Housing Authority of the County of Alameda

22941 Atherton Street, Hayward, CA 94541
Tel. 510.538.8876 TDD 510.727.8551 Fax 510.537.8236 www.haca.net

HOUSING COMMISSION AGENDA
Regular Meeting: May 11, 2016
Time: 8:00 a.m.
HACA Board Room, 22941 Atherton Street, Hayward, CA 94541

The public is welcome at all Housing Commission meetings. If you wish to speak on a matter NOT on the Agenda, please file a Public Comment card with the Commission Clerk. Upon recognition by the Chairperson during Public Comment, state your name, comments and/or questions. Anyone wishing to address the Commission on an agenda item or on business introduced by the Housing Commission may do so when the Chairperson calls for comments on the agenda item. Please be brief and limit your comments to the specific subject under discussion. NOTE: Only matters within the Housing Commission's jurisdiction may be addressed.

To allow the opportunity for all to speak, a time limit of 3 minutes has been set for public speakers wishing to address the Housing Commission. The Chairperson has the discretion to further limit this time if warranted by the number of speakers.

The Housing Commission Secretary of the Housing Authority of the County of Alameda has, on Thursday, May 5, 2016, duly distributed this Agenda to the Clerk of the Board of Supervisors for posting in the office of the Alameda County Administration Building and has posted it on the bulletin board of the Housing Authority of the County of Alameda.

AMERICANS WITH DISABILITIES: In compliance with the Americans with Disabilities Act, if special assistance to participate in this meeting is needed, please contact the Housing Authority office at (510) 727-8511. Notification at least 48 hours prior to the meeting will enable the Housing Authority to make reasonable arrangements.

MINUTES

April 13, 2016

Housing Authority of the County of Alameda

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HOUSING COMMISSION MINUTES
REGULAR MEETING: APRIL 13, 2016
HACA BOARD ROOM, 22941 ATHERTON STREET, HAYWARD, CA 94541

SUMMARY ACTION MINUTES

1. CALL TO ORDER/ROLL CALL

Call to Order
Chairperson Biddle called the meeting to order at 8:00 a.m.

Roll Call
Present: Cmrs. Asher, Bacon, Biddle, Buckholz, Hannon, Peixoto and Steiner
Excused: Cmrs. Gacoscos and Gerry
Entered after Roll Call: Cmr. Iosefa

2. CLOSED SESSION
CONTRACT NEGOTIATIONS WITH SEIU LOCAL 1021 AND THE HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Labor Negotiations Pursuant to Government Code 54957.6

The Commission adjourned into a closed session at 8:02 a.m. and reconvened in regular session at 8:11 a.m. Chairperson Biddle reported that there were no reportable actions taken in the closed session.

3. APPROVAL OF THE MINUTES OF THE MARCH 9, 2016 HOUSING COMMISSION MEETING

Recommendation: Approve the minutes of the March 9, 2016 Housing Commission meeting as presented.

Motion/Second: Hannon/Bacon.
Ayes: 8; 1 abstention: Cmr. Asher. Motion passed. **APPROVED AS RECOMMENDED.**

4. PUBLIC COMMENT

None.

5. NEW BUSINESS

5-1. RESOLUTION NO. 05-16: APPROVING TERMS OF A MEMORANDUM OF UNDERSTANDING WITH SEIU LOCAL 1021 FOR THE FISCAL YEARS 2015-2016 AND 2016-2017
Charla Freckmann, Human Resources Analyst, presented the staff report. Ms. Freckmann reported that HACA has reached a tentative agreement in the labor contract negotiations with SEIU Local 1021 and thanked the negotiating teams for their work. Ms. Freckmann described the terms

of the tentative agreement and reported that the HACA bargaining unit held a ratification vote on April 12.

Recommendation: Adopt Resolution No. 05-16 approving terms of a memorandum of understanding with SEIU Local 1021 for the fiscal years 2015-2016 and 2016-2017.

Commission Discussion: Cmr. Hannon asked if there is a minimum amount of advance notice that employees must give their managers when using personal leave. Ms. Freckmann explained that personal leave is not scheduled in advance and described some scenarios in which an employee would use personal leave. Cmr. Hannon asked if personal leave is documented and Ms. Freckmann indicated that personal leave is documented and is assigned a separate pay code for this purpose.
Cmr. Hannon and Ms. Freckmann also discussed the cap for HACA's vacation sell back policy. Ms. Freckmann explained how the vacation sell back policy benefits employees who have been with HACA for many years and may have reached the maximum amount of vacation hours they can accrue.

Motion/Second: Steiner/Peixoto.
Ayes: All. Motion passed. **APPROVED AS RECOMMENDED.**

5-2. ACTION: APPROVE TERMS AND CONDITIONS OF EMPLOYMENT FOR NON-MANAGEMENT, NON-BARGAINING UNIT CLASSIFICATIONS

Charla Freckmann presented the staff report. Ms. Freckmann reported that HACA's standard practice is to apply the same terms and conditions of employment for the bargaining unit to the non-management, non-bargaining unit classifications. She explained that there are two employees at HACA who are classified as non-management and are not part of the bargaining unit.

Recommendation: Approve the same terms and conditions of employment to non-management, non-bargaining unit classifications as reflected in the Tentative Agreement approved for a successor memorandum of understanding for the bargaining unit, consistent with standard HACA practice.

Commission Discussion: None.

Motion/Second: Peixoto/Buckholz.
Ayes: All. Motion passed. **APPROVED AS RECOMMENDED.**

5-3. RESOLUTION 06-16: APPROVING UPDATE TO THE UTILITY ALLOWANCE SCHEDULE

Jennifer Cado, Senior Administrative Analyst, presented the staff report. Ms. Cado reported that an analysis of the current utility rates indicates that some rates have increased by at least 10%, which is the threshold for an update to HACA's Utility Allowance Schedule. She described the changes in the utility rates and explained that the proposed updates to HACA's Utility Allowance reflect these changes.

Recommendation: Adopt Resolution No. 06-16 approving update to the utility allowance schedule.

Commission Discussion: Chairperson Biddle asked if the rates in the Utility Allowance vary because of unit location and unit size. Ms. Cado explained that in addition to unit location and unit size, the utility rates are also affected by the utility providers which vary from city to city. Cmr. Peixoto and Ms. Cado discussed how the Utility Allowance is used in the Section 8 Housing Choice Voucher program. Cmr. Hannon and Ms. Cado discussed the anticipated costs for the next fiscal year. Cmr. Peixoto commented that many believe the increase in the costs for water are a result of the drought but are actually attributable to the costs for the Hetch Hetchy infrastructure improvements in the Fremont - Milpitas area. Chairperson Biddle commented that the drought has not impacted the water rates as much as many projected it would. Cmr. Peixoto commented that the City of Hayward has one of the lowest water rates in the state.

Motion/Second: Peixoto/Steiner.
Ayes: All. Motion passed. **APPROVED AS RECOMMENDED.**

5-4. ACTION: AMENDMENT TO MEMORANDUM OF UNDERSTANDING WITH ALAMEDA COUNTY BEHAVIORAL HEALTH CARE SERVICES DEPARTMENT

Daniel Taylor, Special Programs Manager, presented the staff report. Mr. Taylor described the Memorandum of Understanding (MOU) between the Alameda County Behavioral Health Care Services (BHCS) Department and HACA for the CHOICES and FACT programs. He explained that BHCS provides the case management and counseling for the programs' participants and that HACA administers the housing subsidy contracts and conducts the Housing Quality Standards (HQS) inspections of the units. Mr. Taylor reported that an amendment to the MOU is being proposed because BHCS has decided to terminate the CHOICES and FACT programs by January 31, 2017 and create three new programs. Mr. Taylor described these new programs, the terms of the amended MOU and HACA's role in the partnership with BHCS. He indicated that upon approval of the amended MOU, BHCS will take the MOU to the Alameda County Board of Supervisors for final approval.

Recommendation: Approve the second amendment to the memorandum of understanding with the Alameda County Behavioral Health Care Services Department and authorize the Executive Director to sign it on behalf of HACA.

Commission Discussion: Cmr. Steiner asked if those who are newly released from prison are referred to these programs and commented that there appears to be an increase in the number of people released from prison with no place to go. Mr. Taylor commented that BHCS will serve a part of the population of non-violent offenders who have been released from prison and that he recently participated in an *Everyone Home* meeting to strategize on how to address this issue. Ron Dion, Deputy Director of Programs, commented that BHCS contracts with service providers to provide services to their program participants. Cmr. Asher and Mr. Taylor discussed how the amended MOU will expand BHCS's program. Cmr. Asher asked if participants of the programs under the previous MOU will continue to receive services and Mr. Taylor indicated they would. Mr. Dion commented that one of the factors motivating BHCS to implement these changes is the desire to ensure that program participants are able to achieve stability before they reach graduation. Cmr. Steiner, Mr. Taylor and Mr. Dion discussed HACA's role in administering the housing subsidy. Cmr. Hannon commented that he supports these programs and asked if BHCS will provide reports to HACA on the success of the program participants. Mr. Taylor stated that BHCS does not provide HACA with these types of reports but that HACA and BHCS have not terminated any participants referred by BHCS, which is an indication of success. Mr. Dion explained that BHCS will report data related to the success of the programs directly to the Board of Supervisors.

Cmr. Buckholz asked what the screening process is for those who are newly released from prison and Mr. Taylor explained that because BHCS handles the case management HACA is not involved in the screening decision. Chairperson Biddle and Mr. Taylor discussed the increase in the workload for the Special Programs staff and Mr. Taylor indicated that the reimbursement HACA will receive for administering the housing subsidies is to help cover the increase in the workload.

Motion/Second: Peixoto/Asher.
Ayes: all. Motion passed. **APPROVED AS RECOMMENDED.**

5-5. INFORMATION: BUDGET STATUS REPORT

Cathy Leoncio presented the staff report. Report received.

Commission Discussion: Chairperson Biddle asked if the terms of the tentative agreement between HACA and SEIU that the Commission just passed will have an impact on the budget for the current fiscal year and Ms. Leoncio indicated there would be a slight impact.

5-6. INFORMATION: PROGRAM ACTIVITY REPORT

Daniel Taylor presented the staff report. Mr. Taylor reported that the Family Self-Sufficiency (FSS) staff recently held workshops on homeownership and child support. He also reported that HUD issued a Notice of Funding Availability for funding of FSS Coordinators and that he, Jennifer Cado and the FSS staff are working to complete the application which is due on April 20.

Commission Discussion: Cmr. Hannon asked if staff provides a report on the HQS inspections. Ms. Cado described the quality control checks for inspections through the Section Eight Management Assessment Program (SEMAP). Mr. Dion described some of the processes that are in place to ensure that HACA owned units are in good condition. Cmr. Hannon commented that he is interested in a report to ensure that units in our programs are being maintained at the highest level and asked to discuss this further with Mr. Dion after the Commission meeting. Cmr. Bacon commented that he has noticed a steady decrease in the number of Section 8 voucher holders in the cities in HACA's jurisdiction and asked what factors may be contributing to the decline. Mr. Dion explained that some factors include exceedingly high rents in HACA's jurisdiction and the low Fair Market Rents (FMRs) that were initially issued by HUD that were not in line with the current rental market. Mr. Dion further explained that the FMRs were increased by HUD after a survey revealed that the FMRs were too low and commented that this may help Section 8 program participants to successfully find housing here. Ms. Leoncio commented that high rents have resulted in a decrease in the number of Section 8 voucher holders porting into HACA's jurisdiction. Mr. Dion agreed and described what HACA is doing to help defray the costs of portability vouchers.

Cmr. Steiner and Mr. Taylor discussed the status of the ongoing national FSS study in which HACA is participating.

6. COMMISSIONER REPORTS

Cmr. Steiner announced that the groundbreaking event for the Kottinger project in Pleasanton is scheduled for May 20. She urged the Commissioners to participate in the meetings regarding Alameda County's proposed housing bond scheduled for the November ballot. Cmr. Peixoto commented that he hopes this issue does not get lost on the November ballot. Cmr. Bacon reported that a recent survey conducted by the City of Fremont revealed that housing is a top concern. Chairperson Biddle commented that the cost of housing is impacting business development in the Tri-Valley area.

Cmr. Hannon announced that the City of Newark recently approved a transit-oriented development in Newark near the Dumbarton Bridge that will include 75 affordable units for seniors.

Chairperson Biddle asked if there will be a Commission meeting in May and Mr. Dion indicated that there will be a meeting.

7. COMMUNICATIONS

None.

8. ADJOURNMENT

There being no further business to discuss Chairperson Biddle adjourned the meeting at 9:03 a.m.

Respectfully Submitted,

Melissa Taesali
Executive Assistant

Christine Gouig
Executive Director/Housing Commission Secretary

Approved: Don Biddle
Housing Commission Chairperson

NEW BUSINESS

May 11, 2016

HACA AGENDA ITEM NO.: 4-1.

HOUSING AUTHORITY OF ALAMEDA COUNTY

AGENDA STATEMENT

Meeting: May 11, 2016

Subject:	Negotiated Language Changes for Memorandum of Understanding with SEIU Local 1021 and Housing Authority Personnel Rules
Exhibits Attached:	Language Excerpts From Successor MOU and Personnel Rules Reflecting the Negotiated Changes
Recommendation:	Approve Language Changes for Successor MOU and Personnel Rules
Financial Statement:	$363,200 approximate cost for bargaining unit employees

BACKGROUND

The current MOU between the Housing Authority of the County of Alameda (HACA) and SEIU Local 1021, which represents all full time, non-confidential, non-management, office and maintenance staff employees, expired on June 4, 2015. The parties commenced formal negotiations for a successor MOU in May 2015. After 15 bargaining sessions the parties reached tentative agreement. On April 4, 2016, bargaining was concluded and a Total Tentative Agreement was reached. The bargaining unit held its ratification vote on Tuesday April 12, and the terms of the Total Tentative Agreement were approved by the membership.

DISCUSSION and ANALYSIS

Your Commission adopted by resolution the agreed upon terms and conditions reflected in the Total Tentative Agreement at your April 13, 2016 meeting.

Attached are tracked versions of the relevant provisions of the new MOU which show the contract language changes. The following provisions represent the negotiated changes for a successor MOU:

Summary of HACA/SEIU 1021 Tentative Agreement

Section 5.D.1. – Duties and Responsibilities of Shop Stewards. Expands the current provision for paid release time by allowing designated shop stewards release time (not to exceed eight hours per pay period) to investigate facts of potential grievances and allows a grievant a reasonable amount of release time.

