



P I N A L • C O U N T Y
wide open opportunity

Pinal County Housing Department
2015 Five Year and Annual
Public Housing
Agency Plan

**Pinal County Housing Department
Table of Contents
2015 Five Year and Annual Agency Plan**

- I. HUD 50075

- II. Section 6.0 of HUD 50075 - 13 Elements
 - 1. Eligibility, Selection and Admissions Policies Including De-concentration and Wait List Procedures – no update
 - 2. Financial Resources (*Attached 6.0.2*)
 - 3. Rent Determinations (*Attached 6.0.3*)
 - 4. Operation and Management – no update
 - 5. Grievance Policy – no update
 - 6. Designated Housing for Elderly and Disabled Families – N/A
 - 7. Community Service and Self-Sufficiency - no update
 - 8. Safety and Crime Prevention – no update
 - 9. Pets – no update
 - 10. Civil Rights Certification (*Attached with 11.0 Certifications*)
 - 11. Fiscal Year Audit (*Attached 6.0.11*)
 - 12. Asset Management – no update
 - 13. Violence Against Women Act (*Policy attached 6.0.13*)

- III. Section 7.0 – Demo/Disposition (*Attached 7.0*)

- IV. Section 8.1 – CFP Annual Statement/Performance and Evaluation Report (*Attached 8.1*)
Section 8.2 – CFP 5 Year Plan (*Attached 8.2*)

- V. Section 9.0 – Housing Needs (*Attached 9.0*)
Section 9.1 – Strategy for Addressing Housing Needs (*Attached 9.1*)

- VI. Section 10.0 – Additional information (*Noted on Form 50075*)

- VII. Section 11.0 – Required submission for HUD Field Office (*Certifications attached*)
 - (a) Form HUD 50077
 - (b) Form HUD 50070
 - (c) Form HUD 50071
 - (d) Form SF-LLL
 - (e) Form SF-LLL-A
 - (f) Resident Advisory comments (*Attached 11.0 (f)*)
 - (g) Challenged Elements (*Attached 11.0 (g)*)
 - (h) Form HUD 50075-1 (*Attached 8.1*)
 - (i) Form HUD 50075.2 (*Attached 8.2*)

| | | |
|-----------------------------------|---|--|
| PHA 5-Year and Annual Plan | U.S. Department of Housing and Urban Development Office of Public and Indian Housing | OMB No. 2577-0226 Expires 4/30/2011 |
|-----------------------------------|---|--|

| | | | | | | |
|------------|--|----------|--------------------------------------|-------------------------------|------------------------------|-----|
| 1.0 | PHA Information PHA Name: <u>Pinal County Housing & Community Development Department</u> PHA Code: <u>AZ010</u> PHA Type: <input type="checkbox"/> Small <input type="checkbox"/> High Performing <input checked="" type="checkbox"/> Standard <input type="checkbox"/> HCV (Section 8) PHA Fiscal Year Beginning: (MM/YYYY): <u>07/2015</u> | | | | | |
| 2.0 | Inventory (based on ACC units at time of FY beginning in 1.0 above) Number of PH units: <u>169</u> Number of HCV units: <u>584</u> | | | | | |
| 3.0 | Submission Type <input checked="" type="checkbox"/> 5-Year and Annual Plan <input type="checkbox"/> Annual Plan Only <input type="checkbox"/> 5-Year Plan Only | | | | | |
| 4.0 | PHA Consortia <input type="checkbox"/> PHA Consortia: (Check box if submitting a joint Plan and complete table below.) | | | | | |
| | Participating PHAs | PHA Code | Program(s) Included in the Consortia | Programs Not in the Consortia | No. of Units in Each Program | |
| | | | | | PH | HCV |
| PHA 1: | | | | | | |
| PHA 2: | | | | | | |
| | PHA 3: | | | | | |
| 5.0 | 5-Year Plan. Complete items 5.1 and 5.2 only at 5-Year Plan update. | | | | | |
| 5.1 | Mission. State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years: Provide safe, decent, affordable housing for low, very low and extremely low income families in Pinal County. | | | | | |
| 5.2 | Goals and Objectives. Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan. Pinal County Housing Department (PCHD) will provide affordable housing to county residents as funding permits. PCHD will continue to apply for affordable housing funds through the Arizona Department of Housing. We know current funds from the U. S. Department of Housing and Urban Development and Arizona Department of Housing will not be sufficient to serve the needs of our low, very low and extremely low income families for the next five years. PCHD will explore whether other resources are available to fund affordable housing opportunities. With limited Capital Improvement Funds we have been able, to maintain the majority of our Public Housing units. We are no longer a troubled PHA. In the past five years our score increased from 54 to 73. Our staff has received Fair Housing Training every year and this will continue. | | | | | |
| 6.0 | PHA Plan Update (a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission Financial Resources (attachment 6.0.2), Rent Determination (attachment 6.0.3), Fiscal Year Audit (attachment 6.0.11). (b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions. 970 North Eleven Mile Corner Road, Casa Grande, AZ. 85194. | | | | | |
| 7.0 | Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. <i>Include statements related to these programs as applicable. We will be preparing an application for HUD requesting disposal of our Stanfield property. Detailed information regarding the public housing site is available in Attachment 7.0.</i> | | | | | |
| 8.0 | Capital Improvements. Please complete Parts 8.1 through 8.3, as applicable. In accordance with Federal Register, Public Housing Capital Fund Program, Final Rule, published October 24, 2013, the Capital Fund program has been de-coupled from the PHA Plan process. See HUD Form 50075.2 approved by HUD on 05/29/2013. | | | | | |
| 8.1 | Capital Fund Program Annual Statement/Performance and Evaluation Report. As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> , form HUD-50075.1, for each current and open CFP grant and CFFP financing. | | | | | |
| 8.2 | Capital Fund Program Five-Year Action Plan. As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i> , form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan. Attached as 8.2 | | | | | |
| 8.3 | Capital Fund Financing Program (CFFP). <input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements. | | | | | |

| | |
|------|---|
| 9.0 | <p>Housing Needs. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. Attachment 9.0</p> |
| 9.1 | <p>Strategy for Addressing Housing Needs. Provide a brief description of the PHA’s strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan</p> <p>We will continue to assist people on our waiting list with both Section 8 rental assistance and public housing. Public Housing marketing and outreach efforts are constant, especially focusing on our units located in Eloy and Stanfield, which are difficult to market. We continue to apply for Community Development Block Grants, HOME funds and other State Housing funds to assist low to moderate income homeowners with housing replacement or rehabilitation. We are actively involved in a veterans non-profit group and seeking ways to assist veterans and homeless veterans. Attachment 9.1</p> |
| 10.0 | <p>Additional Information. Describe the following, as well as any additional information HUD has requested.</p> <p>(a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA’s progress in meeting the mission and goals described in the 5-Year Plan.</p> <ul style="list-style-type: none"> ●We continually utilize our Capital Funds in a timely manner, completing much needed improvements to our Public Housing units. ●Due to sequestration we have reduced the number of Housing Choice Vouchers issued based on reduced funding. We are currently utilizing 78% of vouchers under ACC. ●Attached is 10.0 (a), Updated Family Self Sufficiency (FSS) Action Plan. <p>(b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA’s definition of “significant amendment” and “substantial deviation/modification. Substantial Deviations and Significant Amendments or Modifications are defined as a change that will negatively impact a majority of Section 8 or Public Housing participants or waiting list applicants, except when the change is determined to be necessary in order to comply with regulatory requirements, respond to funding constraints, or respond to a federally, state or locally declared emergency. Substantial deviations or significant amendments or modifications additionally are defined as discretionary changes in the plans or policies of the housing authority that fundamentally change the mission, goals, objectives, or plans of the agency and which require formal approval of the Board of Supervisors.</p> |
| 11.0 | <p>Required Submission for HUD Field Office Review. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. Note: Faxed copies of these documents will not be accepted by the Field Office.</p> <ul style="list-style-type: none"> (a) Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i> (which includes all certifications relating to Civil Rights) (b) Form HUD-50070, <i>Certification for a Drug-Free Workplace</i> (PHAs receiving CFP grants only) (c) Form HUD-50071, <i>Certification of Payments to Influence Federal Transactions</i> (PHAs receiving CFP grants only) (d) Form SF-LLL, <i>Disclosure of Lobbying Activities</i> (PHAs receiving CFP grants only) (e) Form SF-LLL-A, <i>Disclosure of Lobbying Activities Continuation Sheet</i> (PHAs receiving CFP grants only) (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations. (g) Challenged Elements (h) Form HUD-50075.1, <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> (PHAs receiving CFP grants only) (i) Form HUD-50075.2, <i>Capital Fund Program Five-Year Action Plan</i> (PHAs receiving CFP grants only) |

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

6.0.2

| Financial Resources Planned Sources and Uses | | |
|--|------------|--|
| Sources | Planned \$ | Planned Uses |
| 1. Federal Grants | | |
| a) Public Housing Operating Fund | 516,000 | Conventional Housing Subsidy |
| b) Public Housing Capital Fund | 200,000 | Conventional Housing Improvements |
| c) Annual Contributions - Housing Choice Voucher | 3,054,596 | Tenant Based Rental Assistance |
| d) Resident Opportunity for Self Sufficiency | 61,000 | Assist Conventional Housing Residents become independent from assistance |
| e) Community Development Block Grant Fund | 120,000 | Housing Rehabilitation - Owner Occupied |
| f) HOME | 150,000 | Housing Replacement - Owner Occupied |
| g) WIA- Work Force Investment Act | 1,200,000 | Employment services for work force and employers |
| h) HOPWA | 50,000 | Transitional and permanent housing for persons with AIDS |
| 2. Public Housing Rental Income | | |
| a) Conventional Housing | 255,000 | Rental income |
| 3. Other Income | | |
| a) County Owned Affordable Housing | 15,000 | Transitional housing for victims of domestic violence |
| b) County General Fund | 104,544 | Operation of sewer treatment plants, utilities and fuel |

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

6.0.3 – Community Service & Self Sufficiency

13.0 DETERMINATION OF TOTAL TENANT PAYMENT AND TENANT RENT

13.1 FAMILY CHOICE

At admission and each year in preparation for their annual reexamination, each family is given the choice of having their rent determined under the income method or having their rent set at the flat rent amount.

- A. Families who opt for the flat rent will be required to go through the income reexamination process every three (3) years, rather than the annual review they would otherwise undergo. Their family composition must still be reviewed annually.
- B. Families who opt for the flat rent may request to have a reexamination and return to the income based method at any time if any of the following hardships exist:
 - 1. The family's circumstances have changed increasing their expenses for childcare, medical care, etc.
 - 2. Other circumstances creating a hardship on the family such that the income method would be more financially feasible for the family, ie, excessive financial hardship, health problems, death in family.
- C. Families have only one choice per year except for financial hardship cases. In order for families to make informed choices about their rent options, the PCHCD will provide them with the following information whenever they have to make rent decisions:
 - 1. The PCHCD's policies on switching types of rent in case of a financial hardship; and
 - 2. The dollar amount of tenant rent for the family under each option. If the family chose a flat rent for the previous year, the PCHCD will provide the amount of income-based rent for the subsequent year only for the year the PCHCD conducts an income reexamination or if the family specifically requests it and submits updated income information.

13.2 THE INCOME METHOD

The total tenant payment is equal to the highest of:

- A. 10% of the family's gross monthly income;
- B. 30% of the family's adjusted monthly income; or
- C. If the family is receiving payments for welfare assistance from a public agency and a part of those payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of those payments which is so designated. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this provision is the amount

resulting from one application of the percentage; or

13.3 MINIMUM RENT

The PCHCD has set the minimum rent at Fifty Dollars (\$50). If the family requests a hardship exemption, however, the PCHCD will suspend the minimum rent beginning the month following the family's request until the PCHCD can determine whether the hardship exists and whether the hardship is of a temporary or long-term nature.

