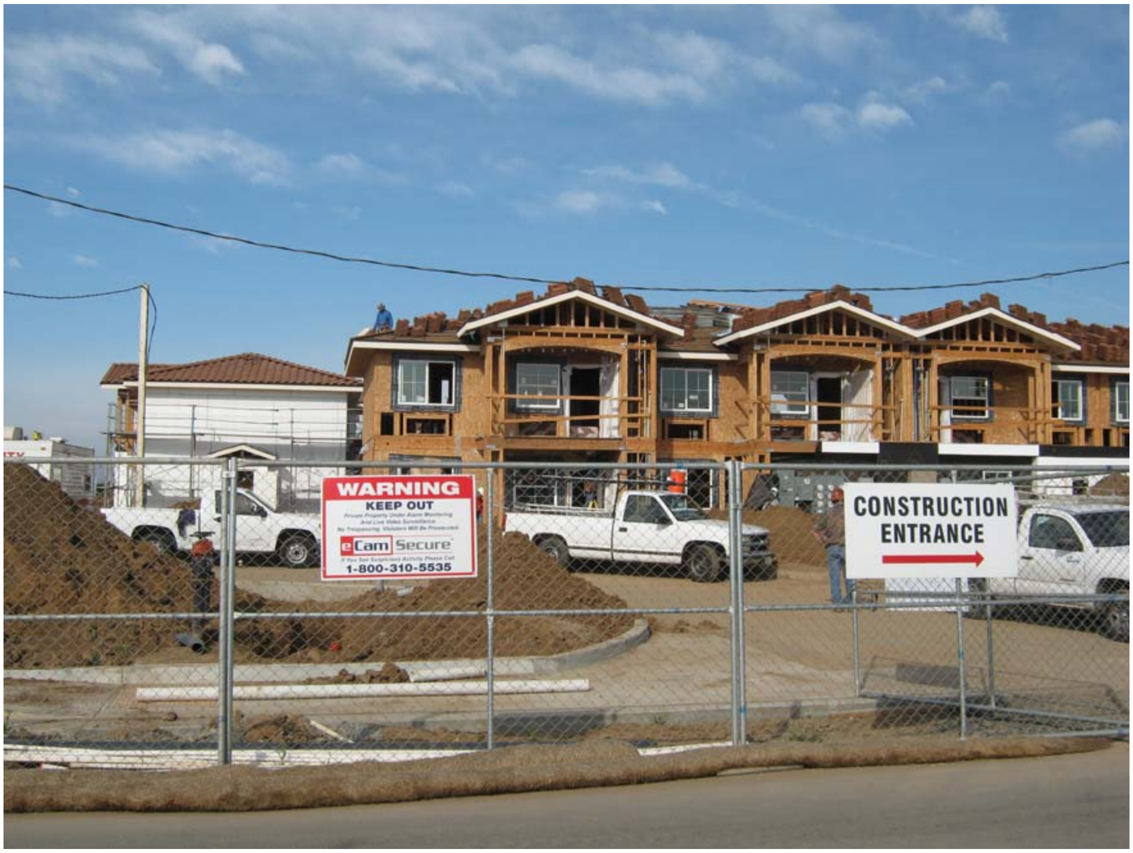


Dinuba Euclid Village

57 Units
2, 3, 4 Bedroom

HATC & Kaweah Mgmt. Co. (a 501c3) acquired land at a cost of $570,000 and took to Joint Venture Developer Partner to do TCAC application etc.

Land costs plus interest to be repaid as part of the construction financing and Kaweah Mgmt. Co. will be MGP and earn 30% of the developer fee. The project broke ground and has the streets and pads developed at this time. This project has USDA financing of $1,000,000, USDA RA for 26 units Home funds of $2,000,000 plus the TCAC credit equity. The unit design is pretty much the same as others with some minor site configuration changes due to two playgrounds for this project.