Section 10.J. – Personal Leave. Allows employees to use their allotted personal leave in increments of less than one hour (the current provision requires a minimum of one hour).

Section 10.L. – Vacation Sell Back. Clarifies the parties' existing intent regarding the maximum number of hours that can be sold each time and the number of times employees can sell vacation each fiscal year.

Section 12.C. - COLA. 5% cost of living wage increase effective pay period 16-14.

Section 12.F. – Lump-Sum Payment. Each employee in paid status will receive a $2,000 lump-sum payment to be paid no later than May 5, 2016.

Section 35. - Term. The parties agree to a two-year contract term from June 5, 2015 through June 15, 2017.

Sometimes negotiated changes in a successor MOU also effectuate corresponding changes to the same provisions in HACA's Personnel Rules. As a result of the Total Tentative Agreement that your Commission approved on April 13, 2016, there is one change in the provision regarding Personal Leave (allows employees to use their allotted personal leave in increments of less than one hour) that will require an amendment to the Personnel Rules. Article 18.10, Personal Leave, should be amended to mirror the negotiated changes for Personal Leave in the new successor MOU.

RECOMMENDATION

1. Staff recommends your Commission approve the language changes in the new MOU as reflected in the attachment and authorize the HACA bargaining team to sign the new MOU.

2. Staff recommends your Commission approve the corresponding language changes to HACA's Personnel Rules.

MEMORANDUM OF UNDERSTANDING
BETWEEN THE HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
AND
UNITED SERVICE EMPLOYEES, LOCAL 1021

THIS MEMORANDUM OF UNDERSTANDING is entered into by the Housing Authority of the County of Alameda, said political subdivision hereafter designated as Housing Authority, and the United Service Employees, Local 1021 of the Service Employees International Union, AFL-CIO hereafter designated as "Union" as a recommendation to the Housing Authority of the County of Alameda Housing Commission of those conditions of employment which are to be in effect during the period of June ~~7~~5, 201~~3~~5 to June 415, 201~~5~~7 and for those employees working in representation units referred to in Section 1 hereof.

SECTION 1. RECOGNITION

A. The Housing Authority recognizes the Union as the exclusive bargaining representative for all full-time employees working in classifications included in the Bargaining Unit as specifically enumerated in ~~Appendix A~~ the Salary Schedule attached hereto and to any other classifications which may be established substantially within the scope of the duties now included within these classifications. The representation of the Housing Authority and Unions shall meet for the purpose of assigning any other newly-created classifications to the appropriate bargaining units within thirty days after creation. Such placement shall be by mutual consent. In case of disagreement, an arbitrator shall decide the matter.

B. In disputes between the Housing Authority and the Union over the assignment of newly created classifications to appropriate bargaining units, the arbitrator shall decide the matter on the following basis:

1. The arbitrator shall reject any claim by the Union to any newly created classification whose duties are substantially within scope of:

   (a) management designated classifications; e.g. project specialists, management specialists, administrative interns or other administrative classifications, or

   (b) classifications represented by other employee organizations.

2. The arbitrator shall reject any claim of the Union to any newly created classification which is other than full-time permanent or probationary unless the employees in such status have previously voted to be represented by the Union.

3. The arbitrator shall determine any dispute over whether or not the scope of duties of a newly created classification is substantially within the scope of duties now included within an SEIU represented classification or if a newly created classification is without clear recent precedent in the Housing Authority service, whether or not the duties of such classification are, in general character, similar to those within SEIU

grievances as they arise, exercising a positive approach. There must be mutual respect on both sides in these relations. The shop steward understands that his/her stewardship function does not relieve him/her from conforming to all rules of conduct and standards of performance established by law, regulation, Housing Authority or department policy, or Memorandum of Understanding.

C. **SELECTION OF STEWARDS.** The Union shall reserve the right to designate the method of selection of shop stewards. The Union shall notify the Executive Director in writing of the names of the stewards and the units they represent. If a change in stewards is made, the Executive Director shall be advised in writing of the steward being replaced and the steward named to take his/her place. The number of stewards shall be mutually agreed upon and a list of stewards shall be submitted to each department concerned.

D. **DUTIES AND RESPONSIBILITIES OF STEWARDS.** The following functions are understood to constitute the complete duties and responsibilities of shop stewards for which they are entitled to on-duty time:

1. After obtaining supervisory permission, shop stewards will be permitted to leave their normal work areas during on-duty time not to exceed eight (8) hours per pay period, in order to ~~assist in investigation of~~ investigate facts of potential grievances, facts and presentation of grievances and/or to represent employees in disciplinary hearings and appeals conducted pursuant to -Article 13.3. and 13.4. of the Personnel Rules. The grievant shall also be granted reasonable time off. The steward's workload may be adjusted, as deemed appropriate by the Executive Director. To obtain permission to investigate a grievance or appeal on-duty time, the steward shall advise the supervisor of the grievant-appellant, of his/her investigation of the facts, and the general nature of the grievance or appeal. The shop steward is permitted to discuss the problem with all employees immediately concerned and outside interested parties will not be contacted by stewards as part of the grievance or appeal process. The employee may be represented by a steward at such times as a grievance is reduced to writing.

2. If (in the judgment of the supervisor because of the necessity of maintaining adequate level of service) permission cannot be granted immediately to the shop steward in order to present or investigate a grievance or appeal, such permission shall be granted by the supervisor no later than the next working day from the date the shop steward was denied permission.

E. **CHANGES IN STEWARD OR NUMBER OF STEWARDS.** If management reassigns a shop steward which will leave his/her present work location without a steward, the Union shall have the right to appoint a replacement. Should the Union wish to change stewards during the grievance procedure, it may do so provided that only one steward will be allowed time off from work upon one occasion to investigate the grievance.

F. **CONDUCT OF MEETINGS.** Any meeting of shop stewards and supervisors will be held in a quiet, dignified manner. Management employees will agree to recognize and work with Union stewards in a conscientious effort to settle problems at the earliest possible step of the grievance procedure.

unanticipated emergency, shall be approved by the Executive Director and entered into department records.

B. **HOW OVERTIME IS AUTHORIZED.** No employee shall work overtime unless written authorization for overtime pay has been given by the Executive Director or his/her authorized representative in accordance with Section 7.A. herein.

C. **OVERTIME WORK DEFINED.** Overtime work shall be defined as all work performed in a work week pursuant to subparagraphs A. -and B. of this Section in excess of the work week set forth in Section 6.B.2. of this Memorandum of Understanding. Holidays and paid time off shall count toward the accumulation of the work week.

D. **OVERTIME PAYMENT.** Except as provided in the Flextime Guidelines, all overtime work shall be compensated as follows:

Employees in the Salary Schedule ~~Appendix A of~~ attached to this Memorandum of Understanding shall be compensated for all time worked in excess of thirty-seven point thirty-two (37.32) or thirty-seven point sixty-eight (37.68) hours in a week and less than forty (40) hours in a week at straight time plus compensatory time off at the rate of one-half (½) times the number of hours or fractions of hours worked and shall be compensated at one and one-half (1½) times the regular rate for work after forty (40) hours in a week, provided that employees shown to be on a forty (40)-hour work week and shall be compensated at one and one-half (1½) times the regular rate for work after forty (40) hours in a week.

E. **REGULAR RATE DEFINED.** For purposes of this Section, regular rate shall be defined as the total compensation during the work week as defined by the Department of Labor's regulations relating to the Fair Labor Standards Act divided by the total number of hours worked that week. This amount shall be no less than the hourly rate calculated by dividing the employee's bi-weekly salary as defined in ~~Appendix A~~ the Salary Schedule by the number of hours in the employee's regular bi-weekly schedule as defined in ~~Appendix A~~ the Salary Schedule-.

F. **WHEN OVERTIME SHALL BE PAID.** Compensation for overtime work shall be paid not later than the completion of the pay period next succeeding the pay period in which such overtime was earned.

G. **WHEN COMPENSATING TIME OFF MAY BE TAKEN OR PAID FOR.** Accumulated compensating time off should be taken off within twenty-six (26) pay periods following the pay period in which it was earned. Scheduling of compensating time off shall be by mutual agreement of the employee and the unit supervisor, provided that the unit supervisor may require that an employee adjust his/her work week in order to avoid overtime penalties and, provided further, that the Unit Supervisor shall schedule compensating time off for all accumulated compensating time off in excess of eighty (80) hours.

Compensating time off due an employee must be granted to such employee prior to his/her separation, but not in an amount exceeding an aggregate of eighty (80) hours.

In the administration of this Paragraph 2., the Executive Director shall post seniority lists, lists of the number of employees by classification allowed to be on vacation at one time or for any period, and blank calendars or other means which shall make it possible for employees to submit their three (3) choices and to determine which employees have applied for which vacation periods.

An employee shall be allowed to divide his/her vacation leave in any calendar year into two (2) segments. The Executive Director, at his/her discretion, may grant an employee additional segments of vacation. These segments are to be in addition to any segments of vacation leave used as personal leave as defined in Section 10.J.

J. **PERSONAL LEAVE.** An employee shall be allowed three (3) days in any calendar year from his/her regular vacation allowance for personal leave. The employee's supervisor shall not deny a request for this leave except for reasons critical to the operation of the Housing Authority. Employees shall be allowed to use personal leave in increments of less than one (1) hour. ~~Such personal leave shall be in segments of one (1) hour or more. Effective January 1, 2012, employees may not use personal leave of more than four (4) hours in any day until they have used all three (3) of their floating furlough days.~~

K. **RATE OF VACATION PAY.** Compensation during vacation shall be at the rate of compensation which such person would have been entitled to receive, including premium pay, if in active service during such vacation period.

L. **VACATION SELL BACK.** Employees are eligible to sell back vacation subject to the following conditions:

1. Employees can sell back a maximum of ~~up to~~ seventy-five (75) or eighty (80) vacation hours depending upon classification, as indicated in the Salary Schedule ~~Appendix A.~~, each time the employee exercises the cash-out option for a maximum of two-hundred and twenty-five (225) hours or two-hundred and forty (240) hours per fiscal year.

2. Employees can exercise this option a maximum of three (3) times per fiscal year.

3. Employees must have thirty-seven point five (37.5) or forty (40) vacation hours accrued depending upon classification, as indicated in the Salary Schedule ~~Appendix A.~~ remaining after the sell back.

4. Employees at the maximum accrual balance of two times their annual vacation accrual shall receive floating holidays in lieu of vacation time for the Reward of Non Usage of Sick Leave contained in the Housing Authority Personnel Rules -Articles 19.14 and 19.15.

M. **VACATION PURCHASE PLAN:** During the first full pay period in the month of September, employees may elect, by submitting a written request, to the Executive Director or his/her designee, to purchase forty (40) hours of vacation leave. The Housing Authority shall then pay the employee, two hours less pay on each paycheck for twenty (20) pay periods, after which the employee shall

E. **CUMULATIVE SICK LEAVE PLAN.** Each employee shall accumulate sick leave with pay entitlement at the rate of 3.75 or 4.0 hours depending upon classification, as indicated in ~~Appendix A~~ the attached Salary Schedule, for each full bi-weekly pay period on paid status up to a maximum accumulation of nine-hundred thirty-seven point five (937.5) or one-thousand (1,000) hours, depending upon classification as indicated in the ~~Appendix A~~ Salary Schedule, of unused sick leave with pay entitlement. The unit supervisor shall grant to such an employee, for those causes set forth in Paragraph A. hereof, sick leave with pay, but not in excess of his/her accumulated unused sick leave with pay entitlement. When an employee reaches the maximum accumulation of nine-hundred thirty-seven point five (937.5) or one-thousand (1,000) hours, depending upon classification as indicated in the ~~Appendix A~~ Salary Schedule, of sick leave with pay, he/she shall have this total reduced to nine-hundred and seven point five (907.5) hours or nine-hundred sixty-eight (968) hours of sick leave, depending upon classification as indicated in the ~~Appendix A~~ Salary Schedule, with pay and be granted an additional 16.66 hours or 17.80 hours of vacation, depending upon classification as indicated in the ~~Appendix A~~ Salary Schedule.

F. **MEDICAL REPORT.** The Executive Director, as a condition of granting sick leave with pay, may require medical evidence of sickness or injury acceptable to the Housing Authority.

G. **KIN CARE.** An employee shall be entitled to up to sixty (60) hours per calendar year of accrued paid sick leave to attend to the illness of his/her child, grandchild, parent, spouse or (registered) domestic partner (see Addendum A). For the purpose of this section, "child" shall include biological, foster, adopted, stepchild, legal ward, child of a (registered) domestic partner or a child of a person standing in loco parentis. For the purpose of this section, parent shall include biological, foster, adoptive, stepparent or legal guardian. To qualify for leave under this section the absence must be consistent with the uses of sick leave in Section 11.A. herein.

H. **CATASTROPHIC SICK LEAVE PROGRAM.** Effective June 23, 1991, an employee may be eligible to receive donations of paid leave to be included in the employee's sick leave balance if he/she, his/her spouse, his/her child or his/her domestic partner has suffered a catastrophic illness or injury which prevents the employee from being able to work. Catastrophic illness or injury is defined as a critical medical condition considered to be terminal, a long-term major physical impairment or disability.

Eligibility:

1. The tenured recipient employee, recipient employee's family, or other person designated in writing by the recipient employee must submit a request to the Personnel Officer.

2. The recipient employee is not eligible so long as he/she has paid leave(s) available, however, the request may be initiated prior to the anticipated date leave balances will be exhausted. The Housing Authority will make a good faith effort to notify employees who are on extended sick leave when it becomes apparent that their leave balances may soon be exhausted. Failure to notify the employee creates no liability on the part of the Housing Authority for losses the employee may incur.

3. A medical verification including diagnosis and prognosis must be provided by the recipient employee.

4. A recipient employee is eligible to receive six-hundred and seventy-five (675) hours or seven-hundred and twenty (720) hours depending upon classification, as indicated in Appendix A, of donated time per employment.

5. Donations shall be made in increments of 4.16 or 4.44 hours, at a minimum (depending on classification) and are irrevocable. The maximum that may be donated in a calendar year is six (6) donor employee's days per recipient.

6. The donor employee may donate sick leave (up to 16.66 or 17.80 hours depending on classification), so long as two-hundred and fifty (250) hours of sick leave are maintained in an employee's accrued sick leave balance after the donation), vacation, compensatory time or in lieu holiday time which shall be converted to recipient employee's sick leave balance and all sick leave provisions will apply. Time donated in any pay period may be used in the following periods. No retroactive donations will be permitted.