A. A hardship exists in the following circumstances:

1. When the family has lost eligibility for or is waiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is a non-citizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Act of 1996;

2. When the family would be evicted because it is unable to pay the minimum rent;

3. When the income of the family has decreased because of changed circumstances, including loss of employment; and

4. When a death has occurred in the family.

B. No hardship. If the PCHCD determines there is no qualifying hardship, the minimum rent will be reinstated, including requiring back payment of minimum rent for the time of suspension.

C. Long-term hardship. If the PCHCD determines there is a long-term hardship, the family will be exempt from the minimum rent requirement until the hardship no longer exists.

D. Appeals. The family may use the grievance procedure to appeal the PCHCD's determination regarding the hardship. No escrow deposit will be required in order to access the grievance procedure.

13.4 THE FLAT RENT

The PCHCD has set a flat rent for each public housing unit. In doing so, it considered the size and type of the unit, as well as its age, condition, amenities, services, and neighborhood. The PCHCD determined the market value of the unit and set the rent at the market value. The amount of the flat rent will be reevaluated annually and adjustments applied. Affected families will be given a 30-day notice of any rent change. Adjustments are applied at the end of the annual lease (for more information on flat rents, see Section 15.3).

The PCHCD will post the flat rents at each of the developments and at the central office. Flat rents are incorporated in this policy upon approval by the Board of Supervisors. There is no utility allowance for families paying a flat rent because the PCHCD has already factored who pays for the utilities into the flat rent calculation.

13.5 RENT FOR FAMILIES UNDER THE NONCITIZEN RULE

A mixed family will receive full continuation of assistance if all of the following conditions are met:

A. The family was receiving assistance on June 19, 1995;

B. The family was granted continuation of assistance before November 29, 1996;

- C. The family's head or spouse has eligible immigration status; and
- D. The family does not include any person who does not have eligible status other than the head of household, the spouse of the head of household, any parent of the head or spouse, or any child (under the age of 18) of the head or spouse.

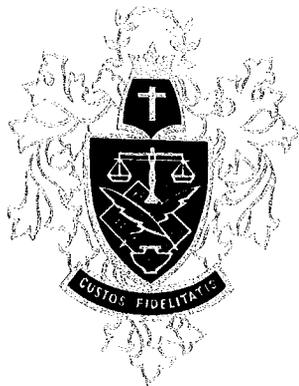
The family's assistance is prorated in the following manner:

- A. Determine the 95th percentile of gross rents (tenant rent plus utility allowance) for the PCHCD. The 95th percentile is called the maximum rent.
- B. Subtract the family's total tenant payment from the maximum rent. The resulting number is called the maximum subsidy.
- C. Divide the maximum subsidy by the number of family members and multiply the result times the number of eligible family members. This yields the prorated subsidy.
- D. Subtract the prorated subsidy from the maximum rent to find the prorated total tenant payment. From this amount subtract the full utility allowance to obtain the prorated tenant rent.

**PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona**

**REPORT ON AUDIT OF BASIC FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND SINGLE AUDIT**

FOR THE YEAR ENDED JUNE 30, 2014



MALCOLM JOHNSON & COMPANY, P.A.

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MALCOLM JOHNSON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 530848
210 N. Highway 17-92
DeBary, Florida 32753-0848

Phone (386) 668-6464 Fax (386) 668-6463
malcolmjohnson@mpinet.net

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Pinal County Housing & Community Development
Casa Grande, Arizona

HUD, Arizona State Office
Two Arizona Center
400 North 5th Street, Suite 2600
Phoenix, Arizona 85004

Report on the Financial Statements

We have audited the accompanying financial statements of the Pinal County Housing & Community Development (the Authority) which include the statement of net position as of June 30, 2014, and the related statements of revenues, expenses and changes in net position, cash flows for the year then ended, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

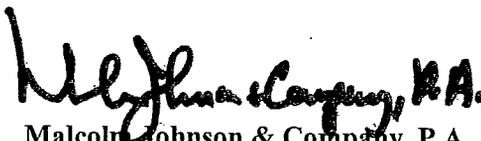
Accounting Principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-viii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the Financial Data Schedule, and the other supplemental information as 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 23, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
January 23, 2015

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

The Pinal County Housing and Community Development Department's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's basic financial statements.

Financial Highlights

- The Authority's net position decreased by \$585,052 (7.51%) during fiscal year ended 2014.
- The total operating revenues of the Authority decreased by \$978,805 (15.62%) during fiscal year ended 2014.
- The total operating expenses of all Authority programs decreased by \$1,104,638 (16.25%) during fiscal year ended 2014.
- At the close of fiscal year ended 2014, the Authority's assets exceeded its liabilities by \$7,204,844.

Using This Annual Report

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Supplemental Information":

MD&A

~ Management's Discussion and Analysis

Basic Financial Statements

~ *Authority-wide Financial Statements* –

Statement of Net Position

Statement of Revenues, Expenses, and Changes in Net Position

Statement of Cash Flows

~ *Notes to Basic Financial Statements*

Supplemental Information

~ Supplemental Information (other than the
MD&A)

The primary focus of the Authority's basic financial statements is on both the Authority as a whole (Authority-wide) and the major individual programs. Both perspectives (Authority-wide and major individual programs) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority), and enhance the Authority's accountability.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(Continued)

Authority-Wide Basic Financial Statements

The Authority-wide basic financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a **Statement of Net Position**, which is similar to a Balance Sheet. The **Statement of Net Position** reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current".

The focus of the **Statement of Net Position** is designed to present the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The Authority-wide basic financial statements also include a **Statement of Revenues, Expenses and Changes in Net Position** (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

The focus of the **Statement of Revenues, Expenses and Changes in Net Position** is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a **Statement of Cash Flows** is included, which discloses net cash provided by, or used for operating activities; non-capital financing activities; from capital and related financing activities; and from investing activities.

Basic Financial Statements

The Authority consists of an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(Continued)

The Authority's Programs

Low Rent Public Housing - Under the Low Rent Public Housing Program, the Authority rents units that it owns to low-income households. The Low Rent Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Low Rent Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program - This program is a type of Section 8 assistance. The Authority administers contracts with independent landlords that 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 contributions to the Authority to enable the Authority to subsidize the participants' rents.

Capital Fund Program - The Conventional Public Housing (low rent) also includes the capital fund program, which is the primary source for physical and management improvements to the Authority's ACC properties. The formula funding methodology used is based upon the number of units, bedroom sizes of those units, and age of the buildings/units.

ROSS Grant - This grant programmatically addresses the needs of public housing residents by providing service coordinator positions to coordinate supportive services, resident empowerment activities and/or assisting residents in becoming economically self-sufficient or age-in-place.

CDBG – Neighborhood Stabilization Program III - Recipients will use the funds awarded to stabilize neighborhoods whose viability has been, and continued to be, damaged by the economic effects of properties that have been foreclosed upon and abandoned.

Business Activities - this fund accounts for Authority owned rental properties.

Authority-wide Statements

Statement of Net Position: The following table reflects the Statement of Net Position compared to prior year. The Authority is engaged only in Business-type activities.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(Continued)

Table 1 – Comparative Statement of Net Position

| | <u>2014</u> | <u>2013</u> | <u>Increase (Decrease)</u> |
|---|---------------------|---------------------|--------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents, unrestricted | \$ 389,492 | \$ 323,131 | \$ 66,361 |
| Cash and cash equivalents, restricted | 193,044 | 213,247 | (20,203) |
| Accounts receivable, net of allowance | 51,259 | 153,116 | (101,857) |
| Inventories, net of obsolescence | 36,115 | 36,447 | (332) |
| Prepaid insurance | 34,510 | 31,729 | 2,781 |
| Total Current Assets | <u>704,420</u> | <u>757,670</u> | <u>(53,250)</u> |
| Noncurrent Assets | | | |
| Other Assets | | | |
| Notes, loans & mortgages receivable - noncurrent | 5,592 | 4,374 | 1,218 |
| Capital Assets | | | |
| Not being depreciated | 620,582 | 620,582 | - |
| Depreciable, net | 6,551,658 | 7,102,863 | (551,205) |
| Total Capital Assets, net | <u>7,172,240</u> | <u>7,723,445</u> | <u>(551,205)</u> |
| Total Noncurrent Assets | <u>7,177,832</u> | <u>7,727,819</u> | <u>(549,987)</u> |
| Total Assets | <u>7,882,252</u> | <u>8,485,489</u> | <u>(603,237)</u> |
| Deferred Outflow of Resources | - | - | - |
| Total Assets and Deferred Outflow of Resources | <u>7,882,252</u> | <u>8,485,489</u> | <u>(603,237)</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Vendors and contractors payable | 9,407 | 7,133 | 2,274 |
| Accrued wages/taxes payable | 21,510 | 18,353 | 3,157 |
| Other current liabilities | 40,114 | 57,826 | (17,712) |
| Total Current Liabilities | <u>71,031</u> | <u>83,312</u> | <u>(12,281)</u> |
| Current liabilities payable from restricted assets | | | |
| Resident security deposits | 31,343 | 31,137 | 206 |
| Noncurrent Liabilities | | | |
| Accrued compensated absences | 88,183 | 94,293 | (6,110) |
| Loan liability - noncurrent | 486,851 | 486,851 | - |
| Total Noncurrent Liabilities | <u>575,034</u> | <u>581,144</u> | <u>(6,110)</u> |
| Total Liabilities | <u>677,408</u> | <u>695,593</u> | <u>(18,185)</u> |
| Deferred Inflow of Resources | - | - | - |
| Total Assets and Deferred Inflow of Resources | <u>677,408</u> | <u>695,593</u> | <u>(18,185)</u> |
| Net Position | | | |
| Net investment in capital assets | 6,685,389 | 7,236,594 | (551,205) |
| Restricted net position | 116,390 | 99,157 | 17,233 |
| Unrestricted net position | 403,065 | 454,145 | (51,080) |
| Total Net Position | <u>\$ 7,204,844</u> | <u>\$ 7,789,896</u> | <u>\$ (585,052)</u> |

**PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(Continued)**

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

During 2014, net position decreased by \$585,052 caused primarily by an increase in depreciation expense, which includes a prior period adjustment to depreciation, and extraordinary maintenance costs. Current assets decreased by \$53,250 caused by an increase in the allowance for doubtful accounts of \$15,935 and a reduction in accounts receivable due from HUD of \$85,833. Capital Assets decreased by \$551,206 caused by a normal depreciation expense of \$368,152 and a prior year adjustment of \$182,868 due to incorrect prior year depreciation expense calculations. For more detail see "Capital Assets and Debt Administration: below. Current liabilities decreased by \$12,075.