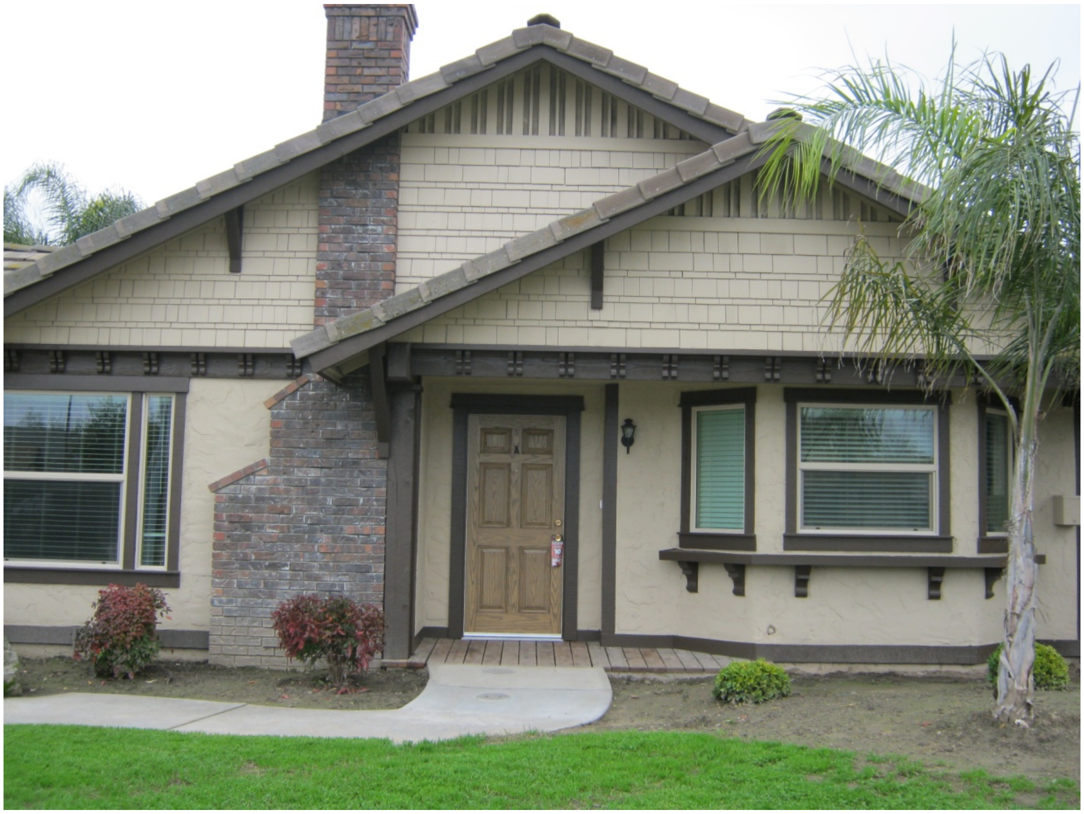
Lindsay Senior Apartments

72 1 bedroom 1 2 bedroom

Financing Plan

USDA 515 funds, Home funds, TCAC 9% approved, Kaweah Mgmt. Co. (a 501c3) Construction GAP Financing,

New project design for HATC. This is a Two-Story project with elevator designed 100% for seniors. We believe that the need in the community is extremely strong for this type of project but it is a very low income community. We don't have any units in this area and really felt we needed to make an entrance to this market. Ground breaking should take place in 90 days.