7. The donor's hourly value will be converted to the recipient's hourly value and then added to the recipient's sick leave balance on a dollar-for-dollar basis.

8. The recipient employee's entitlement to personal disability leave will be reduced by the number of hours added to the recipient's sick leave balance.

9. The determination of the employee's eligibility for catastrophic sick leave donation shall be at the Housing Authority's sole discretion and shall be final and non-grievable.

10. The Housing Authority shall notify the union when an employee has been approved for this program. The Union may notify its members of the employee's eligibility.

I. **SICK LEAVE CREDIT AT RETIREMENT**. Housing Authority employees who are members of the Alameda County Employees' Retirement System and who retire, shall be credited for fifty percent (50%) of their unused paid sick leave accumulated as of the date of their retirement, up to a maximum credit of sixty (60) days.

J. **FAMILY/MEDICAL LEAVE.** Employees might be eligible for leave under the Family and Medical Leave Act (FMLA), the California Family Rights Act (CFRA) and/or the Pregnancy Disability Act (PDA). Employees may review Authority policy and/or inquire with Human Resources for details.

SECTION 12. WAGES

A. A $2,000.00 one-time lump sum payment will be made to all bargaining unit members in paid status to be paid no later than May 5, 2016. ~~The following unpaid furlough days have been agreed to for the term of this Agreement:~~

~~All employees shall be required to take four (4) unpaid furlough days over the balance of calendar year 2014. Unpaid furlough days nonetheless constitute service for purposes of retirement benefits and the Authority shall make the employer retirement contributions for all designated unpaid furlough days. The unpaid furlough days are designated as follows:~~

~~1. No floating holiday earned for July 4, 2014 because the Independence Day holiday falls on a Housing Authority non-work Friday.~~

~~2. September 8, 2014 will be an unpaid furlough day. This is the Monday before the Admission Day holiday.~~

~~3. October 13, 2014 will be an unpaid furlough day *unless* the employee schedules one floating unpaid furlough day with the employee's supervisor's approval by Monday, September 15, 2014.~~

~~4. December 26, 2014 will be an unpaid furlough day.~~

B. ~~Step increases will be implemented as follows:~~

~~First, the Authority will advance employees who were subject to the original wage freeze one salary step for their current job classification if they qualify for the step increase based on their service. This step increase will be implemented on the first full pay period after Commission adoption of this Agreement.~~

~~Second, on the first full pay period which begins six (6) months after Commission adoption of this Agreement, the Authority will advance the same employees subject to the original wage freeze any additional steps to place them at the step they would have occupied without the wage freeze.~~

Step increases shall be awarded in accordance with Article 3.2.1. of the Personnel Rules.

C. A ~~two~~ five percent (~~2~~5%) cost of living adjustment will be implemented effective with pay period 16-14~~June 7, 2014~~, which corresponds to the pay date of July 14, 2016. ~~On December 5, 2014, an additional one-half percent (.5%) cost of living adjustment will be implemented.~~

D. The Authority agrees to freeze an Administrative Clerk position for the duration of this Memorandum of Understanding.

E. ~~The parties agree to re-open this section of the Memorandum of Understanding if the federal Housing and Urban Development Administrative Fee falls below seventy-five percent (75%) or rises above eighty-five percent (85%). This provision applies only to the term of this Memorandum of Understanding and only to the current Housing Choice Voucher funding formula.~~

SECTION 13. PREMIUM CONDITIONS

A. **FOR CALL-BACK.** An employee called back to work shall be compensated at the premium overtime rate for such work, provided, however, that the minimum compensation shall be two (2) hours at the overtime rate.

B. **FOR TEMPORARY ASSIGNMENT TO A HIGHER LEVEL VACANCY.** An employee specifically assigned on a temporary basis to a higher level position in which there is no appointed incumbent or in which the appointed incumbent is on paid or unpaid leave shall be compensated at the pay rate for the higher level position if the service in such position exceeds ten (10) days in any twelve (12)-month period, which payment shall be retroactive to the first day of such services; provided, however, that the full range of duties of the higher level position has been specifically assigned in writing by the Executive Director or his/her designee. For the purpose of this Section, the pay rate for the higher level position shall be calculated as if the employee had been promoted to such position pursuant to Article 3.7 of the Personnel Rules.

C. **REPORTING PAY.** In the event that a regular full-time employee is scheduled or directed to report for work and so reports and is told by the Housing Authority that his/her services are not required, he/she will be entitled to two (2) hours pay at the straight time rate. If such employee is sent home through no fault of his/her own before completion of his/her workday, such employee will be entitled to a minimum of four (4) hours of pay at the straight time rate or straight time pay for hours actually worked, whichever is greater.

D. **BILINGUAL PAY.** Upon the recommendation of the department manager and the approval of the Executive Director, an employee occupying a position designated as requiring fluency in a language other than English shall receive fifty dollars ($50.00) per pay period. If the County of Alameda raises this benefit for SEIU represented employees above what the Housing Authority pays during the term of this Memorandum of Understanding, Housing Authority bilingual employees will receive the same bilingual compensation.

SECTION 14. HEALTH PLANS

A. From the date of adoption of this Agreement and to the end of the term of this Agreement on June ~~4~~15, 201~~5~~7, the Housing Authority shall contribute 96% toward the monthly premium amount for the Kaiser Health Service Plan for all eligible employees and their dependents. Employees shall pay any difference between the Housing Authority contribution and the full amount of the premium of the plan and benefit level.

B. For the contract period of this Memorandum of Understanding, the Housing Authority shall contribute toward the monthly provider's charge for a dental plan for all eligible employees and their dependents an amount equal to and for a plan equal to that paid for by the County of Alameda for SEIU Local 1021 represented employees.

Except as provided in the "Savings Clause", each party agrees that the other shall not be obligated to bargain collectively, during the term of this Memorandum of Understanding, with respect to any subject matter that could have been bargained, or that is referred to or addressed in this Memorandum of Understanding. Any and all prior or existing Memoranda of Understanding, understandings, or agreements that conflict with the matters set forth herein, whether formal or informal, are hereby superseded and terminated in their entirety. Existing policies, rules, ordinances and resolutions that do not conflict with the matters set forth herein remain in effect.

SECTION 33. ENACTMENT

It is agreed that the foregoing shall be jointly submitted to the Housing Authority of the County of Alameda Housing Commission by the Executive Director and the Unions for the Commissioners' consideration and approval.

Upon such adoption, the provisions of this Memorandum of Understanding shall supersede and control over conflicting or inconsistent Housing Authority resolutions.

SECTION 34. NO STRIKE/NO LOCKOUT

A. During the term of the Agreement, SEIU, its members and representatives agree that it and they will not engage in, authorize, or sanction a strike, stoppage of work, or withdrawal of service.

B. The Housing Authority will not lockout employees during the term of this Memorandum of Understanding.

SECTION 35. TERM OF MEMORANDUM

This Memorandum of Understanding shall become effective as of June ~~7~~5, 201~~3~~5, except as otherwise provided herein, upon the approval of the Housing Authority of the County of Alameda Housing Commission and shall remain in effect up to and including June ~~4~~15, 201~~5~~7.

Signed and entered into this ____________ day of ___________________________ 2016.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA:	SEIU LOCAL 1021:

HOUSING AUTHORITY OF ALAMEDA COUNTY
BI-WEEKLY SCHEDULE - FISCAL YEAR 2016-17
COLA Increase 5.00%
EFFECTIVE DATE: 6/17/2016 pp 16-14

							APPROXIMATE					Hourly Rates		
ITEM #	CLASSIFICATION	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	LOW	HIGH	HOURLY	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
							Monthly							
3604	Clerical Aide	0.00	0.00	0.00	0.00	1,055.30	2,286	2,286	75	-	-	-	-	14.07
3615	Eligibility Clerk	0.00	1,616.40	1,682.60	1,753.30	1,822.30	3,502	3,948	75	-	21.55	22.43	23.38	24.30
3618	Administrative Clerk	1,714.90	1,788.00	1,858.50	1,952.60	2,031.20	3,716	4,401	75	22.87	23.84	24.78	26.03	27.08
3622	Account Specialist	1,793.40	1,873.90	1,954.40	2,042.00	2,131.50	3,886	4,618	75	23.91	24.99	26.06	27.23	28.42
3625	Stenographer	0.00	0.00	1,694.20	1,776.60	1,852.60	3,671	4,014	75	-	-	22.59	23.69	24.70
3635	Eligibility Technician	1,901.80	2,002.40	2,085.60	2,165.90	2,259.90	4,121	4,896	75	25.36	26.70	27.81	28.88	30.13
3638	Eligibility Leadworker	2,112.70	2,209.50	2,322.80	2,419.70	2,536.60	4,578	5,496	75	28.17	29.46	30.97	32.26	33.82
3640	Housing Technician	1,831.30	1,926.90	2,019.20	2,120.30	2,225.00	3,968	4,821	75	24.42	25.69	26.92	28.27	29.67
3645	Housing Op Trainee	0.00	0.00	0.00	0.00	1,950.20	4,225	4,225	75	-	-	-	-	26.00
3650	Housing Specialist	2,247.20	2,350.30	2,458.80	2,578.20	2,696.50	4,869	5,842	75	29.96	31.34	32.78	34.38	35.95
3652	Housing Inspector	1,959.00	2,037.50	2,136.10	2,243.50	2,349.50	4,245	5,091	75	26.12	27.17	28.48	29.91	31.33
3655	Housing Management Assistant	2,023.00	2,116.10	2,211.10	2,322.30	2,426.30	4,383	5,257	75	26.97	28.21	29.48	30.96	32.35
3656	Leasing Svc Leadworker	2,424.60	2,544.80	2,671.20	2,805.80	2,943.30	5,253	6,377	75	32.33	33.93	35.62	37.41	39.24
3657	Housing Manager	2,424.60	2,544.70	2,671.20	2,805.80	2,943.30	5,253	6,377	75	32.33	33.93	35.62	37.41	39.24
3658	Housing Management Leadworker	2,587.30	2,723.50	2,866.80	3,017.70	3,176.60	5,606	6,883	75	34.50	36.31	38.22	40.24	42.35
3662	FSS Coordinator	2,023.00	2,116.10	2,211.10	2,322.30	2,426.30	4,383	5,257	75	26.97	28.21	29.48	30.96	32.35
3661	FSS Leadworker	2,225.50	2,327.70	2,432.20	2,554.40	2,668.80	4,822	5,782	75	29.67	31.04	32.43	34.06	35.58
3626	Secretary	1,756.00	1,845.50	1,938.60	2,038.10	2,139.00	3,805	4,635	75	23.41	24.61	25.85	27.17	28.52
3690	Groundsworker	1,874.90	1,952.30	2,053.50	2,139.50	2,234.90	4,062	4,842	80	23.44	24.40	25.67	26.74	29.80
3680	Hsg Maintenance Worker I	0.00	0.00	1,755.60	1,840.50	1,908.40	3,804	4,135	80	-	-	21.95	23.01	25.45
3685	Hsg Maintenance Worker II	0.00	0.00	0.00	0.00	2,610.10	5,655	5,655	80	-	-	-	-	34.80

Section 18.9 WHEN VACATION MAY BE TAKEN

The Executive Director or the Supervisor shall, in each case, determine when vacation leave may be taken. Seniority in Authority service among employees in a classification and working unit, consistent with Authority operating requirements, shall be the basis on which vacation schedule conflicts are resolved.

In the event of a tie in Housing Authority service in a classification within a scheduling unit the following applies in this order:

1. Employee with longest total service in the scheduling unit (less LWOP)
2. Employee with longest service in the classification (less LWOP)
3. Employee with longest Housing Authority service (less LWOP)

Subsequent vacation requests within the same calendar year shall be resolved in favor of the most senior employee who has not, by virtue of his/her senior position, previously had such a conflict resolved in his/ her favor during the calendar year. In the event of vacation schedule conflict among employees, all of whom have, by virtue of their senior position, had such conflicts resolved in their favor during the calendar year, the senior employee who has had the least number of conflicts resolved in his/her favor shall prevail.

Section 18.10 PERSONAL LEAVE

An employee shall be allowed three days in any ~~52-week period~~ calendar year from his/her regular vacation allowance for personal leave. The employee's supervisor shall not deny a request for this leave except for reasons critical to the operation of ~~his/her department.~~the Housing Authority. ~~Such personal leave shall be in segments of one hour or more.~~ Employees shall be allowed to use personal leave in increments of less than one (1) hour.

Section 18.11 RATE OF VACATION PAY

Compensation during vacation shall be at the rate of compensation which such person would have been entitled to receive, including premium pay, if in active service during such vacation period.

Section 18.12 EXEMPT POSITIONS

Incumbents in the following categories do not earn vacation credit:

a. Trainee or student positions, except as otherwise provided in an applicable Memorandum of Understanding between the Commission and a recognized employee organization; provided however, that a maximum of 26 weeks' vacation credit for full time service in trainee or student positions may be given if such service and subsequent service in a regular position is continuous.

b. Persons in classifications designated intermittent or by letter "N".

Section 18.13 VACATION ENTITLEMENT FOR EMPLOYEES REGULARLY SCHEDULED TO WORK LESS THAN FULL TIME

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: May 11, 2016

Subject:	Management Class Annual Comparability Adjustment
Exhibits Attached:	2015 Management Class Comparability Survey Results – Cost of Living Adjustment (COLA)
Recommendation:	Approve recommended annual salary adjustment of 2.9% retroactive to June 6, 2015, the beginning of the first pay period of the fiscal year, and continue the Management Compensation Policy
Financial Statement:	$41,127

BACKGROUND

Thirty years ago, in June of 1986, the Housing Commission adopted various components for setting and maintaining compensation for management employees. Taken together these components are referred to as the Management Compensation Policy. In 2003, the Commission appointed a sub-committee to review the various methodologies used for setting and maintaining compensation. The sub-committee affirmed the Management Compensation Policy and its practices with a few recommended changes regarding the then-existing comparability pool. Over the years, the comparability pool has been adjusted a few times, adding and deleting agencies. However, the underlying practice of maintaining and implementing the various components of the management compensation policy has remained consistent.