Table 2 – Comparative Statement of Revenues, Expenses and Changes in Net Position

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only Business-type Activities.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(Continued)

Table 2— Comparative Statement of Revenues, Expenses and Changes in Net Position

| | <u>2014</u> | <u>2013</u> | <u>Increase (Decrease)</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Operating Revenue | | | |
| Rental revenue | \$ 311,271 | \$ 308,804 | \$ 2,467 |
| HUD grants | 4,615,217 | 5,875,066 | (1,259,849) |
| Other revenue | 359,176 | 80,599 | 278,577 |
| Total Operating Revenue | <u>5,285,664</u> | <u>6,264,469</u> | <u>(978,805)</u> |
| Operating Expenses | | | |
| Administrative | 852,510 | 877,374 | (24,864) |
| Tenant services | 51 | 2,903 | (2,852) |
| Utilities | 36,950 | 33,675 | 3,275 |
| Ordinary maintenance and operation | 524,637 | 574,823 | (50,186) |
| Insurance | 102,267 | 96,724 | 5,543 |
| General expenses | 44,272 | 17,073 | 27,199 |
| Extraordinary maintenance | 103,438 | - | 103,438 |
| Housing assistance payments | 3,659,937 | 4,829,574 | (1,169,637) |
| Depreciation | 368,152 | 364,706 | 3,446 |
| Total operating expenses | <u>5,692,214</u> | <u>6,796,852</u> | <u>(1,104,638)</u> |
| Operating income (loss) | <u>(406,550)</u> | <u>(532,383)</u> | <u>125,833</u> |
| Nonoperating revenues (expenses) | | | |
| Interest revenue | 22 | 29 | (7) |
| Fraud recovery | 4,344 | 13,480 | (9,136) |
| Total nonoperating revenue (expenses) | <u>4,366</u> | <u>13,509</u> | <u>(9,143)</u> |
| Income (loss) before capital contributions | <u>(402,184)</u> | <u>(518,874)</u> | <u>116,690</u> |
| Capital contributons | <u>-</u> | <u>49,751</u> | <u>(49,751)</u> |
| Increase (decrease) in net position | <u>(402,184)</u> | <u>(469,123)</u> | <u>66,939</u> |
| Net position, beginning of year | <u>7,789,896</u> | <u>8,259,163</u> | <u>(469,267)</u> |
| Prior period adjustment | <u>(182,868)</u> | <u>(144)</u> | <u>(182,724)</u> |
| Restated net position, beginning of year | <u>7,607,028</u> | <u>8,259,019</u> | <u>(651,991)</u> |
| Net position, end of year | <u><u>\$ 7,204,844</u></u> | <u><u>\$ 7,789,896</u></u> | <u><u>\$ (585,052)</u></u> |

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

Operating revenues decreased during 2014 due to the decrease in operating subsidies received from HUD from \$5,875,066 to \$4,615,217. Net position decreased by \$585,052 due to operating expenses exceeding revenue for the current year by \$402,184 and a prior period adjustment of \$182,868.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(Continued)

Federal Awards:

| | |
|---|----------------------------|
| Capital Fund Program | \$ 141,384 |
| Low Rent Public Housing | 516,760 |
| ROSS | 59,544 |
| CDBG Neighborhood Stabilization Program | 788,170 |
| Housing Choice Vouchers | <u>3,109,359</u> |
| Total Federal Awards | <u>\$ 4,615,217</u> |

Capital Assets and Debt Administration

Capital Assets

As of the year-end, the Authority had \$7,172,240 invested in a variety of capital assets as reflected in the following schedule.

Table 3– Capital Assets at Year-End (Net of Depreciation)

| | 2014 | 2013 | Increase (Decrease) |
|----------------------------|---------------------|---------------------|------------------------|
| Non-depreciable: | | | |
| Land | \$ 426,628 | \$ 426,628 | \$ - |
| Infrastructure | 193,954 | 193,954 | - |
| | 620,582 | 620,582 | - |
| Depreciable: | | | |
| Buildings | 10,908,560 | 10,908,559 | 1 |
| Leasehold improvements | 1,829,561 | 1,829,561 | - |
| Equipment | 259,051 | 259,051 | - |
| | 12,997,172 | 12,997,171 | 1 |
| Accumulated depreciation | 6,445,514 | 5,894,308 | 551,206 |
| Total | 6,551,658 | 7,102,863 | (551,205) |
| Capital assets, net | \$ 7,172,240 | \$ 7,723,445 | \$ (551,205) |

Debt Outstanding

The Authority had long term liabilities of \$575,034 and \$581,144 for 2014 and 2013 respectively for a net decrease of \$6,110. For 2014 the long term liabilities consisted of a loan from the State of Arizona of \$486,851 and compensated absences of \$88,183. For 2013 the long term liabilities consisted of a loan from the State of Arizona of \$486,851 and compensated absences of \$94,293.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(Continued)

Debt Outstanding (Continued)

The loan from the State of Arizona was dated December 9, 2003 and carries an interest rate of 0%, and had a maturity date of September 30, 2019. The loan is forgivable at the maturity date provided the loan does not become due and payable due to the disposition of the underlying property or other noncompliance with the terms of the debt that cannot be resolved.

Factors Affecting Next Year's Budget

The Authority continues its affordable housing ventures. Availability of funding by HUD for operating subsidy, housing voucher program and modernization remain uncertain and volatile.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Increased material, contracted labor, and insurance costs due to storm activity or drought.

Financial Contact

The individual to be contacted regarding this report is Adeline Allen, Director of the Pinal County Housing and Community Development Department. Specific requests may be submitted to the Pinal County Housing and Community Development Department, 970 N. Eleven Mile Corner Road, Casa Grande, AZ 85294; Telephone (520) 866-7201.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current assets

| | |
|---|----------------|
| Cash and cash equivalents, unrestricted | \$ 389,492 |
| Cash and cash equivalents, restricted | 193,044 |
| Accounts receivable, net of allowance | 19,129 |
| Due from other governments | 32,130 |
| Inventories, net of obsolescence | 36,115 |
| Prepaid expense | 34,510 |
| Total current assets | 704,420 |

Noncurrent assets

Other assets

| | |
|--------------------------------|-------|
| Notes and mortgages receivable | 5,592 |
|--------------------------------|-------|

Capital assets

| | |
|----------------------------------|------------------|
| Not being depreciated | 426,628 |
| Depreciable, net | 6,745,612 |
| Total capital assets, net | 7,172,240 |

| | |
|--------------------------------|------------------|
| Total noncurrent assets | 7,177,832 |
|--------------------------------|------------------|

Total assets

7,882,252

Deferred Outflow of Resources

-

Total Assets and Deferred Outflow of Resources

7,882,252

LIABILITIES

Current liabilities

| | |
|----------------------------------|---------------|
| Vendors and contractors payable | 9,407 |
| Accrued wages/taxes payable | 21,510 |
| Other current liabilities | 40,114 |
| Total current liabilities | 71,031 |

Current liabilities payable from restricted assets

| | |
|----------------------------|--------|
| Resident security deposits | 31,343 |
|----------------------------|--------|

Noncurrent liabilities

| | |
|-------------------------------------|----------------|
| Notes and bonds payable | 486,851 |
| Accrued compensated absences | 88,183 |
| Total noncurrent liabilities | 575,034 |

Total liabilities

677,408

Deferred Outflow of Resources

-

Total Assets and Deferred Outflow of Resources

677,408

NET POSITION

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | 6,685,389 |
| Restricted | 116,390 |
| Unrestricted | 403,065 |
| Total net position | \$ 7,204,844 |

The accompanying notes are an integral part of these basic financial statements.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

| | |
|---|-----------------------------------|
| Operating revenues | |
| Rental revenue | \$ 270,925 |
| HUD grants | 4,615,217 |
| Other revenue | 399,522 |
| Total operating revenues | <u>5,285,664</u> |
| Operating expenses | |
| Administrative | 852,510 |
| Tenant services | 51 |
| Utilities | 36,950 |
| Ordinary maintenance & operation | 524,637 |
| Insurance | 102,267 |
| General expenses | 44,272 |
| Housing assistance payments | 3,659,937 |
| Depreciation | 368,152 |
| Total operating expenses | <u>5,588,776</u> |
| Operating income (loss) | <u>(303,112)</u> |
| Nonoperating revenues (expenses) | |
| Interest revenue, unrestricted | 22 |
| Fraud recovery | 4,344 |
| Extraordinary maintenance | (103,438) |
| Total nonoperating revenues | <u>(99,072)</u> |
| Increase (decrease) in net position | <u>(402,184)</u> |
| Net position, beginning of year, restated (see Note Q) | <u>7,607,028</u> |
| Net position, end of year | <u><u>\$ 7,204,844</u></u> |

The accompanying notes are an integral part of these basic financial statements.

**PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

| | |
|---|--------------------------|
| Cash Flows From Operating Activities | |
| Receipts from dwelling rentals | \$ 307,508 |
| Operating grants | 4,701,050 |
| Other receipts | 169,930 |
| Payments to employees and suppliers | (1,499,009) |
| Payments to landlords and resident benefits | (3,815,178) |
| Net cash provided (used) by operating activities | <u>(135,699)</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Prior year adjustment to depreciation | 183,053 |
| Net cash provided (used) by capital and related financing activities | <u>183,053</u> |
| Cash Flows From Investing Activities | |
| Proceeds from homebuyer note activity - net | (1,218) |
| Interest | 22 |
| Net cash provided (used) by investing activities | <u>(1,196)</u> |
| Net increase (decrease) in cash and cash equivalents | 46,158 |
| Balance - beginning of the year | 536,378 |
| Balance - end of the year | <u>\$ 582,536</u> |
| Reconciliation of Cash Flows to Statement of Net Position | |
| Cash and cash equivalents, unrestricted | \$ 389,492 |
| Cash and cash equivalents, restricted | 193,044 |
| | <u>\$ 582,536</u> |

There are no non-cash transactions.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

Reconciliation of Net Operating Income (Loss) to
Net Cash Provided (Used) By Operating Activities

| | |
|---|----------------------------|
| Operating income/(loss) | \$ (303,112) |
| Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation elimination | 368,152 |
| Decrease in accounts receivable | 45,958 |
| Decrease in due to/from other governments | 55,899 |
| Decrease in inventory | 332 |
| Increase in prepaid expenses | (2,781) |
| Increase in security deposits | 206 |
| Increase in accounts payable | 2,274 |
| Increase in accrued wages | 3,157 |
| Decrease in unearned revenue | (23,822) |
| Prior year restatement | (182,868) |
| Other revenue and expense reported as nonoperating | (99,094) |
| | <u><u>\$ (135,699)</u></u> |

The accompanying notes are an integral part of these basic financial statements.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

A - Summary of Significant Accounting Policies and Organization:

1. **Organization:** Pinal County Housing and Community Development (“the Authority”) is a public body corporate and politic pursuant to the Laws of the State of Arizona which was organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.
2. **Reporting Entity:** In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14, (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has no component units.

The basic financial statements of the Authority consist primarily of Low Rent Public Housing under Annual Contributions Contract SF 202.

3. **Summary of HUD and Other Authority Programs:** The accompanying basic financial statements consist of the activities of the housing programs subsidized by HUD and Authority owned entities. A summary of each of these programs is provided below.

a. Annual Contributions Contract

- 1) **Low Rent Public Housing:** This type of housing consists of apartments and single-family dwellings owned and operated by the Authority. Funding is provided by tenant rent payments and subsidies provided by HUD.
- 2) **Modernization and Development:** Substantially all additions to land, buildings, and equipment are accomplished through the Capital Fund Program. These programs add to, replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through programs established by HUD.
- 3) **Community Development Block Grant (CDBG):** The Authority (sub-recipient) entered into an agreement with the City (recipient) to implement and administer projects designed to address the community development needs of low and moderate-income residents of the City under a Federal Community Development Block Grant. the specific grant administered by the Authority is referred to as the Neighborhood Stabilization Grant 3. Recipients (the Authority) will use the funds awarded to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon and abandoned.
- 4) **Resident Opportunity and Supportive Services (ROSS):** The Authority will provide supportive services to its elderly and disabled housing residents in order to enhance their quality of life and to enable residents to maintain their independence as long as possible. Services will include a wellness program, transportation, congregate meals, housekeeping aid, employment assistance, recreational activities and case management.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

3. Summary of HUD and Other Authority Programs: (Continued)

b. Annual Contributions Contract - Housing Assistance Payments Programs

Housing Choice Vouchers: This is a housing program wherein low rent tenants lease housing units directly from private landlords rather than through the Authority. The Authority contracts with private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low rent tenants.

4. **Basis of Presentation and Accounting:** In accordance with uniform financial reporting standards for HUD housing programs, the basic financial statements are prepared in accordance with U. S. generally accepted accounting principles (GAAP).