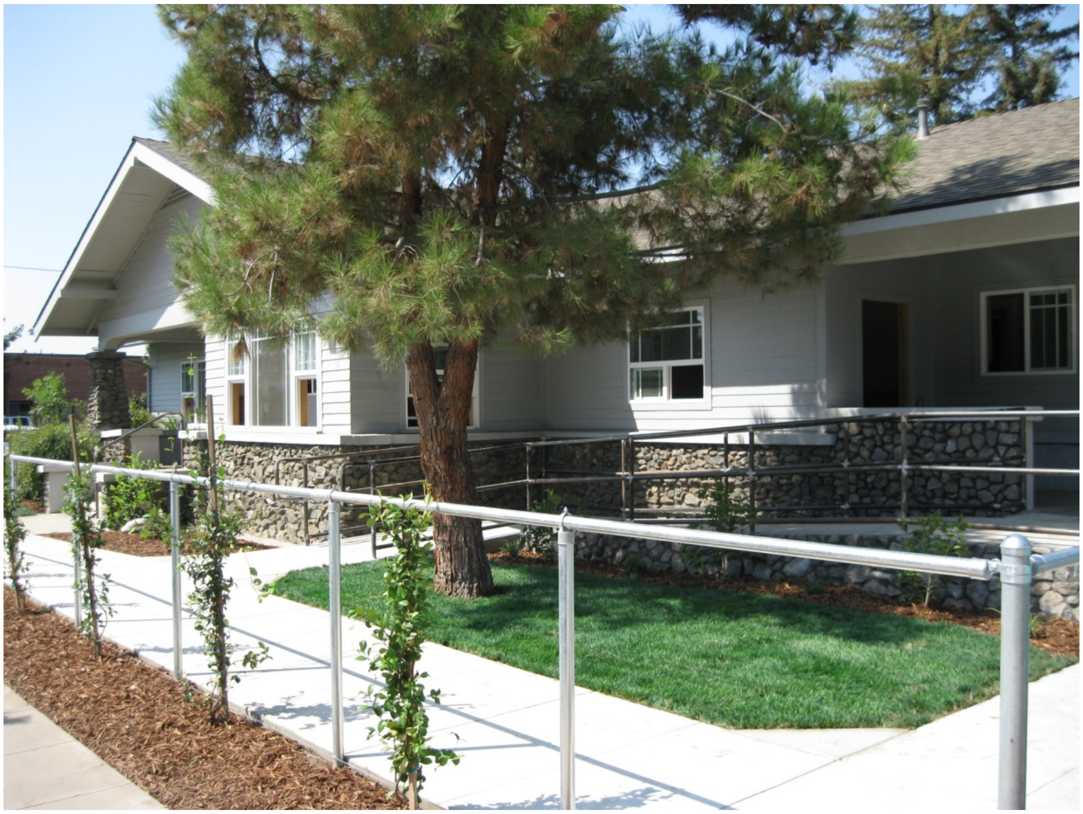


East Tulare Ave Cottages

12 Units

Financing Plan
HATC & Dept of Mental Health Services had been looking to work together again on another project for mentally disabled tenants. This project was across the street from a current site and offered many advantages because of proximity to current project.

Project was acquired for $795,000 and is to be paid for and funded with CalHFA funding. The total approved by CalHFA to cover acquisition, rehab and operating funds is $1,540,000. The interest rate is one-half of one percent. (.5% interest for 30 years). This is a very difficult process to get approved. DMHS paid for consultant.

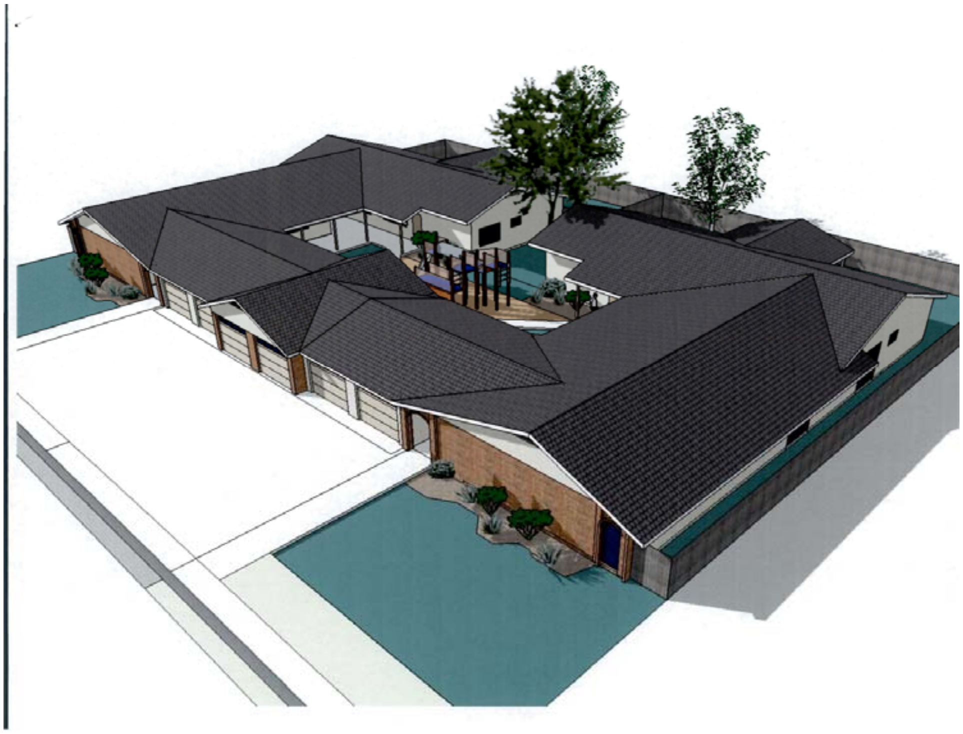


Encina TriPlex

Three (1) bedroom units in Historic registered home in downtown Visalia.

Home was built in the 40's and was converted to a Triplex in the 70's. Of course the proper paper work was not done by the owner nor was the work to do the conversion approved by the City until after the completion. There were major structural issues with the work. This was a project for the developmentally disabled with the Central Valley Regional Center (CVRC).

The City of Visalia agreed to do the long term financing of the project $325,000, CVRC paid for all the rehab work ($550,000), plus they secured another $250,000 from one of the tenants trust accounts. Kaweah Mgmt. Co. (a 501c3) is the owner of the project.



East Kaweah Triplexes

Purchase of 2 foreclosed and condemned triplexes.

Kaweah Mgmt. Co. (a 501c3) & City Financing

Kaweah Mgmt. Co. bought both Triplexes for $240,000 (about the value of the lots), with the idea of a major renovation project. City committed $480,000 of Redevelopment funds to reimburse Kaweah Mgmt. Co. for purchase of $240,000 and another $240,000 for renovation. After much review it has been determined that it is cheaper to tear down the Triplexes and reconstruct Two Fourplexes on the Site and meet all the new City planning and design ideas.