The core components of the Management Compensation Policy are:

- Conduct an annual cost of living adjustment (COLA) survey by assessing cost of living adjustments granted to management employees in the comparability pool, calculating the mean (average) of those adjustments and applying them to both employees' salaries and HACA's salary range structure;

- Conduct a triennial survey to review HACA's management positions and compare them to similar positions within our comparability pool to insure that they are assigned a pay range at the median (middle) rate of comparable positions within the pool or are tied to another classification internally; and

- As part of the triennial survey, review total compensation programs for management classifications to make sure that HACA's program is competitive.

DISCUSSION and ANALYSIS

The annual COLA comparability survey is usually conducted in the Fall of each year because public agencies adopt their annual budgets prior to granting management employee increases and often the increase is not known until July, August or even later. The results of the annual survey are attached. At the October 8, 2014 meeting, with respect to COLAs, your Commission modified the methodology to allow rounding of the survey results to the nearest tenth of a percent. The average adjustment for the agencies in the pool this year is 2.90%. The proposed management employee COLA is retroactive to June 6, 2015, the first pay period in the fiscal year.

Staff recommends that your Commission approve the COLA as described above. Along with accepting the results of the survey and directing staff to implement the results, it has been your Commission's practice to direct staff to continue the practices and procedures of the Management Compensation Policy going forward.

SURVEY SUMMARY

HACA Management Cost of Living Allowance (COLA)

Fiscal Year 2015 - 2016

AGENCY	COLA	DATE
Alameda City Housing Authority	3.0%	effective 7/1/15
City of Fremont	3.0%	effective 6/30/15
City of Hayward	3.0%	effective 7/1/15
Richmond Housing Authority	3.0%	2% 1/1/15; 2% 7/1/15
City of San Leandro	4.0%	effective 6/1/15
City of San Mateo	2.0%	effective 7/5/15
Contra Costa Co. Housing Authority	1.5%	effective 1/1/15
County of Alameda	2.0%	effective 1/4/15
San Mateo County Housing Authority	2.5%	effective 10/1/15
Santa Clara County Housing Authority	2.5%	effective 7/1/15
Marin Housing Authority	5.0%	effective 6/1/15
Oakland Housing Authority	3.0%	effective 7/1/15

total agencies=12

Average COLA: ***Actual COLA is 2.875% rounded to the nearest tenth:*** **2.9%**

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: May 11, 2016

Subject:	Audit for the Fiscal Year Ending June 30, 2015
Exhibits Attached:	- Letters to the Commission - Attachment A: Audit Reports
Recommendation:	Accept Reports

BACKGROUND

The Housing Authority's (HACA) audit for the fiscal year ending June 30, 2015 was completed by the auditors, Patel & Associates, LLP on March 28, 2016.

Patel & Associates, LLP performed a "single audit," as HACA received over $750,000 of federal funding during the fiscal year, and the audit was designed and conducted in the areas of financial operation, internal control and OMB Circular A-133 compliance.

Included in the audit report is HACA's non-profit component unit, Preserving Alameda County Housing, Inc. (PACH). Formed in March 2011, PACH was in its fourth year of operations during the audited fiscal year.

DISCUSSION and ANALYSIS

Independent Auditor's Report (pages 1-3)
In the independent auditor's report addressed to the Board of Commissioners, Patel & Associates, LLP opines that HACA's financial statements at the fiscal year ending June 30, 2015 were stated fairly in all material respects.

Management's Discussion and Analysis (MD&A) (pages 4-10)
The MD&A serves as an introduction to the agency-wide financial statements and is an overview of HACA's financial activity. It highlights changes in our financial position as well as identifies significant financial and individual fund issues. It also discusses the current year's results in comparison to the prior year's, with emphasis on the current year.

The *Statement of Net Position* presents information about HACA's financial and capital resources (assets) and its obligations to creditors (liabilities), and is similar to a balance sheet. The *Authority-Wide Statement of Net Position* is shown on Table 1, page 6.

- Total assets and deferred outflow of resources was $41.95 million.
- Total liabilities and deferred inflow of resources was $9.97 million.
- Total assets exceeded total liabilities by $31.98 million (net position) and consist of the following:

    - $15.64 million are invested in capital assets. This includes land, building and improvements, and furniture and equipment net of accumulated depreciation.
    - $11.58 million are restricted net position and consist of restricted monies received from the net proceeds of the disposition of Arroyo Vista public housing that was loaned to the redeveloper of the site, plus accrued interest.
    - $4.76 million are unrestricted net position and include the Housing Development Fund and reserves for Park Terrace (Hayward), Ocean Avenue (Emeryville), Public Housing and Housing Choice Voucher (HCV).

While total assets were slightly lower than the prior year, total liabilities increased substantially, though not unexpectedly. This is due to the recognition of net pension liability (NPL) in accordance with the new reporting requirements as of June 30, 2015, issued by the Governmental Accounting Standards Board (GASB Statements No. 68 and 71) amounting to $7.45 million. The implementation of these Statements required that a prior period adjustment of $4.41 million be made to HACA's previously reported June 30, 2014 net position balance, decreasing it from $42.60 million to $38.19 million.

The NPL is equal to total pension liability minus the plan assets. The valuation was provided by the Alameda County Employees' Retirement Association (ACERA), our pension plan administrator. An actuarial valuation of pension plan assets and liabilities was done with a measurement date of December 31, 2014. HACA's proportionate share of the NPL was based on the ratio of its employer contributions to the total contributions for the membership class, which is 0.706%.

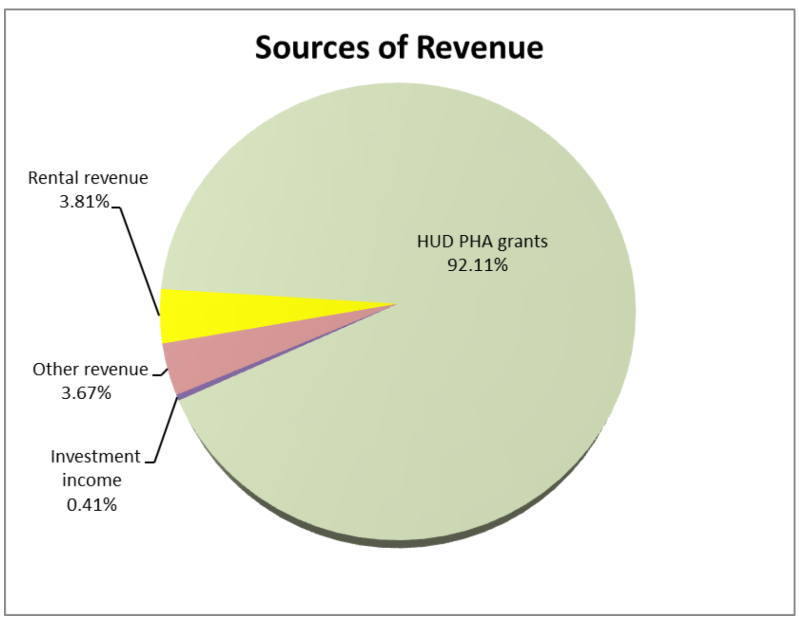
In determining the pension expense, any differences between projected and actual investments are recognized over a period of five years, beginning with the year in which they occur. Differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with pensions (5.68 years). Recognition of inflows (revenues) and outflows (expenses) is deferred to a future period to which they are related. The net deferred outflow of resources of $1.68 million will be recognized as pension expense starting in the fiscal year ending June 30, 2016. Please refer to Notes 1(d) (e), 6 and 7 on pages 17-18 and pages 24-32 for more information.

The *Statement of Revenues, Expenses and Changes in Net Position* reports HACA's revenues by source and type and its expenses by category to substantiate the change in net position (similar to net income or loss) for the fiscal year.

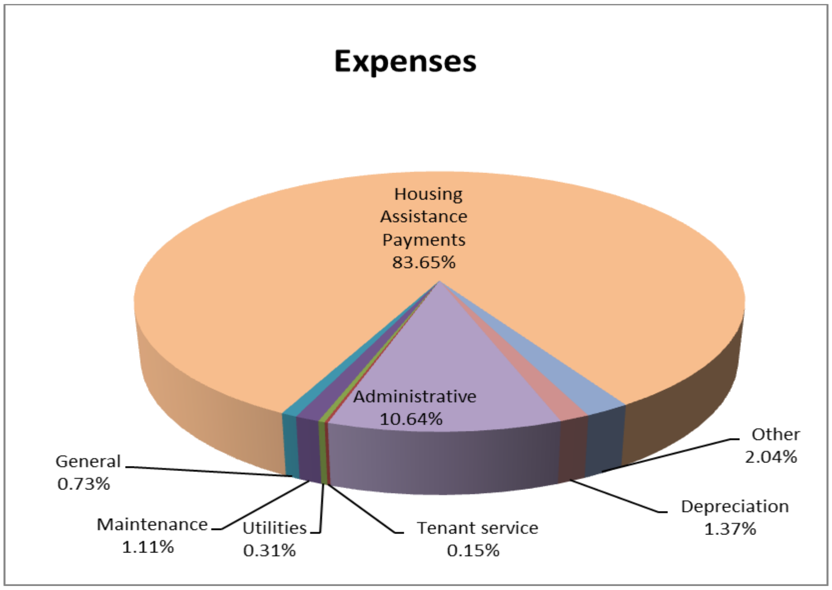
- Table 2 on page 7 shows total revenue of $85.53 million compared to $88.80 million in 2014, a decrease of $3.27 million.

    - HUD provided 92% of HACA's total revenue ($78.78 million) so changes in HUD funding greatly impact operating results. The HCV program funding represents the majority of HACA's total operating subsidies and grants revenue. The HCV program received $3.44 million less funding from HUD and used all of its restricted net position (HAP reserves on hand) in 2015.

    - Rental revenue increased by 8% from the previous year, mainly due to the change in the contract rents for the 158 former public housing units disposed to PACH and converted to Section 8 project-based vouchers.



- Total expenses were $91.74 million compared to $91.71 million in 2014, an increase of $30,000. General expenses increased due to the office relocation while the Atherton office was being remodeled. The largest program expenditure as reflected in the chart was for HAP.



Audited Financial Statements (pages 11-13 and 38-41)

Patel & Associates, LLP conducted an audit of the financial statements of each of the programs administered by HACA. Each program is considered a separate accounting entity with its own assets, liabilities, net position, revenues and expenses.

Page 11 shows the *Statement of Net Position* for all programs. Page 38 shows the individual funds that make up the total.

The Low Rent Public Housing program has total net position of $15.14 million, which includes net restricted position of $11.58 million and net unrestricted position of $1.46 million.

The Housing Choice Voucher program has total net position of -$3.83 million.

The Housing Development Fund has a total net position balance of $12.58 million.

PACH has assets of $5.76 million, liabilities of $0.15 million and net position of $5.60 million.

Park Terrace has a net position balance of $1.48 million and Ocean Avenue has $0.84 million.

Pages 12 and 39 show the *Statement of Revenues, Expenses and Changes in Net Position*. As your Commission will note, the change in net position includes depreciation expense. While depreciation is treated as an expense that reduces the results of operations, it does not have an impact on restricted or unrestricted net position. When the depreciation expense and, in some instances, changes due to acquisitions, dispositions and improvements of capital assets are excluded, the change in net position balances shows the actual income or loss for the year.

HACA's Low Rent Public Housing program had income of $121,822.

The HCV program had a net loss of $6.22M, which is a combination of a loss of $4.82M due to less funding received compared to HAP payments made and an operating loss of $1.40M (primarily due to GASB 68 implementation).

The Housing Development Fund had a net loss of $677,119.

PACH had a net operating income of $1.43M.

Ocean Avenue had net income $20,357.

Park Terrace had a net income of $48,839.

Summary of Auditor's Reports

The following were reported in the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and the Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133 (pages 45-49)*:

- No material weaknesses or significant deficiencies were identified from the testing and evaluation of HACA's internal control system.
- In testing HACA's compliance with certain provisions and requirements applicable to the programs it administered, the auditors did not identify any instances of noncompliance with program requirements.

Schedule of Findings and Questioned Costs

Section 1 – *Summary of Auditor's Results* (page 49)

Patel & Associates, LLP issued an unmodified opinion on HACA's financial statements. This means that HACA complied with Generally Accepted Accounting Principles (GAAP) and that our financial statements were presented, in all material aspects, appropriately and fairly. HACA is considered a low-risk auditee based on past experience and overall evaluation of its operations and because a single audit has been conducted in prior years where there were no material weaknesses identified.

Sections II and III (page 50) – There were no financial statement findings or non-compliance issues identified.

The prior year findings regarding HQS enforcement have been implemented (page 51).

Annual Capital Fund

Every year, HUD provides Capital Funds to housing authorities for the development, financing, and modernization of public housing developments and for management improvements. Upon expenditure of all funds for a given grant year, a housing authority must submit to HUD an audited Actual Modernization Cost Certificate (AMCC-HUD form 53001) for review and approval for audit. After audit verification, HUD approves the AMCC.

The Capital Fund grants awarded to HACA for calendar year 2015 were reviewed by Patel & Associates, LLP as part of the audit. The auditor determined that the total cost was $182,630, that all costs have been paid and liabilities discharged and that HACA did not incur any budget overruns. The work funded was completed within the fiscal year and the grant is closed.

RECOMMENDATION

Staff recommends that your Commission accept the audited financial statements and reports for all HACA programs for the fiscal year ended June 30, 2015 and approve the AMCC.

Patel & Associates, LLP
Certified Public Accountants

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The Board of Commissioners
Housing Authority of the County of Alameda
Alameda, California

We have audited the financial statements of the business-type activities of the Housing Authority of the County of Alameda (the "Authority") for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133 as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 20, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2015, except as mentioned below. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The Authority has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2015. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

- Management's estimate of the useful lives of fixed assets have been estimated based on the intended use and are within generally accepted accounting principles guideline.

- Management's estimate of fair value of Note and accounts receivable and consideration of provision of bad debt allowance.

- Management's estimate of pension liability, accrued and other liabilities.

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Disclosures: Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of pension plan and liability in Note 6.
- The disclosure of note receivable in the amount of $11 million from Eden Dougherty, LLP in Note 13.
- The disclosure of the blended component unit in Note 14.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit:

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 28, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual enterprise fund by fund source and Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Patel & Associates, LLP
Oakland, California
March 28, 2016

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: May 11, 2016

Subject:	Section 8 Administrative Plan Policy Revisions
Exhibits Attached:	Redline Summary of Policy Revisions
Recommendation:	Approve Proposed Policy Revisions

BACKGROUND

HACA's Section 8 Housing Choice Voucher (HCV) Program Administrative Plan (Admin Plan) sets forth HACA's policies for administering the Section 8 Program in a manner consistent with HUD requirements and HACA's Agency Plan—its policies, programs, operations, and strategies for meeting local housing needs and goals. HACA's Admin Plan is available for public review.