Based upon compelling reasons offered by HUD, the Authority reports its basic financial statements as a special purpose government engaged solely in business-type activities, which is similar to the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Pursuant to *GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, certain accounting and financial reporting guidance is applied in the preparation of the basic financial statements, unless those pronouncements conflict with or contradict GASB pronouncements.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted - Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

5. **Budgets:** Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a “project length” basis. Budgets are not, however, legally adopted nor legally required for basic financial statement presentation.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

- 6. Cash and Cash Equivalents:** For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.
- 7. Interprogram Receivables and Payables:** Interprogram receivables/payables, when present, are all current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.
- 8. Investments:** Investments, when present, are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority's agent in the Authority's name. It is the Authority's policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Arizona.
- 9. Inventories:** Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.
- 10. Prepaid Items:** Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.
- 11. Use of Estimates:** The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.
- 12. Fair Value of Financial Instruments:** The carrying amount of the Authority's financial instruments at June 30, 2014 including cash, investments, accounts receivable, and accounts payable closely approximates fair value.
- 13. Capital Assets:**
 - a. Book Value:** All purchased fixed assets are valued at cost when historical records are available. When no historical records are available, fixed assets are valued at estimated historical cost.

Land values were derived from development closeout documentation.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

13. Capital Assets: (Continued)

a. Book Value: (Continued)

Donated fixed assets are recorded at their fair value at the time they are received.

Donor imposed restrictions are deemed to expire as the asset depreciates.

All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

- b. Depreciation:** The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

| | |
|------------------------|----------------|
| Buildings | 30 to 40 years |
| Components | 10 to 40 years |
| Building modernization | 10 to 40 years |
| Furniture | 5 to 7 years |
| Equipment | 5 to 7 years |
| Vehicles | 5 to 7 years |
| Computers | 3 to 7 years |

- c. Maintenance and Repairs Expenditures:** Maintenance and repairs expenditures are charged to operations when incurred. Betterments for buildings in excess of \$25,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.
- d. Impairment of Long-Lived Assets:** The Authority has been and is currently involved in various demolition activities in conjunction with its modernization and development programs. In accordance with *Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"*, the Authority has at June 30, 2014, recognized in the accompanying basic financial statements the impact of the demolition activities. Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

14. Compensated Absences: Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with GASB Statement No. 16. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Long-term compensated absences are those that the Authority does not expect to be used within the next fiscal year based on experience with their employees.

15. Litigation Losses: The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred, the loss is probable and the loss is reasonably estimable.

16. Annual Contribution Contracts: Annual Contribution contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

17. Risk Management: The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for certain risks of loss, including workers' compensation and employee health and accident insurance, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

The Authority participates in public entity risk pool (Housing Authority Risk Retention Group) for certain risks of loss, general liability, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

18. Use of Restricted Assets: It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

19. Operating Revenues and Expenses: The principal operating revenues of the Authority's enterprise fund are charges to customers for rents and services. Operating expenses for the Authority's enterprise fund include the cost of providing housing and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

B - Deposits and Investments: For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.

1. HUD Deposit and Investment Restrictions

HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

2. Risk Disclosures

- a. Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At June 30, 2014, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.
- b. Credit Risk:** This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.
- c. Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of Pinal County. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's or County's name. The carrying amounts of the Authority's cash deposits were \$582,536 at June 30, 2014. Bank balances before reconciling items were \$617,625 at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's or the County's name.

C - Accounts Receivable:

| | |
|--|-------------------------|
| Dwelling rents | \$ 800 |
| Fraud receivable, net of allowance of \$72,008 | 9,077 |
| Other, net of allowance of \$15,935 | <u>9,252</u> |
| | <u>\$ 19,129</u> |

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

D - Due From Other Governments:

| | |
|--|-------------------------|
| U.S. Department of Housing and Urban Development (HUD) | \$ 2,196 |
| Due from Pinal County | 22,557 |
| Other PHA's | <u>7,377</u> |
| | <u>\$ 32,130</u> |

E - Prepaid Expense:

| | |
|-------------------|-------------------------|
| Prepaid insurance | <u>\$ 34,510</u> |
|-------------------|-------------------------|

F - Notes and Mortgages Receivable:

| | |
|---|------------------------|
| Formal repayment agreements from former tenants: | |
| Balance at June 30, 2013 | \$ 4,373 |
| Notes received during fiscal year 2014 | 6,682 |
| Principal payments received during fiscal year 2014 | <u>(5,463)</u> |
| | <u>\$ 5,592</u> |

Principal payments for the next five years and in the aggregate are as follows:

| <u>Year Ending June 30,</u> | |
|-----------------------------|------------------------|
| 2015 | \$ 1,902 |
| 2016 | 1,862 |
| 2017 | 1,788 |
| 2018 | 40 |
| 2019 | - |
| Thereafter | <u>-</u> |
| | <u>\$ 5,592</u> |

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

G - Land, Buildings and Equipment:

| | Balance June 30, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|-----------------------------|---------------------|---------------------|-----------------------------|
| Not being depreciated: | | | | |
| Land | \$ 426,628 | \$ - | \$ - | \$ 426,628 |
| Total not being depreciated | 426,628 | - | - | 426,628 |
| Depreciable: | | | | |
| Buildings & improvements | 12,932,074 | (20,611) | - | 12,911,463 |
| Accumulated depreciation | (5,795,706) | (367,852) | (183,053) | (6,346,611) |
| Net buildings & improvements | 7,136,368 | (388,463) | (183,053) | 6,564,852 |
| Equipment | 259,051 | 20,612 | - | 279,663 |
| Accumulated depreciation | (98,602) | (301) | - | (98,903) |
| Net equipment | 160,449 | 20,311 | - | 180,760 |
| Net depreciable assets | 7,296,817 | (368,152) | (183,053) | 6,745,612 |
| TOTAL | \$ 7,723,445 | \$ (368,152) | \$ (183,053) | \$ 7,172,240 |

H - Other Current Liabilities:

| | |
|------------|-------------------------|
| FSS Escrow | \$ 39,099 |
| Other | <u>1,015</u> |
| | <u>\$ 40,114</u> |

I - Long-Term Debt:

Mortgage Bond and Note Payable

The Authority had a note payable to the Arizona Department of Housing of \$486,851 at June 30, 2014 with annual principal reduction contributions of approximately zero over the next five years.

The above bond and note are secured by the land and buildings under signed Deeds of Trust.

The outstanding balance of Notes Payable at June 30, 2014 was \$486,851. The notes payable each year in the amounts and at the interest rate listed below:

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

I - Long-Term Debt: (Continued)

| <u>Year Ending June 30,</u> | |
|-----------------------------|--------------------------|
| 2015 | \$ 0 |
| 2016 | 0 |
| 2017 | 0 |
| 2018 | 0 |
| 2019 | 486,851 |
| Thereafter | <u>0</u> |
| | <u>\$ 486,851</u> |

There was no interest expense for the year ended June 30, 2014. There was no capitalized interest expense for the year ended June 30, 2014.

The debt is secured by the property purchased in conjunction with the above financing as reported above. Violation of the terms and conditions, such as disposal of the property before September 30, 2019, would result in the entire principle along with accrued interest becoming immediately due and payable.

J - Schedule of Changes in Noncurrent Liabilities:

| | <u>Balance at</u> | | <u>Year Ended</u> | | <u>June 30, 2014</u> | |
|---------------------------------|----------------------|----------------|----------------------|--------------------|----------------------|-------------------|
| | <u>June 30, 2013</u> | | <u>June 30, 2014</u> | | <u>June 30, 2014</u> | |
| | <u>Long-term</u> | <u>Current</u> | <u>Additions</u> | <u>Payments</u> | <u>Current</u> | <u>Long-term</u> |
| | <u>Portion</u> | <u>Portion</u> | | | <u>Portion</u> | <u>Portion</u> |
| Notes payable | \$ 486,851 | \$ - | \$ - | \$ - | \$ - | \$ 486,851 |
| Accrued compensated absences | 94,293 | - | 34,077 | (40,187) | - | 88,183 |
| | <u>\$ 581,144</u> | <u>\$ -</u> | <u>\$ 34,077</u> | <u>\$ (40,187)</u> | <u>\$ -</u> | <u>\$ 575,034</u> |

K - Annual Contributions by Federal Agencies:

Annual Contributions Contract - Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget under the Annual Contributions Contract. HUD operating subsidy contributions for the year ended June 30, 2014 were \$516,760. HUD also contributed additional funds for modernization and operations in the amount of \$141,384 for the year ended June 30, 2014.

Annual Contributions Contract - The Section 8 Housing Choice Voucher program provides for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program payments cover the difference between the maximum rental on a dwelling unit and the amount of rent contribution by a participating family. HUD also funds related administrative expenses. HUD contributions for the year ended June 30, 2014 were \$3,109,359.

**PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

L - Retirement Commitments:

1. **Plan Description:** The Authority contributes to the Arizona State Retirement System (ASRS), a cost-sharing multiple-employer defined benefit pension, disability, and health care plan administered by the State for plan members and beneficiaries. As of June 30, 2014, there were 690 employers in the Arizona State Retirement System. The ASRS is administered in accordance with Title 38, Chapter 5, and Article 2 of the Arizona Revised Statutes. Arizona Statutes A.R.S. §38-783 and A.R.S. §38-797 require separate accounts be established for health insurance and long-term disability. Contribution rates are determined by the Board. The contribution rates for retirement, health benefits, and long-term disability are actuarially determined using the Projected Unit Credit funding method. The Arizona State Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to Arizona State Retirement System, P.O. Box 33910, Phoenix, AZ 85067-3910.
2. **Funding Policy:** The Arizona Statutes provides statutory authority for employer contributions. The employer contribution rate for local government employer units was 10.9% of covered payroll. The Authority's contribution and covered payroll for the current and past two years are as follows:

| <u>June 30,</u> | <u>Percentage</u> | <u>Covered Payroll</u> | <u>Contributions</u> |
|-----------------|-------------------|------------------------|----------------------|
| 2012 | 9.6% | \$ 945,172 | \$ 94,289 |
| 2013 | 10.5% | 954,230 | 102,573 |
| 2014 | 10.9% | 802,014 | 91,114 |

3. **Disability Benefits:** The ASRS provides Long-Term Disability benefits. To qualify, a member must be totally and permanently disabled to the extent he or she is unable to work. A member is considered totally disabled if under the care of a licensed physician and unable to perform all of the duties of the job held when the member became disabled. Total disability is determined by objective medical evidence. All employees of ASRS members are eligible for disability benefits.
4. **Survivor Benefits:** In the event of the death of an active member after 15 years of credited service or after eligibility for early retirement, a beneficiary receives a benefit in the form of a survivor annuity equal to the benefit that would have been payable to the beneficiary if the participant had retired on the date of his or her death and elected to receive an annuity payable in the form of joint and 100% survivor with the beneficiary named as the joint pensioner.
5. **Health Insurance Benefits:** The Retiree Group Insurance Program offers health insurance coverage for retired and disabled members who are no longer covered by insurance administered by their former member employers. Commencing January 1, 1989, retired and disabled members of ASRS became eligible for the Health Insurance Premium Supplement Benefit Program (HBS). Effective July 29, 2010, members must have insurance provided by either their former employer or ASRS in order to be eligible for HBS.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

L - Retirement Commitments: (Continued)

Pursuant to A.R.S. §38-782, the Retiree Group Insurance Program makes available group health insurance coverage to eligible retired and disabled members and their dependents. Retired and disabled members of the ASRS are eligible for health insurance benefits through the ASRS. Pursuant to A.R.S. §38-783, retired and disabled members with at least five years of credited service are eligible to participate in the Health Insurance Premium Benefit Program. This assistance is provided to those members who elect group coverage through either the ASRS Retiree Group Insurance Program or their former member employer.

The ASRS offers the Retiree Group Insurance Program and the Health Insurance Premium Benefit Program to eligible retired and disabled members. A retired member is defined as a member actively receiving an annuity benefit and a disabled member is defined as a member receiving an LTD benefit through the LTD program administered by the ASRS.

6. Other Post Employment Benefits (OPEB): In relation to its employee benefit programs, the Authority does not provide any Other Post Employment Benefits, as outlined under GASB 45.