From time to time it becomes necessary to amend the Admin Plan in order to incorporate changed HUD regulations, revised HACA practices or program initiatives, or to make clarifications or corrections. Amendments that change HACA policy are brought to your Housing Commission for approval.

DISCUSSION and ANALYSIS

A red-line version of the HACA policy changes follows.

Chapter 5 – Briefings

Per revised HUD regulations, deletes the HACA Policy under Suspension of Voucher Term and replaces all text in the Section with the revised requirement that the Public Housing Authority (PHA) must provide for suspension of the initial or any extended term of the voucher from the date the family submits a request for PHA approval of the tenancy until the date the PHA notifies the family in writing whether the request has been approved or denied.

Chapter 10 – Moving

Per revised HUD regulations, incorporates changes in the role of the initial and receiving PHAs in portability moves. These include:

- extending the deadline for submission of initial billing from 60 to 90 days following the expiration date of the voucher issued to the family by the initial PHA;

- allowing, at any time, either the initial PHA or the receiving PHA to make a determination to deny or terminate assistance with the family in accordance with 24 CFR 982.552 and 24 CFR 982.553; and

- requiring that the term of the receiving PHA's voucher may not expire before 30 calendar days from the expiration of the term of the initial PHA's voucher.

Chapter 13 – Owners

Deletes the entire **Section 13-II.G Foreclosure** (as the tenant protections under the underlying Protecting Tenants at Foreclosure Act sunset on December 31, 2014.)

Staff recommends that your Commission approve the revisions to the Admin Plan. Once approved, staff training will be conducted and the revised Plan will be implemented.

Suspensions of Voucher Term [24 CFR 982.303(c)]

The PHA must provide for suspension of the initial or any extended term of the voucher from the date the family submits a request for PHA approval of the tenancy until the date the PHA notifies the family in writing whether the request has been approved or denied.~~At its discretion, HACA may adopt a policy to suspend the housing choice voucher term if the family has submitted a Request for Tenancy Approval (RTA) during the voucher term. “Suspension” means stopping the clock on a family’s voucher term from the time a family submits the RTA until the time HACA approves or denies the request [24 CFR 982.4]. HACA’s determination not to suspend a voucher term is not subject to informal review [24 CFR 982.554(c)(4)].~~

~~HACA Policy~~

~~When a Request for Tenancy Approval and proposed lease is received by HACA, the term of the voucher will be suspended while HACA processes the request.~~

~~When HACA denies a request for tenancy, the family will be notified immediately that the clock on the voucher term has restarted. The notice will include the new expiration date of the voucher.~~

Expiration of Voucher Term

Once a family’s housing choice voucher term (including any extensions) expires before the PHA has approved a tenancy, the PHA will require the family to reapply for assistance.~~, the family is no longer eligible to search for housing under the program and its program participation ends.~~

Initial Billing Deadline [Notice PIH 2012-42, Letter to Executive Directors, 9/15/15]

~~When the initial PHA sends form HUD-52665 to the receiving PHA, it specifies in Part I the deadline by which it must receive the initial billing notice from the receiving PHA. This~~The deadline for submission of initial billing is ~~60~~ 90 days following the expiration date of the voucher issued to the family by the initial PHA. If the initial PHA does not receive a billing notice by the deadline and does not intend to honor a late billing submission, it must contact the receiving PHA to determine the status of the family. If the receiving PHA reports that the family is not yet under HAP contract, the initial PHA may inform the receiving PHA that they will not accept any subsequent billing on behalf of the family. Once the initial PHA has so notified the receiving PHA, the initial PHA is not required to honor any billing notice received after the billing deadline. If the initial PHA still subsequently receives a late billing notice on behalf of the family, it simply returns the late Form HUD-52665 to the receiving PHA, and the receiving PHA must absorb the family. If the receiving PHA reports that the family is under HAP contract and the receiving PHA cannot absorb the family when the initial PHA contacts the receiving PHA to determine the status of the family, the initial PHA is required to accept the subsequent late billing; however, it may report to HUD the receiving PHA's failure to comply with the deadline.

HACA Policy

If HACA has not received an initial billing notice from the receiving PHA within 90 days of expiration of the IHA's voucher~~by the deadline specified on form HUD-52665,~~ it will contact the receiving PHA by phone, fax, or e-mail within 10 business days. If the PHA fails to respond within 10 business days of HACA's contact or attempted contact, or reports that the family is not yet under HAP contract, HACA will inform the receiving PHA that it will not honor a late billing submission and will return any subsequent billings that it receives on behalf of the family. Within 10 business days, HACA will send the receiving PHA a written confirmation of its decision by mail.

HACA will not inform the receiving PHA that it will not honor a late billing submission if the family includes a person with disabilities and the late billing is a result of a reasonable accommodation granted to the family by the receiving PHA.

Monthly Billing Payments [24 CFR 982.355(e), Notice PIH 2012-42]

If the receiving PHA is administering the family's voucher, the receiving PHA bills the initial PHA for housing assistance payments and administrative fees. When reimbursing for administrative fees, the initial PHA must promptly reimburse the receiving PHA for the lesser of 80 percent of the initial PHA ongoing administrative fee or 100 percent of the receiving PHA's ongoing administrative fee for each program unit under contract on the first day of the month for which the receiving PHA is billing the initial PHA under portability. If the administrative fees are prorated for the HCV program, the proration will apply to the amount of the administrative fee for which the receiving PHA may bill [24 CFR 982.355(e)(2)].~~,~~

~~t~~The initial PHA is responsible for making billing payments in a timely manner. The first billing amount is due within 30 calendar days after the initial PHA receives Part II of form HUD-52665 from the receiving PHA. Subsequent payments must be **received** by the receiving PHA no later than the fifth business day of each month. The payments must be provided in a form and manner that the receiving PHA is able and willing to accept.

The initial PHA may not terminate or delay making payments under existing portability billing arrangements as a result of overleasing or funding shortfalls. The PHA must manage its tenant-based program in a manner that ensures that it has the financial ability to provide assistance for families that move out of its jurisdiction under portability and are not absorbed by receiving PHAs as well as for families that remain within its jurisdiction.

Annual Updates of Form HUD-50058

If the initial PHA is being billed on behalf of a portable family, it should receive an updated form HUD-50058 each year from the receiving PHA. If the initial PHA fails to receive an updated 50058 by the family's annual reexamination date, the initial PHA should contact the receiving PHA to verify the status of the family. The initial PHA may not withhold payment solely because the receiving PHA did not submit the updated form HUD-50058 by the annual recertification date.

Denial or Termination of Assistance [24 CFR 982.355(c)(9)]

At any time, either the initial PHA or the receiving PHA may make a determination to deny or terminate assistance with the family in accordance with 24 CFR 982.552 and 24 CFR 982.553. ~~If the initial PHA has grounds for denying or terminating assistance for a portable family that has not been absorbed by the receiving PHA, the initial PHA may act on those grounds at any time.~~ (For PHA policies on denial and termination, see Chapters 3 and 12, respectively.)

10-II.C. RECEIVING PHA ROLE

If a family has a right to lease a unit in the receiving PHA's jurisdiction under portability, the receiving PHA must provide assistance for the family [24 CFR 982.355(10)].

HUD may determine in certain instances that a PHA is not required to accept incoming portable families, such as a PHA in a declared disaster area. However, the PHA must have approval in writing from HUD before refusing any incoming portable families [24 CFR 982.355(b)].

Administration of the voucher must be in accordance with the receiving PHA's policies. This requirement also applies to policies of Moving to Work agencies. The receiving PHA procedures and preferences for selection among eligible applicants do not apply to the family, and the receiving PHA waiting list is not used [24 CFR 982.355(c)(10)].

~~The receiving PHA's procedures and preferences for selection among eligible applicants do not apply, and the receiving PHA's waiting list is not used [24 CFR 982.355(10)]. However, t~~The family's unit, or voucher, size is determined in accordance with the subsidy standards of the receiving PHA [24 CFR 982.355(~~7~~c)(12)], and the receiving PHA's policies on extensions of the receiveing PHA's voucher term apply [~~(~~24 CFR 982.355(c)(14)].~~amount of the family's housing assistance payment is determined in the same manner as for other families in the receiving PHA's voucher program [24 CFR 982.355(e)(2)].~~

Responding to Initial PHA's Request [24 CFR 982.355(c)]

The receiving PHA must respond via e-mail or other confirmed delivery method to the initial PHA's inquiry to determine whether the family's voucher will be billed or absorbed [24 CFR 982.355(c)(3)]. If the receiving PHA informs the initial PHA that it will be absorbing the voucher, the receiving PHA cannot reverse its decision at a later date without consent of the initial PHA [24 CFR 982.355(c)(4)].~~[Notice PIH 2012-42].~~

> HACA Policy
>
> HACA will use e-mail, when possible, to notify the initial PHA whether it will administer or absorb the family's voucher.

Initial Contact with Family

When a family moves into the PHA's jurisdiction under portability, the family is responsible for promptly contacting the PHA and complying with the PHA's procedures for incoming portable families. The family's failure to comply may result in denial or termination of the receiving PHA's voucher [24 CFR 982.355(c)(8)].~~[24 CFR 982.355(c)(3)].~~

If the voucher issued to the family by the initial PHA has expired, the receiving PHA must contact the initial PHA to determine if it will extend the voucher [24 CFR 982.355(c)(13)].~~does not process the family's paperwork but instead refers the family back to the initial PHA [Notice PIH 2012-42].~~

~~When a portable family requests assistance from the receiving PHA, the receiving PHA must promptly inform the initial PHA whether the receiving PHA will bill the initial PHA for assistance on behalf of the portable family or will absorb the family into its own program [24 CFR 982.355(c)(5)]. If the PHA initially bills the initial PHA for the family's assistance, it may~~

~~later decide to absorb the family into its own program [Notice PIH 2012-42]. (See later under "Absorbing a Portable Family" for more on this topic.)~~

If for any reason the receiving PHA refuses to process or provide assistance to a family under the portability procedures, the family must be given the opportunity for an informal review if it is an applicant or an informal hearing if it is a participant. [Notice PIH 2012-42]. (For more on this topic, see "Denial or Termination of Assistance.")

Briefing

HUD allows the receiving PHA to require a briefing for an incoming portable family as long as the requirement does not unduly delay the family's search [Notice PIH 2012-42].

HACA Policy

HACA will require the family to attend an individual or group portability orientation. Individual orientations will be provided at HACA's discretion in such cases as an accommodation for a disabled family, or a family porting in from a distant PHA. HACA will provide the family with an orientation packet and will orally inform the family about HACA's payment and subsidy standards, procedures for requesting approval of a unit, the unit inspection process, and the leasing process.

Income Eligibility and Reexamination

~~HUD allows the receiving PHA to conduct its own income reexamination of a portable family [24 CFR 982.355(c)(4)]. However, the receiving PHA may not delay voucher issuance or unit approval until the reexamination process is complete unless the reexamination is necessary to determine that an applicant family is income eligible for admission to the program in the area where the family wishes to lease a unit [Notice PIH 2012-42, 24 CFR 982.201(b)(4)].~~ The receiving PHA does not re-determine ~~income~~ eligibility for a portable family that was already receiving assistance in the initial PHA's voucher program [24 CFR 982.355(c)(9~~1~~)]. If the receiving PHA opts to conduct a new reexamination for a current participant family, the receiving PHA may not delay issuing the family a voucher or otherwise delay approval of a unit [24 CFR 982.355(c)(11)].

HACA Policy

HACA will not conduct a new reexamination of family income and composition for families moving into its jurisdiction under portability.

Voucher Issuance

When a family moves into its jurisdiction under portability, the receiving PHA is required to issue the family a voucher [24 CFR 982.355(~~b~~c)(13~~6~~)]. The family must submit a request for tenancy approval to the receiving PHA during the term of the receiving PHA's voucher [24 CFR 982.355(c)(15~~6~~)].

Timing of Voucher Issuance

HUD expects the receiving PHA to issue the voucher within two weeks after receiving the family's HUD-52665 and supporting documentation from the initial PHA if the information is in order, the family has contacted the receiving PHA, and the family complies with the receiving PHA's procedures [Notice PIH 2012-42].

HACA Policy

When a family ports into its jurisdiction, HACA will issue the family a voucher based on the paperwork provided by the initial PHA unless the family's paperwork from the initial PHA is incomplete, the family's voucher from the initial PHA has expired or the family does not comply with the HACA's procedures.

HACA will conduct a criminal background check on all adult household members. HACA will not delay issuing the family a voucher or otherwise delay approval of a unit until this process is completed. However, HACA may take subsequent action (e.g. terminating the family's participation in the program due to criminal background or failing to disclose necessary information) against the family based on the results.

Voucher Term

The term of the receiving PHA's voucher may not expire before 30 calendar days from the expiration ~~the term~~ of the initial PHA's voucher [24 CFR 982.355(c)(13~~6~~)].

HACA Policy

HACA's voucher will expire 30 calendars days from ~~on~~ the ~~same day as~~expiration date of the initial PHA's voucher.

Voucher Extensions [24 CFR 982.355(c)(~~6~~14), Notice 2012-42]

Once the receiving PHA issues the portable family a voucher, the receiving PHA's policies on extensions of the voucher term apply.~~The receiving PHA may provide additional search time to the family beyond the expiration date of the initial PHA's voucher; however, if it does so, it~~ The receiving PHA must inform the initial PHA of ~~the~~ any extension granted to the term of the voucher. It must also bear in mind the billing deadline provided by the initial PHA. Unless willing and able to absorb the family, the receiving PHA should ensure that any voucher expiration date would leave sufficient time to process a request for tenancy approval, execute a HAP contract, and deliver the initial billing to the initial PHA.

~~P~~HACA Policy

Except as a reasonable accommodation to a person with disabilities (see Chapter 2), HACA generally will not extend the term of the voucher that it issues to an incoming portable family unless HACA plans to absorb the family into its own program, in which case it will follow its policies on voucher extension set forth in section 5-II.E.

~~Except as a reasonable accommodation to a person with disabilities (see Chapter 2), HACA will not extend its voucher beyond the expiration of the initial PHA's voucher. Except for any extension of HACA's voucher as a reasonable accommodation, any extension of the family's search time must be requested of the initial PHA by the family in accordance with the initial PHA's requirements and approved by the initial PHA. If the initial PHA does not approve an extension or if the incoming portable family ultimately decides not to lease in HACA's jurisdiction, but, instead, wishes to return to the jurisdiction of the initial PHA or to search in another jurisdiction, HACA will refer the family back to the initial PHA. Any extensions of the initial PHA's voucher necessary to allow the family additional search time to return to the initial PHA's jurisdiction or to move to another jurisdiction is at the discretion of the initial PHA.~~

~~If HACA extends the term of the voucher that it issues to an incoming portable family beyond the date of the initial PHA's voucher, as a reasonable accommodation, and does not absorb the family into its own program, HACA will, nonetheless, honor the initial billing deadline for notifying the initial PHA in time that the notice will be **received** no later than 60 days following the expiration date of the family's voucher issued by the initial PHA.~~

~~If HACA is issuing the family a voucher whose term extends beyond the date of the initial PHA's voucher, HACA will inform the family that the extension of search time provided by HACA's voucher is only valid for the family's search in HACA's jurisdiction.~~

~~Any request for an extension must be made in writing before the family's voucher expires and include the reason(s) an extension is necessary. HACA may require the family to provide documentation to support the request or obtain verification from a qualified third party.~~

~~HACA will decide whether to approve or deny an extension request within 10 business days of the date the request is received, and will immediately provide the family written notice of its decision.~~

~~13-II.G. FORECLOSURE [HUD-52641 and Notice PIH 2010-49]~~

~~Families receiving HCV assistance are entitled to certain protections set forth under the Protecting Tenants at Foreclosure Act (PTFA). Specifically, the HAP contract now contains language stating that in the case of any foreclosure, the immediate successor in interest in the property pursuant to the foreclosure will assume such interest subject to the lease between the prior owner and the tenant, and to the HAP contract between the prior owner and the PHA for the occupied unit. This provision of the HAP contract does not affect any state or local law that provides longer time periods or other additional protections for tenants.~~

~~If the PHA learns that a property is in foreclosure, it must take the following actions:~~

- ~~Make all reasonable efforts to determine the status of the foreclosure and ownership of the property. (Further guidance on how to obtain this information can be found in Notice PIH 2010-49.)~~
- ~~Continue to make payments to the original owner until ownership legally transfers in accordance with the HAP contract.~~
- ~~Attempt to obtain a written acknowledgement of the assignment of the HAP contract from the successor in interest. The written agreement should include a request for owner information, such as a tax identification number, and payment instructions from the new owner. Even if the new owner does not acknowledge the assignment of the HAP contract in writing, the assignment is still effective by operation of law.~~
- ~~Inform the tenant that they must continue to pay rent in accordance with the lease, and if the successor in interest refuses to accept payment or cannot be identified, the tenant should pay rent into escrow. Failure to pay rent may constitute an independent ground for eviction.~~
- ~~Inform the tenant in the event that the PHA is unable to make HAP payments to the successor in interest due to an action or inaction by the successor that prevents such payments (e.g., rejection of payments or failure to maintain the property according to HQS), or due to an inability to identify the successor. The PHA should also refer the tenant, as needed, to the local legal aid office in order to ensure adequate protection of the tenant's rights and enforcement of the successor in interest's performance under the HAP contract.~~
- ~~Make reasonable inquiries to determine whether the unit, in addition to having a tenant receiving HCV assistance, will be or has been assisted under the Neighborhood Stabilization Program (NSP). (For further guidance on cases in where the units have been assisted under the NSP, see Notice PIH 2010-49.)~~

HACA AGENDA ITEM NO.: 4-5.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: May 11, 2016

Subject:	Housing Quality Standards
Exhibits Attached:	Uniform Physical Condition Standards-Voucher Structure of Demonstration
Recommendation:	Receive Report
Financial Statement:	None

BACKGROUND

HUD requires that all units occupied by families receiving Housing Choice Vouchers (HCV) meet its Housing Quality Standards (HQS) to ensure the units are in "decent, safe and sanitary" condition. HUD's performance and acceptability standards for HQS establish the minimum criteria necessary for the health and safety of program participants and cover the following areas: sanitary facilities, food preparation and refuse disposal, space and security, thermal environment, illumination and electricity, structure and materials, interior air quality, water supply, lead-based paint, access, site and neighborhood, sanitary condition, and smoke detectors. The standards do not include local or state building or housing codes and HUD does not require housing authorities to inspect units for such.

HQS in the Rental Process

All HCV units must pass an HQS inspection prior to initial lease-up. After that, units must be inspected at least once every 24 months during the term of the HAP contract. Units may be inspected at other times during the contract if a tenant calls in a complaint. If life-threatening conditions such as major plumbing leaks, electrical conditions that could result in shock or fire, inoperable smoke detectors, or conditions that present the imminent possibility of injury are found during an HQS inspection, the responsible party (the tenant or the owner) must correct the condition within 24 hours. HACA reinspects the unit within 24 hours of being notified that the condition is corrected in order to confirm no life-threatening conditions remain. Non-life threatening conditions must be corrected within 30 days or within any HACA-approved extension. The tenant and landlord both sign a self-certification verifying the corrections have been made. In the event HACA does not receive a request for a reinspection or certification that conditions have been corrected, HACA may abate HAP until the corrections are made or terminate the family's assistance, depending on which party is responsible for correcting the conditions.

HACA conducts about 3,400 inspections per year. For the month of March 2016, HACA inspected 291 HCV units of which 192 (66%) passed on the day they were inspected. Of the 99 that failed inspection, 82 later passed inspection (83%) within the time period required by HACA or a HACA-approved extension. HACA will continue to monitor those that have not passed inspection and will move to abate HAP or terminate assistance, if necessary.

HUD Monitoring of HQS

HUD monitors HACA's performance of HQS requirements by reviewing HACA's annual independent audit report and through two Section Eight Management Assessment Program (SEMAP) performance indicators: quality control inspections and timeliness of inspections. Additionally, HUD may conduct its own audit of a housing authority's HQS program.

1. SEMAP indicator 5 requires HACA to perform quality control inspections to ensure housing quality. HACA does this monthly or quarterly by selecting and inspecting a sample of units to ensure that each inspector is conducting accurate and complete inspections and that there is consistency in the application of the HQS. Any possible training issues identified through the quality control inspections are noted and addressed.
2. SEMAP indicator 12 measures whether HACA is conducting its biennial HQS inspections timely. HUD pulls information from its PIC system to verify whether every HCV unit is inspected every two years.

The Future of HQS

HUD plans to update HQS in order to reflect changes to standards of health and safety threats in homes today. It is planning to introduce a new inspection protocol called UPCS-V (Uniform Physical Condition Standards-Voucher) that is intended to enhance the consistency and objectivity of the inspection process, and provide more information about the condition of individual housing units. The new protocol will be a deficiency-driven model where deficiencies will be classified on an escalating scale from minor to significant, and critical deficiencies classified as life-threatening or emergency, and will include photographs of deficiencies. Although we do know that HUD definitely plans to switch to UPCS-V, we do not know when this will occur as HUD plans to first test the model with a sample of housing authorities over a 3-year period, make necessary changes as a result of the test, and then issue final regulations. The structure of the demonstration, which has three components, is described below.

Uniform Physical Condition Standards-Voucher (UPCS-V)

Structure of Demonstration

The three components of the demonstration are the evaluation of the revised inspection model (i.e., the UPCS-V Protocol), the Data Standardization and Information Exchange (i.e., the technology change accompanying the protocol), and the oversight and performance improvement (i.e., the more stringent quality assurance component accompanying the protocol).

Component I: UPCS-V Protocol

The notice provides some information about the UPCS-V Protocol, and provides a table highlighting some of the similarities and differences of UPCS-V compared to HQS. HUD notes that UPCS-V will have a "well-defined list of itemized deficiencies" and that it is based on UPCS and will "[collect] a more detailed level of data resulting in a better representation of the condition of the unit." The new protocol will capture levels of severity for line item deficiencies on an escalating scale of severity: minor (L1); major (L2); and significant (L3). These will be used to develop a "unit condition index score," which will be considered with a "Pass/Fail" determination. The "unit condition index score" will give "residents, owners, PHAs, and HUD better insight into the overall condition of the unit." HUD will also create a "minimum, standardized list of life threatening items" that will be treated as deficiencies which must be corrected within 24 hours. PHAs may add additional items to the list, which is included in the notice.

Component II: Data Standardization and Information Exchange of UPCS-V Inspections

The second component will test the electronic inspection approach. Participating PHAs will be required to document and submit all UPCS-V inspections electronically. At first, UPCS-V inspections will be performed electronically using HUD-provided software. For PHAs with their own Information Technology (IT) systems, HUD will test the feasibility of different methods of transferring the inspection information from PHA to HUD systems. HUD will review the information and transform it into reports such as scoring reports, healthy homes reports, and relative risk reports, which will be transmitted back to PHAs. If PHAs opt to use non-HUD provided software, they will be required to use and maintain technology necessary to work with HUD's systems, including using the Simple Object Access Protocol (SOAP) and the Representational State Transfer (REST) standards.

Component III: Oversight and Performance Improvement

The goals of the third component of the demonstration are to ensure that PHAs are "consistently identifying substandard housing," remedying cases appropriately, remedying cases in a timely manner, and "accurately reporting HCV unit-based inspection outcomes to HUD." PHAs that have been selected for this component will be required to participate in "quality assurance and internal controls reviews, technical assistance, and training activities." HUD will also test the ability of the UPCS-V model to identify units that are at-risk of falling into non-compliance before the next biennial inspection. Finally, HUD will test PHAs' management controls to assess the "process for planning, organizing, directing, and controlling the HCV unit-based inspection program" and meeting UPCS-V requirements.

HACA AGENDA ITEM NO.: 4-6.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: May 11, 2016

Subject:	Quarterly Investment Portfolio Report
Exhibits Attached:	Investment Portfolio Report for Quarter ended March 31, 2016
Recommendation:	Receive Report
Financial Statement:	$8,176,960 Invested at an Average Monthly Yield ranging from 0.17% to 0.46% (excluding FSS Escrow Participant Accounts)

BACKGROUND

Public Agencies are required to file an investment policy with their governing boards and to provide quarterly financial reports on the status of the Agency's investments and to certify to their compliance with the approved investment policy.

DISCUSSION AND ANALYSIS

The investment portfolio report that is attached reflects the investments at the quarter ending March 31, 2016 for each program that HACA administers. $4.45M or 54% of the total portfolio is invested in Union Bank commercial papers and $3.73M or 46% is in the State of California Local Agency Investment Fund (LAIF).

The Housing Choice Voucher program had no funds invested at the end of the reported quarter. HACA has used all of the Net Restricted Position (NRP) to augment HUD HAP funding received. The re-establishment of HUD-held program reserves and the very small, if any, balance of Unrestricted Net Position (UNP) on hand, has caused declining amounts available for investment and the duration to maturity to be shorter.

The Housing Development Fund has a total investment of $3,727,970, which is 46% of the total investment portfolio and entirely in LAIF.

The Public Housing program has a total investment of about $1.5M, which is 18% of the total investment portfolio.

PACH, Ocean Avenue and Park Terrace investments are 22%, 2% and 12% of the total investment, respectively.

The FSS Participant Escrow Accounts are maintained in a savings account, in accordance with HUD regulations, at Union Bank.

Housing Authority of Alameda County
Investment Portfolio
For the Quarter ended March 31, 2016

PROGRAM NAME	TYPE OF ACCOUNT	AMOUNT	INTEREST RATE	MATURITY DATE
Conventional PH	Union Bank N.A. Commercial Paper	$ 1,499,907.92	0.17001%	4/4/16
PACH	Union Bank N.A. Commercial Paper	$ 1,799,439.50	0.19006%	4/29/16
Ocean Avenue	Union Bank N.A. Commercial Paper	$ 149,953.29	0.19006%	4/29/16
Park Terrace	Union Bank N.A. Commercial Paper	$ 999,688.61	0.19006%	4/29/16
	Sub-total	$ 4,448,989.32		
Housing Dev Fund	State of CA - Local Agency Investment Fund	$ 3,727,970.32	0.46000%	N/A
TOTAL		**$ 8,176,959.64**		

The above investment portfolio is in compliance with the policy approved by the Housing Commission.