M - Economic Dependency: The Authority receives approximately 87% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's reserves could be adversely affected.

N - Contingencies: The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There was one such examination for the year ended June 30, 2014 which found that the sole subrecipient was not being properly monitored. The Authority disputes the assertions of deficiencies within the report and claims that all required standards have been complied with. The Authority's participation in the program ended shortly after the receipt of the report.

O - Leasing Activities: The Authority is the lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the basic financial statements and schedules as "Rental Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions which impact personal income and local job availability.

P - Decrease in Net Position: The decrease in net position is expected to be absorbed through operations in subsequent fiscal years, assisted by transfers from various programs. No fund deficit is expected as a result of the current year loss.

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

Q - Schedule of Changes in Net Position:

| | Net Investment in Capital Assets | Restricted Net Position | Unrestricted Net Position | Total |
|--|--|----------------------------|------------------------------|---------------------|
| Balance - beginning of year | \$ 7,236,594 | \$ 99,157 | \$ 454,145 | \$ 7,789,896 |
| Adjustments to restate beginning balance | (182,868) | - | - | (182,868) |
| Balance - beginning of year, restated | <u>7,053,726</u> | <u>99,157</u> | <u>454,145</u> | <u>7,607,028</u> |
| Decrease in unrestricted net assets | - | - | (51,080) | (51,080) |
| Increase in restricted net assets | - | 17,233 | - | 17,233 |
| Decrease in investment in capital assets | (368,337) | - | - | (368,337) |
| Balance - end of year | <u>\$ 6,685,389</u> | <u>\$ 116,390</u> | <u>\$ 403,065</u> | <u>\$ 7,204,844</u> |
| Adjustments to restate beginning balance | | | | |
| Adjustment to beginning accumulated depreciation balance | \$ 182,868 | \$ - | \$ - | \$ 182,868 |
| Net adjustments to restate beginning balance | <u>\$ 182,868</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 182,868</u> |

R - Related Party Transactions: The Pinal County, Arizona is a related party of the Authority. The County paid for the salary and benefits of a ground employee which totaled \$11,346 during the fiscal year ended June 30, 2014. These benefits have not been included in the Authority's financial statements.

SUPPLEMENTAL INFORMATION

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2014

| | 14.871 Housing Choice Project Total | 14.870 Ross Grant | 14.218 CDBG NSP III | 1 Business Activities | Total 2014 | |
|---|--|-------------------------|---------------------------|--------------------------|--------------------|---------------------|
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents, unrestricted | \$ 309,314 | \$ 34,867 | \$ - | \$ - | \$ 45,311 | \$ 389,492 |
| Cash and cash equivalents, restricted | 30,783 | 155,489 | 6,212 | - | 560 | 193,044 |
| Accounts receivable, net of allowance | 8,509 | 10,620 | - | - | - | 19,129 |
| Due from other governments | 22,557 | 7,377 | 2,196 | - | - | 32,130 |
| Due from/to other programs | 8,408 | - | (8,408) | - | - | - |
| Inventories, net of obsolescence | 36,115 | - | - | - | - | 36,115 |
| Prepaid expense | 34,510 | - | - | - | - | 34,510 |
| Total current assets | 450,196 | 208,353 | - | - | 45,871 | 704,420 |
| Noncurrent assets | | | | | | |
| Other assets | | | | | | |
| Notes and mortgages receivable | 4,401 | - | - | - | 1,191 | 5,592 |
| Capital assets | | | | | | |
| Not being depreciated | 426,628 | - | - | - | - | 426,628 |
| Depreciable, net | 6,376,036 | 1,746 | - | - | 367,830 | 6,745,612 |
| Total capital assets, net | 6,802,664 | 1,746 | - | - | 367,830 | 7,172,240 |
| Total noncurrent assets | 6,807,065 | 1,746 | - | - | 369,021 | 7,177,832 |
| Total assets | 7,257,261 | 210,099 | - | - | 414,892 | 7,882,252 |
| Deferred Outflow of Resources | - | - | - | - | - | - |
| Total Assets and Deferred Outflow of Resources | 7,257,261 | 210,099 | - | - | 414,892 | 7,882,252 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Vendors and contractors payable | 6,989 | 2,418 | - | - | - | 9,407 |
| Accrued wages/taxes payable | 16,584 | 4,926 | - | - | - | 21,510 |
| Other current liabilities | - | 40,114 | - | - | - | 40,114 |
| Total current liabilities | 23,573 | 47,458 | - | - | - | 71,031 |
| Current liabilities payable from restricted assets | | | | | | |
| Resident security deposits | 30,783 | - | - | - | 560 | 31,343 |
| Noncurrent liabilities | | | | | | |
| Notes and bonds payable | - | - | - | - | 486,851 | 486,851 |
| Accrued compensated absences | 75,458 | 12,725 | - | - | - | 88,183 |
| Total noncurrent liabilities | 75,458 | 12,725 | - | - | 486,851 | 575,034 |
| Total liabilities | 129,814 | 60,183 | - | - | 487,411 | 677,408 |
| Deferred Outflow of Resources | - | - | - | - | - | - |
| Total Assets and Deferred Outflow of Resources | 129,814 | 60,183 | - | - | 487,411 | 677,408 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 6,802,664 | 1,746 | - | - | (119,021) | 6,685,389 |
| Restricted | - | 116,390 | - | - | - | 116,390 |
| Unrestricted | 324,783 | 31,780 | - | - | 46,502 | 403,065 |
| Total net position | \$ 7,127,447 | \$ 149,916 | \$ - | \$ - | \$ (72,519) | \$ 7,204,844 |

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

| | 14.871 Housing Choice Vouchers | 14.870 Ross Grant | 14.218 CDBG NSP III | 1 Business Activities | Total 2014 |
|---|---|-------------------------|---------------------------|--------------------------|---------------------|
| Project Total | | | | | |
| Operating revenues | | | | | |
| Rental revenue | \$ 254,072 | \$ - | \$ - | \$ 16,853 | \$ 270,925 |
| HUD grants | 658,144 | 3,109,359 | 59,544 | 788,170 | 4,615,217 |
| Other revenue | 126,107 | 226,089 | - | 47,326 | 399,522 |
| Total operating revenues | 1,038,323 | 3,335,448 | 59,544 | 788,170 | 64,179 |
| Operating expenses | | | | | |
| Administrative | 363,961 | 296,981 | 59,524 | 131,644 | 400 |
| Tenant services | 31 | - | 20 | - | - |
| Utilities | 34,427 | - | - | - | 2,523 |
| Ordinary maintenance & operation | 520,150 | - | - | - | 4,487 |
| Insurance | 101,053 | 336 | - | 878 | - |
| General expenses | 28,029 | - | - | - | 16,243 |
| Housing assistance payments | - | 3,004,289 | - | 655,648 | - |
| Depreciation | 351,980 | 301 | - | - | 15,871 |
| Total operating expenses | 1,399,631 | 3,301,907 | 59,544 | 788,170 | 39,524 |
| Operating income (loss) | (361,308) | 33,541 | - | - | 24,655 |
| Nonoperating revenues (expenses) | | | | | |
| Interest revenue, unrestricted | 22 | - | - | - | - |
| Fraud recovery | - | 4,344 | - | - | - |
| Extraordinary maintenance | (52,035) | - | - | - | (51,403) |
| Total nonoperating revenues | (52,013) | 4,344 | - | - | (51,403) |
| Increase (decrease) in net position | (413,321) | 37,885 | - | - | (26,748) |
| Net position, beginning of year, restated (see Note Q) | 7,540,768 | 112,031 | - | - | (45,771) |
| Net position, end of year | \$ 7,127,447 | \$ 149,916 | \$ - | \$ - | \$ (72,519) |
| | \$ 7,204,844 | | | | \$ 7,204,844 |

Pinal County Housing Authority (AZ010)
 CASA GRANDE, AZ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

| | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.218 Community Development Block Grants/Entitlement Grants | 1 Business Activities | Subtotal | ELIM | Total |
|--|---|--------------------------------|--|-----------------------|-----------|----------|-----------|
| 111 Cash - Unrestricted | \$309,314 | \$34,867 | | \$45,311 | \$389,492 | | \$389,492 |
| 112 Cash - Restricted - Modernization and Development | | | | | | | |
| 113 Cash - Other Restricted | \$6,212 | \$155,489 | | \$560 | \$161,701 | | \$161,701 |
| 114 Cash - Tenant Security Deposits | \$30,783 | | | | \$31,343 | | \$31,343 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | |
| 100 Total Cash | \$340,097 | \$190,356 | \$0 | \$45,871 | \$582,536 | \$0 | \$582,536 |
| 121 Accounts Receivable - PHA Projects | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | \$0 | \$2,196 | | | \$2,196 | | \$2,196 |
| 124 Accounts Receivable - Other Government | \$22,557 | \$7,377 | | | \$29,934 | | \$29,934 |
| 125 Accounts Receivable - Miscellaneous | \$7,709 | \$1,543 | | \$15,935 | \$25,187 | | \$25,187 |
| 126 Accounts Receivable - Tenants | \$800 | | | | \$800 | | \$800 |
| 126.1 Allowance for Doubtful Accounts - Tenants | \$0 | \$0 | | | \$0 | | \$0 |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | \$0 | | -\$15,935 | -\$15,935 | | -\$15,935 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | | |
| 128 Fraud Recovery | | \$81,085 | | | \$81,085 | | \$81,085 |
| 128.1 Allowance for Doubtful Accounts - Fraud | | -\$72,008 | | | -\$72,008 | | -\$72,008 |
| 129 Accrued Interest Receivable | | | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$31,066 | \$17,997 | \$0 | \$0 | \$51,259 | \$0 | \$51,259 |
| 131 Investments - Unrestricted | | | | | | | |
| 132 Investments - Restricted | | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | | |
| 142 Prepaid Expenses and Other Assets | \$34,510 | | | | \$34,510 | | \$34,510 |
| 143 Inventories | \$36,115 | | | | \$36,115 | | \$36,115 |
| 143.1 Allowance for Obsolete Inventories | \$0 | | | | \$0 | | \$0 |
| 144 Inter Program Due From | \$8,408 | | | | \$8,408 | -\$8,408 | \$0 |
| 145 Assets Held for Sale | | | | | | | |

| | | | | | | | | | |
|-----|---|--------------|---------|-----------|-----|------------|--------------|----------|--------------|
| 150 | Total Current Assets | \$450,196 | \$8,408 | \$208,353 | \$0 | \$45,871 | \$712,828 | -\$8,408 | \$704,420 |
| 161 | Land | \$426,628 | | | | | \$426,628 | | \$426,628 |
| 162 | Buildings | \$10,362,143 | | | | \$525,805 | \$10,887,948 | | \$10,887,948 |
| 163 | Furniture, Equipment & Machinery - Dwellings | | | | | | | | |
| 164 | Furniture, Equipment & Machinery - Administration | \$269,546 | | \$10,117 | | | \$279,663 | | \$279,663 |
| 165 | Leasehold Improvements | \$1,829,561 | | | | | \$1,829,561 | | \$1,829,561 |
| 166 | Accumulated Depreciation | -\$6,279,168 | | -\$8,371 | | -\$157,975 | -\$6,445,514 | | -\$6,445,514 |
| 167 | Construction in Progress | | | | | | | | |
| 168 | Infrastructure | \$193,954 | | | | | \$193,954 | | \$193,954 |
| 160 | Total Capital Assets, Net of Accumulated Depreciation | \$6,802,664 | \$0 | \$1,746 | \$0 | \$367,830 | \$7,172,240 | \$0 | \$7,172,240 |
| 171 | Notes, Loans and Mortgages Receivable - Non-Current | \$4,401 | | | | \$1,191 | \$5,592 | | \$5,592 |
| 172 | Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | | | |
| 173 | Grants Receivable - Non Current | | | | | | | | |
| 174 | Other Assets | | | | | | | | |
| 176 | Investments in Joint Ventures | | | | | | | | |
| 180 | Total Non-Current Assets | \$6,807,065 | \$0 | \$1,746 | \$0 | \$369,021 | \$7,177,832 | \$0 | \$7,177,832 |
| 200 | Deferred Outflow of Resources | | | | | | | | |
| 290 | Total Assets and Deferred Outflow of Resources | \$7,257,261 | \$8,408 | \$210,099 | \$0 | \$414,892 | \$7,890,660 | -\$8,408 | \$7,882,252 |
| 311 | Bank Overdraft | | | | | | | | |
| 312 | Accounts Payable <= 90 Days | \$6,989 | | \$2,418 | | | \$9,407 | | \$9,407 |
| 313 | Accounts Payable >90 Days Past Due | | | | | | | | |
| 321 | Accrued Wage/Payroll Taxes Payable | \$16,584 | | \$4,926 | | | \$21,510 | | \$21,510 |
| 322 | Accrued Compensated Absences - Current Portion | | | | | | | | |
| 324 | Accrued Contingency Liability | | | | | | | | |
| 325 | Accrued Interest Payable | | | | | | | | |
| 331 | Accounts Payable - HUD PHA Programs | | | | | | | | |
| 332 | Account Payable - PHA Projects | | | | | | | | |
| 333 | Accounts Payable - Other Government | | | | | | | | |
| 341 | Tenant Security Deposits | \$30,783 | | | | \$560 | \$31,343 | | \$31,343 |
| 342 | Unearned Revenue | | | | | | | | |
| 343 | Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | | | | | | |

Pinal County Housing Authority (AZ010)
 CASA GRANDE, AZ
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

| | Project Total | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.218 Community Development Block Grants/Entitlement Grants | 1 Business Activities | Subtotal | ELIM | Total |
|---|---------------|---|--------------------------------|--|-----------------------|-------------|------|-------------|
| 70300 Net Tenant Rental Revenue | \$254,072 | | | | \$16,853 | \$270,925 | | \$270,925 |
| 70400 Tenant Revenue - Other | \$40,346 | | | | | \$40,346 | | \$40,346 |
| 70500 Total Tenant Revenue | \$294,418 | \$0 | \$0 | \$0 | \$16,853 | \$311,271 | \$0 | \$311,271 |
| 70600 HUD PHA Operating Grants | \$658,144 | \$59,544 | \$3,109,359 | \$788,170 | | \$4,615,217 | | \$4,615,217 |
| 70610 Capital Grants | | | | | | | | |
| 70710 Management Fee | | | | | | | | |
| 70720 Asset Management Fee | | | | | | | | |
| 70730 Book-Keeping Fee | | | | | | | | |
| 70740 Front-Line Service Fee | | | | | | | | |
| 70750 Other Fees | | | | | | | | |
| 70700 Total Fee Revenue | | | | | | \$0 | \$0 | \$0 |
| 70800 Other Government Grants | | | | | | | | |
| 71100 Investment Income - Unrestricted | \$22 | | | | | \$22 | | \$22 |
| 71200 Mortgage Interest Income | | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | | |
| 71400 Fraud Recovery | | | \$4,344 | | | \$4,344 | | \$4,344 |
| 71500 Other Revenue | \$85,761 | | \$226,089 | | \$47,326 | \$359,176 | | \$359,176 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | | | |
| 72000 Investment Income - Restricted | \$1,038,345 | \$59,544 | \$3,339,792 | \$788,170 | \$64,179 | \$5,290,030 | \$0 | \$5,290,030 |
| 70000 Total Revenue | | | | | | | | |
| 91100 Administrative Salaries | \$273,105 | \$30,618 | \$202,246 | \$74,485 | | \$580,454 | | \$580,454 |
| 91200 Auditing Fees | \$8,000 | \$3,825 | \$4,175 | \$4,000 | | \$20,000 | | \$20,000 |
| 91300 Management Fee | | | | | | | | |
| 91310 Book-keeping Fee | | | | | | | | |
| 91400 Advertising and Marketing | | | | | | | | |
| 91500 Employee Benefit contributions - Administrative | \$58,491 | \$12,670 | \$66,420 | \$15,843 | | \$153,424 | | \$153,424 |

| | | | | | | | |
|---|-----------|----------|-----------|-----------|---------|-----------|-----------|
| 91600 Office Expenses | \$22,644 | \$5,019 | \$9,945 | \$4,266 | \$400 | \$42,274 | \$42,274 |
| 91700 Legal Expense | | | | | | | |
| 91800 Travel | | \$2,144 | \$407 | \$196 | | \$2,747 | \$2,747 |
| 91810 Allocated Overhead | | \$4,893 | | \$32,259 | | \$37,152 | \$37,152 |
| 91900 Other | \$1,721 | \$355 | \$13,788 | \$595 | | \$16,459 | \$16,459 |
| 91000 Total Operating - Administrative | \$363,961 | \$59,524 | \$296,981 | \$131,644 | \$400 | \$852,510 | \$852,510 |
| 92000 Asset Management Fee | | | | | | | |
| 92100 Tenant Services - Salaries | | | | | | | |
| 92200 Relocation Costs | | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | | |
| 92400 Tenant Services - Other | \$31 | \$20 | | | | \$51 | \$51 |
| 92500 Total Tenant Services | \$31 | \$20 | \$0 | \$0 | \$0 | \$51 | \$51 |
| 93100 Water | \$23,872 | | | | \$2,161 | \$26,033 | \$26,033 |
| 93200 Electricity | \$10,464 | | | | \$329 | \$10,793 | \$10,793 |
| 93300 Gas | \$91 | | | | \$33 | \$124 | \$124 |
| 93400 Fuel | | | | | | | |
| 93500 Labor | | | | | | | |
| 93600 Sewer | | | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | |
| 93800 Other Utilities Expense | | | | | | | |
| 93000 Total Utilities | \$34,427 | \$0 | \$0 | \$0 | \$2,523 | \$36,950 | \$36,950 |
| 94100 Ordinary Maintenance and Operations - Labor | \$271,469 | | | | | \$271,469 | \$271,469 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$84,398 | | | | \$2,223 | \$86,621 | \$86,621 |
| 94300 Ordinary Maintenance and Operations Contracts | \$79,124 | | | | \$2,264 | \$81,388 | \$81,388 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$85,159 | | | | | \$85,159 | \$85,159 |
| 94000 Total Maintenance | \$520,150 | \$0 | \$0 | \$0 | \$4,487 | \$524,637 | \$524,637 |
| 95100 Protective Services - Labor | | | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | | | |
| 95300 Protective Services - Other | | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$68,300 | | | | | \$68,300 | \$68,300 |
| 96120 Liability Insurance | | | | | | | |

| | | | | | | |
|---|-------------|-------------|-----------|-------------|-----------|-------------|
| 96130 Workmen's Compensation | \$32,753 | \$336 | \$878 | \$33,967 | \$33,967 | \$33,967 |
| 96140 All Other Insurance | | | | | | |
| 96100 Total Insurance Premiums | \$101,053 | \$336 | \$878 | \$102,267 | \$0 | \$102,267 |
| 96200 Other General Expenses | \$517 | | | \$517 | | \$517 |
| 96210 Compensated Absences | \$1,449 | | | \$1,449 | | \$1,449 |
| 96300 Payments in Lieu of Taxes | | | | | | |
| 96400 Bad debt - Tenant Rents | \$26,063 | | | \$26,371 | \$308 | \$26,371 |
| 96500 Bad debt - Mortgages | | | | | | |
| 96600 Bad debt - Other | | | | \$15,935 | \$15,935 | \$15,935 |
| 96800 Severance Expense | | | | | | |
| 96000 Total Other General Expenses | \$28,029 | \$0 | \$0 | \$44,272 | \$0 | \$44,272 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96900 Total Operating Expenses | \$1,047,651 | \$297,317 | \$132,522 | \$1,560,687 | \$23,653 | \$1,560,687 |
| 97000 Excess of Operating Revenue over Operating Expenses | -\$9,306 | \$0 | \$655,648 | \$3,729,343 | \$40,526 | \$3,729,343 |
| 97100 Extraordinary Maintenance | \$52,035 | | | \$51,403 | \$103,438 | \$103,438 |
| 97200 Casualty Losses - Non-capitalized | | | | | | |
| 97300 Housing Assistance Payments | | \$2,832,422 | \$655,648 | \$3,488,070 | | \$3,488,070 |
| 97350 HAP Portability-In | | \$171,867 | | \$171,867 | | \$171,867 |
| 97400 Depreciation Expense | \$351,980 | \$301 | | \$368,152 | | \$368,152 |
| 97500 Fraud Losses | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | |
| 90000 Total Expenses | \$1,451,666 | \$3,301,907 | \$788,170 | \$5,692,214 | \$90,927 | \$5,692,214 |
| 10010 Operating Transfer In | \$141,384 | | | \$141,384 | | \$0 |
| 10020 Operating transfer Out | -\$141,384 | | | -\$141,384 | | \$0 |
| 10030 Operating Transfers from/to Primary Government | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | |

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor:

| <u>CFDA Number</u> | <u>Program Title</u> | <u>Pass Through Entity</u> | <u>Federal Expenditures</u> |
|---|--|----------------------------|-----------------------------|
| U.S. Department of Housing and Urban Development | | | |
| 14.870 | Resident Opportunity and Supportive Services | NA | \$ 59,544 |
| 14.218 | CDBG Neighborhood Stabilization Program | NA | 788,170 |
| 14.850 | Low Rent Public Housing | NA | 516,760 |
| 14.872 | Capital Fund Program | NA | 141,384 |
| Housing Choice Voucher Cluster | | | |
| 14.871 | Housing Choice Voucher Program | NA | 3,109,359 |
| 14.871 | Housing Choice Voucher-Pass thru | Other PHA's | 203,143 |
| Total Housing Choice Voucher Cluster | | | 3,312,502 |
| Total U.S. Department of HUD | | | 4,818,360 |
| Total Federal Awards Expenditures | | | \$ 4,818,360 |

Notes to the Schedule of Expenditures of Federal Awards

A. Basis of Accounting

This schedule is prepared on the accrual basis of accounting.

B. Basis of Presentation

The accompanying Schedule of Federal Awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

C. Reconciliation of Total Federal Awards Expenditures to Financial Data Schedule

| | | |
|--------------|-------------------|---------------------|
| FDS line 706 | HUD PHA Grants | \$ 4,615,217 |
| FDS line 715 | HCVP other income | 203,143 |
| | | \$ 4,818,360 |

SINGLE AUDIT SECTION

MALCOLM JOHNSON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 530848
210 N. Highway 17-92
DeBary, Florida 32753-0848

Phone (386) 668-6464 Fax (386) 668-6463
malcolmjohanson@mpinet.net

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

Board of Supervisors
Pinal County Housing & Community Development
Casa Grande, Arizona

HUD, Arizona State Office
Two Arizona Center
400 North 5th Street, Suite 2600
Phoenix, Arizona 85004

We have audited, 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, the basic financial statements of Pinal County Housing & Community Development (the Authority), which include the statement of net position as of June 30, 2014, and the related statements of revenue, expenses and changes in net position, cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon January 23, 2015

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
January 23, 2015

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods used to collect and analyze data. It includes a detailed description of the sampling process and the statistical techniques employed to ensure the reliability of the results.

3. The third part of the document presents the findings of the study. It shows that there is a significant correlation between the variables being studied, and that the results are consistent across different groups and time periods.

4. The fourth part of the document discusses the implications of the findings for practice and policy. It suggests that the results can be used to inform decision-making and to develop more effective strategies for addressing the issues at hand.

5. The fifth part of the document concludes the study and provides a summary of the key points. It also includes a list of references and a list of appendices for further information.