Christine Gouig
Executive Director

5-5-16
Date

BUDGET STATUS REPORT

Housing Authority of Alameda County
HOUSING CHOICE VOUCHER
Administrative Budget Status Report FYE 2015-2016
March 2016

FY 2016 - HCV OPERATING BUDGET	Budgeted @ 3/31/2016	Actual @ 3/31/2016	OVER (UNDER)	PROJECTED TO 6/30/16	**SCH. NO.**	2015 BUDGET	**2016 BUDGET**	DIFFERENCE
INCOME								
Investment Income	551	602	50	802	A1	1,680	**735**	(945)
Misc. Income	242,774	250,098	7,325	333,464	A1	346,000	**323,698**	(22,302)
Grant Income	0	0	0	0		350,000		(350,000)
Administrative Fee Income	4,835,392	5,129,255	293,863	6,817,863	A	6,697,025	**6,447,189**	(249,836)
TOTAL INCOME	5,078,717	5,379,954	301,238	7,152,129		7,394,705	**6,771,622**	(623,083)
EXPENSES								
Administration								
Salaries	(2,845,798)	(2,727,156)	118,641	(3,818,261)	B-1& 2	(4,035,794)	**(3,794,397)**	241,397
Other Admin.	(1,153,727)	(1,139,884)	13,843	(1,519,845)	C-1&2	(1,337,122)	**(1,538,303)**	(201,181)
Total	(3,999,525)	(3,867,041)	132,485	(5,338,106)		(5,372,915)	**(5,332,700)**	40,215
General								
Insurance	(152,978)	(149,883)	3,095	(199,844)	E	(203,253)	**(203,970)**	(717)
Employee Benefits	(1,593,647)	(1,662,591)	(68,944)	(2,244,498)		(2,098,613)	**(2,124,862)**	(26,250)
Miscellaneous	0	0	0	0		0	**0**	0
Total	(1,746,624)	(1,812,474)	(65,850)	(2,444,342)		(2,301,865)	**(2,328,832)**	(26,967)
Total Routine Expenses	(5,746,149)	(5,679,515)	66,635	(7,782,448)		(7,674,781)	**(7,661,532)**	13,248
Capital Expenditures	0	0	0	0	D2	0	**0**	0
TOTAL EXPENSES	(5,746,149)	(5,679,515)	66,635	(7,782,448)		(7,674,781)	**(7,661,532)**	13,248
Income (Deficit) UNSPECIFIED BUDGET REDUCTION						**(280,075)**	**(889,910)**	
NET INCOME (DEFICIT)	(667,433)	(299,560)	367,872	(630,319)		(280,075)	**(889,910)**	(609,835)

Housing Authority of Alameda County
PUBLIC HOUSING
Administrative Budget Status Report FYE 2015-2016
March 2016

FY 2016 - PH OPERATING BUDGET		YTD BUDGET 3/31/2016	YTD ACTUALS 3/31/16	OVER/ (UNDER) BUDGET	Projected to 6/30/16	SCH. NO.	2015 BUDGET	2016 BUDGET	Difference
INCOME									
Dwelling Rentals		277,150	319,305	42,156	425,740	A-1	349,229	369,533	20,304
Office Rental (Mission Blvd-net)		0	0	0	0	A	0	0	0
Investment Income		675	1,090	415	1,453	A	665	900	235
Misc. Income		54,968	53,563	(1,405)	73,290	A-1	71,250	73,290	2,040
Transfer of Reserves from Ocean Ave					0				0
Operating Subsidy		166,295	225,411	59,115	221,726	A-1	161,830	221,726	59,896
Asset Reposition Fee		47,116	0	(47,116)	62,822	A-1	175,568	62,822	(112,747)
Capital Grant		139,648	139,648	0	186,197	A-1	204,000	186,197	(17,803)
TOTAL INCOME		685,851	739,017	53,165	971,229		962,542	914,468	(48,074)
EXPENSES									
Administration									
	Salaries	(155,319)	(167,058)	(11,739)	(217,175)	B-1& 2	(209,968)	(207,091)	2,877
	Other Admin.	(58,361)	(103,776)	(45,416)	(150,688)	C-1	(96,513)	(77,814)	18,699
	Total	(213,679)	(270,835)	(57,155)	(367,863)		(306,481)	(284,906)	21,576
Tenant Services									
	Resident Managers	(4,125)	(450)	3,675	(600)		(5,500)	(5,500)	0
	Recreation	0	0	0	0		(7,500)	0	7,500
	Total	(4,125)	(450)	3,675	(600)		(13,000)	(5,500)	7,500
Utilities									
	Water	(37,561)	(27,791)	9,770	(37,054)		(50,081)	(50,081)	0
	Electricity	(14,250)	(10,784)	3,466	(14,379)		(19,000)	(19,000)	0
	Gas	(1,050)	(693)	358	(925)		(1,400)	(1,400)	0
	Sewer	(13,500)	(9,212)	4,289	(12,282)		(26,400)	(18,000)	8,400
	Total	(66,361)	(48,480)	17,883	(64,639)		(96,881)	(88,481)	8,400
Maintenance									
	Salaries	(53,806)	(55,852)	(2,046)	(72,608)	B-2	(70,822)	(71,742)	(919)
	Materials	(37,501)	(22,368)	15,133	(46,210)	D	(43,904)	(50,001)	(6,097)
	Contract Costs	(157,425)	(229,196)	(71,771)	(224,426)	D	(358,834)	(209,900)	148,934
	Total	(248,732)	(307,416)	(58,684)	(343,244)		(473,560)	(331,643)	141,918
General									
	Insurance	(21,675)	(17,682)	3,994	(25,671)	E	(28,426)	(28,900)	(474)
	Tax-In Lieu Of	(21,079)	(21,079)	0	(28,105)		(25,235)	(28,105)	(2,870)
	Employee Benefits	(112,927)	(70,113)	42,814	(130,402)		(146,011)	(150,570)	(4,559)
	Collection Loss	(750)	0	750	(1,000)		(1,000)	(1,000)	0
	Miscellaneous	(750)	0	750	(1,000)		(1,000)	(1,000)	0
	Total	(157,181)	(108,874)	48,308	(186,178)		(201,672)	(209,575)	(7,903)
Total Routine Expenses		(690,078)	(736,054)	(45,974)	(962,524)		(1,091,594)	(920,104)	171,490
Capital Expenditure-exterior renovation of Emery Glen									
TOTAL EXPENSES		(690,078)	(736,054)	(45,974)	(962,524)		(1,091,594)	(920,104)	171,490
NET INCOME (DEFICIT)		(4,227)	2,962	7,190	8,704		(129,052)	(5,636)	123,416

PROGRAM ACTIVITY REPORT

HACA AGENDA ITEM NO.: 4-8.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: May 11, 2016

Subject:	Programs Activity Report
Exhibits Attached:	Section 8 Contract Report; Section 8 Average Contract Rent Report; Fraud Payments Report; Landlord Rental Listing Report; FSS Program Monthly Report
Recommendation:	Receive Report
Financial Statement:	None

SECTION 8 HOUSING CHOICE VOUCHERS

- **Lease-Up:** As of May 1, 2016, the Section 8 Housing Choice Voucher program had 6,017 units under contract. The fiscal year-to-date lease-up average is 96.67% units as of May 1, 2016. The budget authority use average through March 2016 is 105%.

- **Program Utilization:** As of May 1, 2016, the average HAP subsidy was $1,125 and the average tenant-paid rent portion was $481 for an average Contract Rent of $1,608. Amounts vary by $1 due to rounding.

    - As of May 1, 2016, HACA had 53 outgoing billed portability contracts (i.e., HACA voucher holders who are housed in another housing authority's jurisdiction).
    - As of May 1, 2016, HACA billed other housing authorities, primarily the Oakland Housing Authority, for 343 incoming portability contracts. The number is dropping as HACA absorbs older port-in contracts in order to increase its lease-up, which has been dropping due to skyrocketing rents in the county and the inability of tenants to locate affordable units.

- **Section 8 Contract Report:** A copy of the Contract Report is attached.

- **Fraud / Debt Recovery:** HACA retained $5,360.50 for the month of March 2016. A total of $31,298.94 was retained over the last six months.

- **Landlord Rental Listings:** As of May 2, 2016 there were 712 landlords with properties in HACA's jurisdiction utilizing the *GoSection8* rental listing service. There were no new landlords added to the Section 8 program this month. There were only six active properties listed as of May 2, 2016.

FAMILY SELF SUFFICIENCY (FSS)

In April, the FSS Department held an employment workshop where six employers including BART, Nestle Bottled Water, Oakland Unified School District, Office Team, Job Corps and Eden One Stop/Rubicon gave presentations and allowed FSS participants to apply for open positions.

The FSS Department also held its annual HACA scholarship workshop where staff explained the application itself, the process for submitting an application, and answered questions about the process in an effort to assist participants with submitting a quality scholarship application.

The FSS Department successfully submitted its application for the renewal funding for the salaries of HACA's four FSS Coordinators. The application is now in review with HUD and awards should be made by the end of September.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

Section 8 Contract and HAP Report for the Month of April 2016

	Certificates		Vouchers		April 2016 TOTAL			
City	Number	HAP*	Number	HAP**	Number	HAP	April 2015	April 2014
Albany	0	$0	26	$29,120	26	$29,120	28	32
Castro Valley	11	$11,660	198	$221,760	209	$233,420	218	228
Dublin	3	$3,180	351	$393,120	354	$396,300	351	361
Emeryville	6	$6,360	123	$137,760	129	$144,120	125	120
Fremont	22	$23,320	1,040	$1,164,800	1,062	$1,188,120	1,138	1,245
Hayward	116	$122,960	1,901	$2,129,120	2,017	$2,252,080	2,195	2,402
Newark	3	$3,180	217	$243,040	220	$246,220	233	252
Pleasanton	3	$3,180	109	$122,080	112	$125,260	115	126
San Leandro	16	$16,960	1,444	$1,617,280	1,460	$1,634,240	1,512	1,516
San Lorenzo	0	$0	197	$220,640	197	$220,640	220	231
Union City	4	$4,240	723	$809,760	727	$814,000	768	819
TOTALS	**184**	**$195,040.00**	**6,329**	**$7,088,480.00**	**6,513**	**$7,283,520.00**	6,903	7,332

** Based on an average April Housing Assistance Payment (HAP) of $1060 per certificate contract*

***Based on an average April Housing Assistance Payment (HAP) of $1120 per voucher contract*

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

Section 8 Average Contract Rent Report for the Month of April 2016

City	Number of HAP Contracts	Average Contract Rent	Average HAP Paid by HACA	Average Rent Paid by Family	Average Family-Paid Rent as a Percentage of Average Contract Rent
Albany	27	$1,368	$1,090	$278	20%
Castro Valley	180	$1,616	$1,148	$468	29%
Dublin	268	$1,740	$1,286	$455	26%
Emeryville	116	$1,392	$954	$438	31%
Fremont	981	$1,821	$1,278	$542	30%
Hayward	1,842	$1,567	$1,106	$461	29%
Newark	216	$2,014	$1,370	$644	32%
Pleasanton	111	$1,432	$1,012	$420	29%
San Leandro	1,441	$1,554	$1,081	$473	30%
San Lorenzo	194	$1,837	$1,349	$488	27%
Union City	529	$1,898	$1,337	$562	30%

*Some rents may vary by $1 due to rounding

DEBT COLLECTIONS

2015-2016

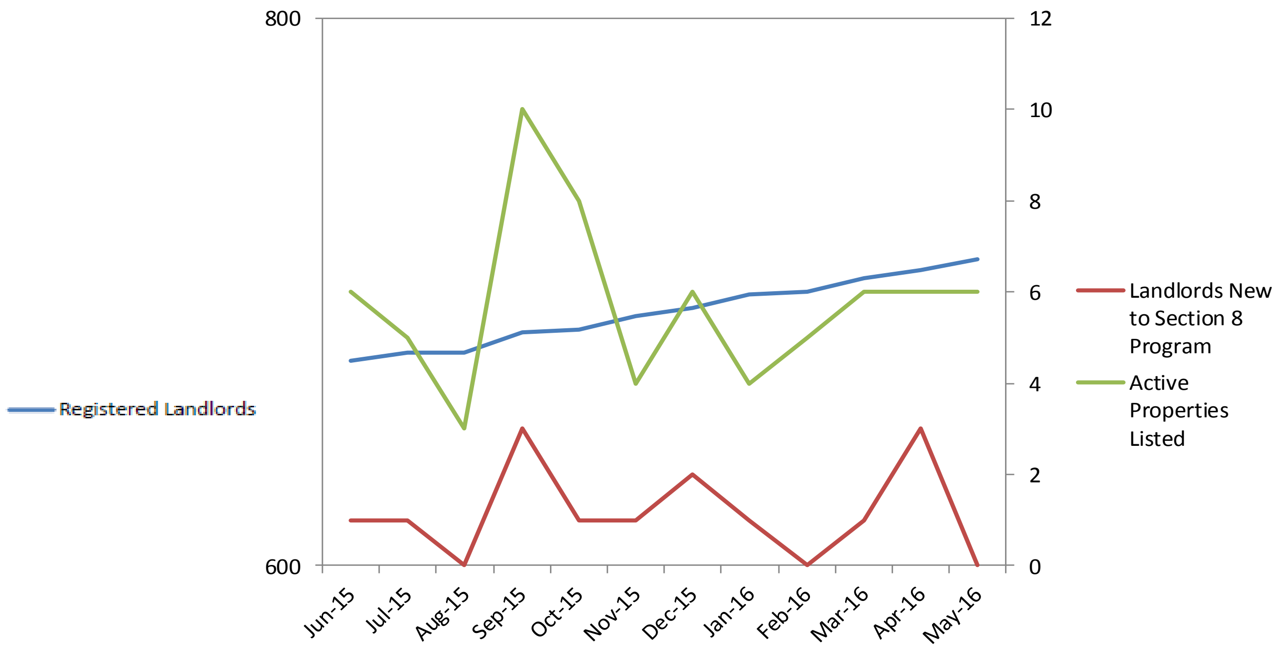
FYE 06/30/16

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY '16	FEBRUARY	MARCH	APRIL	MAY	JUNE	GRAND TOTALS
DAMAGE CLAIMS	$200.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00				**$200.00**
FRAUD REPAYMENTS	$5,070.25	$3,442.19	$4,293.91	$4,363.48	$5,703.87	$5,308.76	$4,475.42	$6,086.91	$ 5,360.50				**$44,105.29**
TOTALS	**$5,270.25**	**$3,442.19**	**$4,293.91**	**$4,363.48**	**$5,703.87**	**$5,308.76**	**$4,475.42**	**$6,086.91**	**$5,360.50**	**$0.00**	**$0.00**	**$0.00**	**$44,305.29**

Landlord Rental Listing Report

Monthly

	6/1/2015	7/1/2015	8/3/2015	9/1/2015	10/1/2015	11/2/2015	12/1/2015	1/4/2016	2/1/2016	3/1/2016	4/1/2016	5/2/2016
Registered Landlords	675	678	678	685	686	691	694	699	700	705	708	712
Landlords New to Section 8 Program	1	1	0	3	1	1	2	1	0	1	3	0
Active Properties Listed	6	5	3	10	8	4	6	4	5	6	6	6



To: Christine Gouig, Executive Director

From: Daniel Taylor, Special Programs Manager

Re: **FSS Program Summary**

CC: Ron Dion, Linda Evans, Phyllis Harrison, Mary Sturges, Eli Isaacs

Date: May 3, 2016

Program Summary	April 2016
Total Clients Under Contract:	145
MDRC:	100
Graduates:	1
Escrow Disbursed:	$0
Ports In:	0
Ports Out:	0
Terminations:	1
New Contracts:	0

FSS PROGRAM NEWS:

Workshops

On Thursday, April 7, 2016, the FSS team hosted an employment workshop. Six employers gave presentations. Our participants were able to apply for open positions and received tips about the application and hiring process. The workshop went very well; the employers and the 16 FSS participants who attended all evaluated it very highly. The employers in attendance were:

- **BART -** has a program called Train for Career in Transit (TCLT), funded by a grant from the Federal Transit Administration. The program is designed to meet the growing need to increase the transit workforce. Training is provided for under-represented individuals. The program is open to all ages and no experience is required.
- **Nestle Bottled Water -** Is hiring for warehouse and driving positions in the cities of Milpitas and Livermore.
- **Oakland Unified School District -** hired several of our clients last year for various positions. This year their representative stated that she would like to come here twice a year for recruitment.