MALCOLM JOHNSON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 530848
210 N. Highway 17-92
DeBary, Florida 32753-0848

Phone (386) 668-6464 Fax (386) 668-6463
malcolmjohnson@mpinet.net

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

Board of Supervisors
Pinal County Housing and Community Development
Casa Grande, Arizona

HUD, Arizona State Office
Two Arizona Center
400 North 5th Street, Suite 2600
Phoenix, Arizona 85004

Report on Compliance for Each Major Program

We have audited Pinal County Housing & Community Development's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133)*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

A deficiency in 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 and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

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

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



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
January 23, 2015

PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

Basic Financial Statements

| | |
|---|---------------|
| Type of auditors' report issued: | Unqualified |
| Internal control over financial reporting: | |
| ~ Material weakness(es) identified? | No |
| ~ Significant deficiency(s) identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to basic financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| ~ Material weakness(es) identified? | No |
| ~ Significant deficiency(s) identified that are not considered to be material weakness(es)? | None reported |
| Type of auditors' report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |

Identification of major programs:

| CFDA Number | Name of Federal Program |
|--------------------|-------------------------------------|
| 14.850 | Low Income Public Housing |
| 14.218 | CDBG Neighborhood Stabilization III |
| 14.871 | Housing Choice Vouchers |

| | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | Yes |

**PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)**

SECTION II – BASIC FINANCIAL STATEMENT FINDINGS

There were no Basic Financial Statement Findings

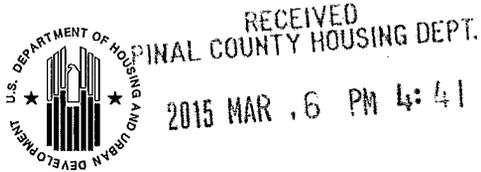
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings and Questioned Costs.

**PINAL COUNTY HOUSING & COMMUNITY DEVELOPMENT
Casa Grande, Arizona**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no prior year audit findings.



U.S. Department of Housing and Urban Development

Phoenix Field Office
One North Central, Suite 600
Phoenix, Arizona 85004-4414
www.hud.gov/arizona.html

OFFICE OF PUBLIC HOUSING

February 26, 2015

Ms. Adeline Allen
Executive Director
Pinal County Housing Authority
970 N. Eleven Mile Corner Road
Casa Grande, AZ 85222

Subject: Pinal County Housing Department: AZ010
Audit Review for Fiscal Year Ended June 30, 2014

Dear Ms. Allen:

This letter transmits the results of the independent audit report prepared by Malcolm Johnson & Company P.A. for the Pinal County Housing Authority for fiscal year ending June 30, 2014. Pinal County Housing Department is a component unit of Pinal County. The auditor issued an unmodified report and there were no new findings or questioned costs attributed to the Housing Department. Since there were no findings or questioned costs, the audit is closed.

Should you have any questions concerning this matter, please contact Pete Koziol, Financial Analyst, via email, pete.e.koziol@hud.gov or phone at (602) 379-7151.

Sincerely,

Barbara A. Gallegos
Director
Phoenix Office of Public Housing

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

6.0.13

23.0 Violence Against Women Act (VAWA)

The Violence Against Women Act (VAWA) protects tenants and family members of tenants who are victims of domestic violence, dating violence, or stalking from being evicted or terminated from housing assistance based on acts of such violence against them. These provisions apply to our agency administering the Section 8 programs and to owners renting to families under Section 8 rental assistance programs.

The law provides in part that criminal activity directly relating to domestic violence, dating violence, or stalking, engaged in by a member of a tenants household or any guest or other person under the tenants control, shall not be cause for termination of assistance, tenancy, or occupancy rights if the tenant or an immediate member of the tenants family is the victim or threatened victim of that abuse. The law also provides that an incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be construed as serious or repeated violations of the lease by the victim or threatened victim of that violence and will not be good cause for termination of the assistance, tenancy, or occupancy rights of a victim of such violence.

The PCHA is utilizing the revised form HUD 52641 Housing Assistance Payments (HAP) Contract and revised form HUD 52641A Tenancy Addendum. These forms have been revised to reflect the statutory requirements of the Violence Against Women and Justice Department Reauthorization Act of 2005 (VAWA 2005) that are related to housing choice voucher program HAP contracts and leases.

In addition, Pinal County Housing Authority has implemented and is utilizing the form HUD 50066 Certification of Domestic Violence, Dating Violence, or Stalking for use in its Public Housing program and Housing Choice Voucher (HCV) program. PHAs, owners or managers responding to an incident or incidents of actual or threatened domestic violence, dating violence or stalking that may affect a tenants participation in the housing program to request in writing that an individual complete, sign and submit, within 14 business days of the request, form HUD 50066 Certification of Domestic Violence, Dating Violence, or Stalking. On the form, the individual certifies that he/she is a victim of domestic violence, dating violence, or stalking, and that the incident or incidences in question are bona fide incidences of such actual or threatened abuse. On the certification form, the individual shall provide the name of the perpetrator. In lieu of a certification form, or in addition to the certification form, a tenant may provide to PHAs, managers or owners, (1) a Federal, State, tribal, territorial, or local police record or court record; (2) documentation signed and attested to by an employee, agent or volunteer of a victim service provider, an attorney or a medical professional, from whom the victim has sought assistance in addressing domestic violence, dating violence or stalking, or the effects of abuse, in which the professional attests under penalty of perjury to the professionals belief that the incident or incidents in question are bona fide incidents of abuse, and the victim of domestic violence, or stalking has signed or attested to the documentation.

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

6.0.13

Page 2

DEFINITIONS: The following definitions were incorporated into the United States Housing Act and apply to this notice.

Domestic Violence: Includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim share a child in common, by a person who is cohabitated with or has cohabited with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that persons acts under the domestic or family violence laws of the jurisdiction.

Dating Violence: Violence committed by a person:

(A) who is or has been in a social relationship of a romantic or intimate nature with the victim; and (B) where the existence of such a relationship shall be determined based on a consideration of the following factors: (i) the length of the relationship; (ii) the type of relationship; and (iii) the frequency of interaction between the persons involved in the relationship.

Stalking: to follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate; or to place under surveillance with the intent to kill, injure, harass, or intimidate another person; and in the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (i) that person; (ii) a member of the immediate family of that person; or (iii) the spouse or intimate partner of that person.

Immediate Family Member: a spouse, parent, brother or sister, or child of the person, or an individual to whom that person stands in loco parentis (in place of a parent); or any other person living in the household of that person and related to that person by blood or marriage.

Protections for Victims of Abuse in the Housing Choice Voucher Program.

The new requirements of VAWA 2005 that are incorporated into the Housing Choice Voucher HAP Contract and Tenancy Addendum are as follows:

* An incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be construed as serious or repeated violations of the lease or other good cause for termination of the assistance, tenancy, or occupancy rights of a victim of abuse. (Section 8(o)(7)(C) of the U.S. Housing Act of 1937.)

* Criminal activity directly relating to abuse, engaged in by a member of a tenants

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

6.0.13

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household or any guest or other person under the tenants control, shall not because for termination of assistance, tenancy, or occupancy rights if the tenant or an immediate member of the tenants family is the victim or threatened victim of that abuse. (Section 8(o)(7)(D)(i) of the U.S. Housing Act of 1937.)

* Notwithstanding the VAWA restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, a PHA may terminate assistance to or an owner or manager may bifurcate a lease, or otherwise remove a household member from a lease, without regard to whether a household member is a signatory to the lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others. This action may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of the violence who is also a tenant or lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the housing choice voucher program. (Section 8(o)(7)(D)(ii) of the U.S. Housing Act of 1937.)

* Nothing in Section 8(o)(7)(D)(i) may be construed to limit the authority of a public housing agency, owner, or manager, when notified, to honor court orders addressing rights of access or control of the property, including civil protection orders issued to protect the victim and issued to address the distribution or possession of property among the household members in cases where a family breaks up. (Section 8(o)(7)(D)(iii) of the U.S. Housing Act of 1937.)

* Nothing in Section 8(o)(7)(D)(i) limits any otherwise available authority of an owner or manager to evict or the public housing agency to terminate assistance to a tenant for any violation of a lease not premised on the act or acts of violence in question against the tenant or a member of the tenants household, provided that the owner, manager, or public housing agency does not subject an individual who is or has been a victim of domestic violence, dating violence, or stalking to a more demanding standard than other tenants in determining whether to evict or terminate. (Section 8(o)(7)(D)(iv) of the U.S. Housing Act of 1937.)

Applicability of VAWA 2005 provisions to existing leases and Voucher HAP Contracts. The authority provided to PHAs, owners, and managers under VAWA 2005 to bifurcate a lease or otherwise remove an individual is applicable to all existing leases for families participating in either the public housing or section 8 programs (including the voucher program), and specific lease language to that effect is not necessary for the PHA, owner, or manager to exercise such authority. Also, the authority to bifurcate a lease or otherwise remove an individual under VAWA is not predicated on existing state or local law that allows for bifurcation. This Federal statutory authority to bifurcate a lease or otherwise remove an individual takes precedence over any Federal, State or local law to the contrary. However, PHAs, managers, and owners must

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

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keep in mind that the eviction of or the termination action against the individual must be effected in accordance with the applicable procedures prescribed by Federal, State, and local law.

* Nothing in Section 8(o)(7)(D)(i) may be construed to limit the authority of an owner or manager to evict, or the public housing agency to terminate assistance, to any tenant if the owner, manager, or public housing agency can demonstrate an actual and imminent threat to other tenants or those employed at or providing service to the property if the tenant is not evicted or terminated from assistance. (Section 8(o)(7)(D)(v) of the U.S. Housing Act of 1937.)

* Nothing in Section 8(o)(7)(D)(i) shall be construed to supersede any provision of any Federal, State, or local law that provides greater protection than Section 8(o)(7)(D)(i) for victims of domestic violence, dating violence, or stalking. (Section 8(o)(7)(D)(vi) of the U.S. Housing Act of 1937.)

In accordance with PIH Notice 2006-42 and PIH Notice 2007-05, Housing Authorities must be utilizing revised forms in the notice(s): form HUD 50066 Certification of Domestic Violence, Dating Violence or Stalking, form HUD 52641 Housing Assistance Payments Contract Section 8 Tenant-Based Assistance and form HUD 52641-A Tenancy Addendum Section 8 Tenant-Based Assistance Housing Choice Voucher Program.

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

7.0 – Demolition and/or Disposition

Pinal County is planning to dispose of 30 public housing units in Stanfield. These units are in a rural area of Pinal County and have proven to be unmarketable. Vacancy rates for the past two years have averaged 30 to 40%. The Housing and Community Development Department has conducted extensive marketing efforts with no success. We have explored use of the property for community activity and been communicating with agencies assisting homeless veterans. There has not been any interest in this property

Units expected to be disposed of are Project 10-1, located at 225 North Baylor Way, Apartments 1 through 30. Bedroom sizes of these units consist of 18 two bedroom, 9 three bedroom and 3 four bedroom apartments. Units 12 and 13 are retrofitted according to Section 504 accessibility requirements. Unit 12 is a four bedroom apartment and unit 13 is a three bedroom apartment.

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 06/30/2017

| | | | |
|--------------------------------------|--|--|--|
| Part I: Summary | | FFY of Grant: 2015 | |
| PHA Name: Pinal County Housing | | FFY of Grant Approval: 2015 | |
| Grant Type and Number | | Capital Fund Program Grant No: AZ20P01050115 | |
| Replacement Housing Factor Grant No: | | Replacement Housing Factor Grant No: | |
| Date of CFFP: 3/15/2015 | | | |

| Line | Type of Grant <input checked="" type="checkbox"/> Original Annual Statement <input type="checkbox"/> Performance and Evaluation Report for Period Ending: Summary by Development Account | Summary by Development Account | Original | Revised Annual Statement (revision no:) | | Total Actual Cost ¹ Expended |
|------|---|--|-----------|--|----------------------|--|
| | | | | Total Estimated Cost | Revised ² | |
| 1 | | Total non-CFP Funds | | | | |
| 2 | | 1406 Operations (may not exceed 20% of line 21) ³ | \$206,823 | | | |
| 3 | | 1408 Management Improvements | | | | |
| 4 | | 1410 Administration (may not exceed 10% of line 21) | | | | |
| 5 | | 1411 Audit | | | | |
| 6 | | 1415 Liquidated Damages | | | | |
| 7 | | 1430 Fees and Costs | | | | |
| 8 | | 1440 Site Acquisition | | | | |
| 9 | | 1450 Site Improvement | | | | |
| 10 | | 1460 Dwelling Structures | | | | |
| 11 | | 1465.1 Dwelling Equipment—Nonexpendable | | | | |
| 12 | | 1470 Non-dwelling Structures | | | | |
| 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.

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 06/30/2017

| | | | |
|--------------------------------------|--|-----------------------------|--|
| Part I: Summary | | FFY of Grant: 2015 | |
| PHA Name: Pinal County Housing | Grant Type and Number Capital Fund Program Grant No: AZ20P01050115 Replacement Housing Factor Grant No: Date of CFFP: 3/15/15 | FFY of Grant Approval: 2015 | |

Type of Grant Original Annual Statement Reserve for Disasters/Emergencies
 Performance and Evaluation Report for Period Ending: 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 | |
| 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) | \$206,823 | | |
| 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 *[Signature]* Date *2/26/2015*

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.

Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
 Expires 08/30/2011

Part I: Summary

| PHA Name/Number | Pinal County Housing 010 Development Number and Name | Locality (City/County & State) | | Casa Grande/Pinal Arizona | | Original 5-Year Plan X | | Revision No: | |
|-----------------|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|--------------|--|
| | | Work Statement for Year 1 FFY 2015 | Work Statement for Year 2 FFY 2016 | Work Statement for Year 3 FFY 2017 | Work Statement for Year 4 FFY 2018 | Work Statement for Year 5 FFY 2019 | | | |
| B. | Physical Improvements Subtotal | | | | | | | | |
| C. | Management Improvements | | | | | | | | |
| D. | PHA-Wide Non-dwelling Structures and Equipment | | | | | | | | |
| E. | Administration | | | | | | | | |
| F. | Other | | | | | | | | |
| G. | Operations | \$206,823 | \$212,000 | \$208,000 | \$220,000 | \$201,000 | | | |
| H. | Demolition | | | | | | | | |
| I. | Development | | | | | | | | |
| J. | Capital Fund Financing - Debt Service | | | | | | | | |
| K. | Total CFP Funds | | | | | | | | |
| L. | Total Non-CFP Funds | | | | | | | | |
| M. | Grand Total | | | | | | | | |

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

9.0 – Housing Needs

| Housing Needs of Families on the PHA's Section 8 Tenant-Based Assistance Waiting List | | | |
|---|---------------|---------------------|-----------------|
| | # of Families | % of Total Families | Annual Turnover |
| Waiting list total | 818 | | N/A |
| Extremely low income (<=30% AMI) | 730 | 89% | |
| Very low income (>30% but <= 50% AMI) | 72 | 9% | |
| Low income (>50% but <= 80% AMI) | 16 | 2% | |
| Families with children | 528 | 65% | |
| Elderly Families | 79 | 9% | |
| Families with Disabilities | 211 | 26% | |
| White/Hispanic | 127 | 16% | |
| White/Non/Hispanic | 564 | 44% | |
| Black/Hispanic | 147 | 18% | |
| Black Non/Hispanic | 117 | 14% | |
| Am. Indian/Alaska Native | 59 | 7% | |
| Asian/Pacific Islander | 4 | 1% | |

| Housing Needs of Families on the PHA's Public Housing Waiting List | | | |
|--|---------------|---------------------|-----------------|
| | # of Families | % of Total Families | Annual Turnover |
| Waiting list total | 2961 | | NA/ |
| Extremely low income (<=30% AMI) | 2600 | 88% | |
| Very low income (>30% but <= 50% AMI) | 291 | 9% | |
| Low income (>50% but <= 80% AMI) | 70 | 3% | |
| Families with children | 1878 | 63% | |
| Elderly Families | 451 | 15% | |
| Families with Disabilities | 362 | 12% | |
| White/Hispanic | 247 | 8% | |
| White/Non/Hispanic | 1829 | 62% | |
| Black/Hispanic | 165 | 5% | |
| Black Non/Hispanic | 403 | 14% | |
| Am. Indian/Alaska Native | 288 | 10% | |
| Asian/Pacific Islander | 29 | 1% | |
| Characteristic by Bedroom Size | | | |
| 1 BR | 2021 | 68% | |
| 2 BR | 829 | 28% | |
| 3 BR | 61 | 2% | |
| 4 BR | 40 | 1% | |
| 5 BR | 10 | <1% | |

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

9.1 – Strategy for Addressing Housing Needs

Based on the Arizona Department of Housing (ADOH) Consolidated Plan we have identified a need to increase affordable housing opportunities for low and moderate income citizens of Pinal County. We are ensuring 100% of funds available for the Section 8 Housing Voucher Choice program are utilized; and annually increase affordable housing units by 5% of current availability or more as funding is available.

Public Housing marketing and outreach efforts are constant, especially focusing on our units located in Eloy and Stanfield, which are difficult to market.

**PHA Certifications of Compliance with the PHA Plans and Related Regulations:
Board Resolution to Accompany the PHA 5-Year and Annual PHA Plan**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the 5-Year and/or Annual PHA Plan for the PHA fiscal year beginning 2015 , hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA certifies that there has been no change, significant or otherwise, to the Capital Fund Program (and Capital Fund Program/Replacement Housing Factor) Annual Statement(s), since submission of its last approved Annual Plan. The Capital Fund Program Annual Statement/Annual Statement/Performance and Evaluation Report must be submitted annually even if there is no change.
4. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
8. For PHA Plan that includes a policy for site based waiting lists:
 - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2006-24);
 - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
 - Adoption of site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
 - The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
 - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
11. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

12. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
14. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
15. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
17. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
18. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
19. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
20. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
21. The PHA provides assurance as part of this certification that:
 - (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
 - (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
 - (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
22. The PHA certifies that it is in compliance with all applicable Federal statutory and regulatory requirements.

Pinal County Housing & Community Development

AZ010

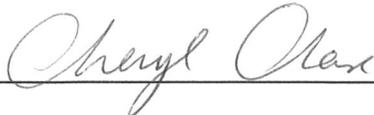
PHA Name

PHA Number/HA Code

5-Year PHA Plan for Fiscal Years 20¹⁵ - 20²⁰

Annual PHA Plan for Fiscal Years 20¹⁵ - 20¹⁶

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

| | |
|--|---|
| Name of Authorized Official | Title |
| Cheryl Chase  | Chairwoman, Board Of Supervisors |
| Signature | Date  |

**Certification by State or Local
Official of PHA Plans Consistency
with the Consolidated Plan**

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Expires 4/30/2011

**Certification by State or Local Official of PHA Plans Consistency with the
Consolidated Plan**

I, Andrew Rael the Asst. Deputy Director of Programs certify that the Five Year and Annual PHA Plan of the Pinal County Housing Dept. is consistent with the Consolidated Plan of State of Arizona prepared pursuant to 24 CFR Part 91.



3-25-15

Signed / Dated by Appropriate State or Local Official

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

Pinal County Housing & Community Development Department

Program/Activity Receiving Federal Grant Funding

Annual PHA Plan for Fiscal year 2015-2016 & 5 Year Plan

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federalagency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. **Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.

(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Adeline M. Allen

Title

Housing Director

Signature

x *Adeline M. Allen*

Date

04/07/2015

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Applicant Name

Pinal County Housing & Community Development Department

Program/Activity Receiving Federal Grant Funding

Annual PHA Plan for Fiscal year 2015-2016 & 5 Year Plan

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

| | |
|--|---------------------------------|
| Name of Authorized Official Adeline M. Allen | Title Housing Director |
| Signature  | Date (mm/dd/yyyy) 04-07-2015 |

DISCLOSURE OF LOBBYING ACTIVITIES
CONTINUATION SHEET

Approved by OMB
0348-0046

Reporting Entity: _____ Page _____ of _____

N/A

Pinal County 2015 – Five Year and Annual Public Housing Agency Plan

11.0(f) – Resident Advisory Board comments and analysis of recommendations and decisions made

SUBJECT: PUBLIC MEETING FOR ANNUAL AND 5 YEAR AGENCY PLAN
DATE OF MEETING: April 20, 2015
TIME OF MEETING: 10:00 A.M.
HOUSING STAFF: Adeline Allen, Director
Angel Quintanar, Housing Modernization Coordinator
Carrie Fike, Housing Secretary

Meeting Notes for PHA Plan Public Meeting

1. All in attendance introduce themselves. Meeting to start at 10:00 am per the Public Notice advertised in area newspapers throughout Pinal County. Since only three Pinal County employees are present it was decided to wait until 10:15 pm to allow time for any late arrivals. Meeting has started at 10:15 am.
2. Carrie Fike the Housing Secretary reviewed the Agency Plan with no questions or input from public.
3. Angel Quintanar (Housing Modernization Coordinator) gave an overview of the Capital Fund Program Annual statement in which the main objective was to proceed with a disposition of the 30 units at our Stanfield site due to the inability to find tenants willing to locate there. The long anticipated air conditioning job in Maricopa was recently completed earlier this year so now the weatherization will be addressed this year as well as the reroofing of all 20 units at the Maricopa site.
4. Due to the cost increases and loss of supplemental funding, in our 5 year plan we will address some Casa Grande rehab upgrades and appliances for various sites. Replace the parking lot asphalt at the Apache Junction Tomahawk site is planned within the next 3 years. The sidewalks, driveways, and street in Eloy need replacement. Maricopa sidewalks also need to be replaced. Vehicles will be replaced as necessary and many are in excess of 100,00 miles.

No other concerns were brought up. The meeting was adjourned at 11:00 am

SUBJECT: RESIDENT ADVISORY BOARD MEETING FOR ANNUAL AND 5 YEAR AGENCY PLAN

DATE OF MEETING: April 20, 2015

TIME OF MEETING: 2:00 PM

HOUSING STAFF: Adeline Allen, Director
Angel Quintanar, Housing Modernization Coordinator
Carrie Fike, Housing Secretary
Crystal Gottberg,

Meeting Notes for PHA Plan RAB Meeting

1. All in attendance introduce themselves. Meeting to start at 2:00 PM per the Public Notice advertised in area newspapers throughout Pinal County. Since only three Pinal County employees are present it was decided to wait until 2:15 PM to allow time for any late arrivals. Meeting started at 2:15 PM.
2. Carrie Fike the Housing Secretary reviewed the Agency Plan with no questions or input from public.
3. Angel Quintanar (Housing Modernization Coordinator) gave an overview of the Capital Fund Program Annual statement in which the main objective was to proceed with a disposition of the 30 units at our Stanfield site due to the inability to find tenants willing to locate there. The long anticipated air conditioning job in Maricopa was recently completed earlier this year so now the weatherization will be addressed this year as well as the reroofing of all 20 units at the Maricopa site.
4. Due to the cost increases and loss of supplemental funding, in our 5 year plan we will address some Casa Grande rehab upgrades and appliances for various sites. Replace the parking lot asphalt at the Apache Junction Tomahawk site is planned within the next 3 years. The sidewalks, driveways, and street in Eloy need replacement. Maricopa sidewalks also need to be replaced. Vehicles will be replaced as necessary and many are in excess of 100,00 miles.

No other concerns were brought up. The meeting was adjourned at 3:00 PM

Pinal County 2015 Five Year and Annual Public Housing Agency Plan

11.0(g) – Challenged elements

No elements have been challenged.