- **Office Team –** This temp agency stated that they have more jobs than people to fill them. They also mentioned that they would like to participate in our future employment workshops.
- **Job Corps -** Sent a representative to explain their free education and training program that helps young people learn a career, earn a high school diploma or GED, and find and keep a good job.
- **Eden One Stop/Rubicon -** Sent a representative to explain all of the services that their center offers and provided information about their training programs.

HACA Scholarship Workshop

On Thursday, April 21, 2016, the FSS team presented a HACA Scholarship workshop. Special Programs Manager Daniel Taylor explained the application and the process for submission. Following the presentation, the FSS team answered questions about the application process. The goal of the workshop was to assist participants with submitting a quality scholarship application.

Case management Referrals = 8
Job Lead Referrals = 205

ATTACHMENT A

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

JUNE 30, 2015

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Patel & Associates, LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Housing Authority of the County of Alameda (the Authority), as of and for the year ended June 30, 2015, 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2015, the respective changes in financial position and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015 the Authority adopted new accounting guidance, *Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

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 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining and individual enterprise fund financial statements including the schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual enterprise fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual enterprise fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, 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.

Patel & Associates, LLP
Oakland, California
March 28, 2016

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2015

The Housing Authority of the County of Alameda (the Authority) primarily provides housing assistance to low income individuals and families. Its primary sources of funding are through grants received from the U.S. Department of Housing and Urban Development (HUD) and rents collected from the properties it owns.

The Authority's Management's Discussion and Analysis (MD&A) is designed to:

- provide an overview of the Authority's financial activity,
- identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges),
- assist the reader in focusing on significant financial issues, and
- identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the attached financial statements.

FINANCIAL HIGHLIGHTS

Total assets of the Authority were $41.95 million and total liabilities were $9.97 million.

The assets of the Authority exceeded its liabilities at the close of the fiscal year (FY) by $31.98 million (net position). Of that amount, $15.64 million was invested in capital assets; $11.62 million was considered restricted and $4.72 million was considered unrestricted and may be used to meet the Authority's ongoing obligations. The Authority's FY 2015 total net position decreased by $10.62 million (25%) compared to the FY 2014 balance of $42.60 million.

Total revenues, excluding Housing Assistance Payments-Portability in, decreased by approximately $3.27 million (4%) during 2015, and were $85.53 million and $88.80 million for 2015 and 2014, respectively. The decrease was due in large part to the reduction funding provided by HUD.

Total expenses, excluding Housing Assistance Payments-Portability in, increased by approximately $0.03 million. Total expenses were $91.74 million and $91.71 million for 2015 and 2014, respectively.

The Authority's component unit, Preserving Alameda County Housing, Inc. (PACH), was formed in March 2011. The Authority is the managing agent for the properties owned by PACH. For FY 2015, PACH had total assets of $5.76 million, total liabilities of $0.15 million and net position of $5.61 million. It had total revenues of $2.68 million and expenses of $1.69 million. PACH's total net position increased by $0.99 million.

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business in that all enterprise fund type activities are consolidated into columns, which add to a total for the entire Authority. The Authority-wide financial statements report information on the Authority as a whole, net of inter-fund activity.

The *Statement of Net Position* is similar to a Balance Sheet. The Statement of Net Position provides information about the Authority's financial and capital resources (assets) and its obligations to creditors (liabilities). Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year) and "Non-current." The statement is presented in the format where assets minus liabilities equal "Net Position," formerly known as Net Assets.

Net Position (formerly Net Assets) is reported in three broad categories:

- Net Position, Invested in Capital Assets, Net of Related Debt: This component of Net Position consists of all capital assets net of accumulated depreciation and reduced by 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 security deposits, debt covenants), grantors, contributors, laws, regulations, etc.

- Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt," or "Restricted Net Position." It represents the net available liquid assets, net of liabilities, for the entire Authority.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* is similar to an Income Statement. This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative costs, utilities, maintenance, depreciation, and Non-Operating Revenue & Expenses, such as grant revenue, investment income and interest expense. The focus of this statement is the "Change in Net Position," which is similar to Net Income or Loss.

The *Statement of Cash Flows* discloses net cash provided by or used for operating activities, investing activities, non-capital financing activities, and from capital and related financing activities. This statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the fiscal year.

The accompanying *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on fund types. The Authority consists of exclusively Enterprise Funds. The Enterprise method of accounting is similar to accounting utilized by the private sector where the determination of net income is necessary or useful to sound financial administration. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other monies. They are reported using the full accrual method of accounting.

The Department of Housing and Urban Development (HUD) requires the Authority to maintain many of the funds. Others are segregated to enhance accountability and control.

FINANCIAL ANALYSIS

TABLE 1
STATEMENT OF NET POSITION
(in millions)

	The Authority		PACH		TOTAL			
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	Change	%
Current and other assets	$ 10.66	$ 19.58	$ 1.67	$ 0.75	$ 12.33	$ 20.33	$ (8.00)	-39%
Non-current assets	11.50	11.25	0.08	-	11.58	11.25	0.33	3%
Capital assets	11.63	9.91	4.01	4.04	15.64	13.95	1.69	12%
Deferred inflow of resources	2.40	-	-	-	2.40	-	2.40	100%
Total assets and deferred inflow of resources	**36.19**	**40.74**	**5.76**	**4.79**	**41.95**	**45.53**	**(3.58)**	**-8%**
Current liabilities	1.43	2.75	0.15	0.18	1.58	2.93	(1.35)	-46%
Noncurrent liabilities	7.67	-	-	-	7.67	-	7.67	100%
Deferred inflow of resources	0.72	-	-		0.72	-	0.72	100%
Total liabilities and deferred inflow of resources	**9.82**	**2.75**	**0.15**	**0.18**	**9.97**	**2.93**	**7.04**	**240%**
Net position:								
Invested in capital assets	11.63	9.91	4.01	4.04	15.64	13.95	1.69	12%
Restricted	11.58	16.07	-	-	11.58	16.07	(4.49)	-28%
Unrestricted	3.16	12.01	1.60	0.57	4.76	12.58	(7.82)	-62%
Total net position	**$ 26.37**	**$ 37.99**	**$ 5.61**	**$ 4.61**	**$ 31.98**	**$ 42.60**	**$ (10.62)**	**-25%**

Major Factors Affecting the Statement of Net Position (Table 1)

Current and other assets decreased by approximately $8.00 million because of lower amounts of cash and cash equivalents and investments.

Non-current assets changed from last year due to interest accrued on the Notes Receivable from Eden Dougherty, LLP for a total amount of $11.58 million. The HUD disposition approval imposed that the net proceeds were to be loaned to the redeveloper of the former Arroyo Vista public housing site, to use for the development of new low-income family and elderly housing units.

Total liabilities increased by approximately $6.32 million primarily due to net pension liability recorded to implement GASB 68.

Total net position decreased by $10.62 million and was $31.98 million and $42.60 million in 2015 and 2014, respectively. Table 2 presents details on the change in Net Position.

Net Position Invested in Capital Assets (e.g., land, buildings and improvements, furniture and equipment) increased by approximately $1.69 million, net of depreciation, and was $15.64 million and $13.95 million in 2015 and 2014, respectively. The increase was primarily due to the Atherton office remodel and capitalized repairs and improvements to units.

Restricted Net Position balance decreased by approximately $4.45 million and was $11.58 million and $16.07 million in 2015 and 2014, respectively. The balance includes $11.58 million of restricted monies received, plus accrued interest, from the net proceeds of the disposition of Arroyo Vista public housing which was loaned out to Eden Dougherty, LLC.

Unrestricted Net Position decreased by $7.82 million and was $4.76 million as of June 30, 2015.

TABLE 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in millions)

	The Authority		PACH		TOTAL			
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	Change	%
Revenues								
Rental revenue - tenants	$ 0.59	$ 0.53	$ 2.67	$ 2.48	$ 3.26	$ 3.01	$ 0.25	8%
HUD PHA grants	78.78	82.43	-	-	78.78	82.43	(3.65)	-4%
Other revenue	3.14	3.08	-	-	3.14	3.08	0.06	2%
Investment income	0.34	0.28	0.01	-	0.35	0.28	0.07	25%
Sub-Total	82.85	86.32	2.68	2.48	85.53	88.80	(3.27)	-4%
Housing assistance payments-Portability-in	13.32	15.87	-	-	13.32	15.87	(2.55)	-16%
Total revenues	**96.17**	**102.19**	**2.68**	**2.48**	**98.85**	**104.67**	**(5.82)**	**-6%**
Expenses								
Administrative	9.20	7.42	0.56	0.51	9.76	7.93	1.83	23%
Tenant service	0.14	-	-	0.01	0.14	0.01	0.13	1300%
Utilities	0.16	0.17	0.12	0.08	0.28	0.25	0.03	12%
Ordinary maintenance and operations	0.49	0.67	0.53	0.42	1.02	1.09	(0.07)	-6%
General expenses	0.63	0.66	0.04	0.03	0.67	0.69	(0.02)	-3%
Depreciation	0.82	0.35	0.44	0.41	1.26	0.76	0.50	66%
Housing Assistance Payments	76.74	79.15	-	-	76.74	79.15	(2.41)	-3%
Other expenses	1.87	1.83	-	-	1.87	1.83	0.04	2%
Sub-Total	90.05	90.25	1.69	1.46	91.74	91.71	0.03	0%
Housing Assistance Payments-Portability in	13.32	15.87	-	-	13.32	15.87	(2.55)	-16%
Total expenses	**103.37**	**106.12**	**1.69**	**1.46**	**105.06**	**107.58**	**(2.52)**	**-2%**
Net Income (Loss) – Change in Net Position	**$ (7.20)**	**$ (3.93)**	**$ 0.99**	**$ 1.02**	**$ (6.21)**	**$ (2.91)**	**$ (3.30)**	**113%**

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position (Table 2)

Total revenues decreased by approximately $3.27 million (4%) and total expenses increased by approximately $0.03 million from a year ago.

HUD provided 93% of the Authority's revenue in 2015. The Housing Choice Voucher (HCV) program represents the majority of the Authority's total operating subsidies and grants revenue. Changes in HUD funding directly impact the Authority's operating results. Operating subsidies and grants decreased by $3.65 million from the previous year. The HCV Program received $3.43 million less funding from HUD and utilized all of its restricted net position (HAP reserves on hand) in 2015. Rental revenue increased by 8% compared to the previous year.

With the exception of administrative expenses, most expenses either remained the same or decreased slightly.

The component unit, PACH, started operations in September 2011. Revenue and expenses account for the 12-month leasing operations for 158 units. Expenses include administration (management fees and contracted services), utilities, maintenance and depreciation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (Table 3)

As of fiscal year ended June 30, 2015, the Authority had $15.64 million invested in a variety of capital assets as reflected in the following table, which represents a net increase (addition, deductions (disposition and depreciation) of approximately $1.69 million or 12% from the end of last year.

TABLE 3
CAPITAL ASSETS AND DEBT ADMINISTRATION
(in millions)

	The Authority		PACH		TOTAL			
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	Change	%
Land and land rights	2.17	2.17	1.42	1.42	$ 3.59	$ 3.59	$ -	0%
Buildings and improvements	15.95	8.73	10.46	10.08	26.41	18.81	7.60	40%
Furniture and equipment	2.68	1.68	0.24	0.22	2.92	1.90	1.02	54%
Construction in progress	-	5.79	-	-	-	5.79	(5.79)	-100%
Accumulated depreciation	(9.16)	(8.46)	(8.12)	(7.68)	(17.28)	(16.14)	(1.14)	7%
Total	**$ 11.64**	**$ 9.91**	**$ 4.00**	**$ 4.04**	**$ 15.64**	**$ 13.95**	**$ 1.69**	**12%**

The following reconciliation summarizes the change in capital assets, which is presented in detail in the notes to the financial statements.

TABLE 4
CHANGE IN CAPITAL ASSETS
(in millions)

	The Authority	PACH	TOTAL
Beginning balance, July 1, 2014	$ 9.91	$ 4.04	$ 13.95
Additions	3.10	0.40	3.50
Deductions (disposition)	(0.55)	-	(0.55)
Depreciation expense	(0.82)	(0.44)	(1.26)
Total	**$ 11.64**	**$ 4.00**	**$ 15.64**

Debt Outstanding

As of year-end, the Authority and its component unit, PACH had no debt (bonds, notes, etc.) outstanding.

NEW SIGNIFICANT ACCOUNTING STANDARDS IMPLEMENTED

In fiscal year 2014-2015, the Authority adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to the Authority's retirement plan. The Statements are:

1. Statement No. 68, *Accounting and Financial Reporting for pensions – an amendment of GASB Statement No. 27.*
2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

The measurement date for the pension liability is December 31, 2014. Retirement contributions made during fiscal year FY 2014-2015, subsequent to the measurement date, are reported as deferred outflows of resources in accordance with Statement No. 71.

The implementation of these statements required that prior period adjustments be made to the Authority's June 30, 2014 previously reported net position. This prior period adjustment decreased the Authority's reported fiscal year ending June 30, 2014 net position by $4.41 million from $42.60 million to $38.19 million. Please refer to Notes to Financial Statements for more information regarding the Authority's retirement plan and prior period adjustments.

ECONOMIC FACTORS

The Authority continues to be dependent on funding from HUD for the administration of its Public Housing and Housing Choice Voucher programs.

The need for affordable housing in Alameda County has historically been, and will continue to be, very high. The number of people served and the level of service the Authority provide are constrained only by the amount of funds available for those services. The Authority is primarily dependent upon HUD for the funding of operations; therefore, it is affected more by the Federal budget than by local economic conditions. For several years, funding from HUD has been insufficient to cover housing assistance payments, capital improvements, operating and administrative expenses. The Authority continues to be challenged with unpredictable and reduced HUD funding levels to administer federal housing programs. The reduction has required the Authority's management to implement a comprehensive strategy to find new ways of assisting its participants while reducing costs, and continuing to comply with regulatory requirements. The Authority continues to look for ways to improve the efficiency, effectiveness and economy of its programs and administration. It is anticipated that most programs will continue to receive renewal funding.

The Authority has been approved by HUD to include its remaining 72 units of Public Housing in the Rental Assistance Demonstration (RAD) program.

The Authority continues to be challenged by other significant external and economic factors beyond its control which includes the following:

- Local labor supplies and demand, which can affect salary and wage rates
- Local inflationary, economic and employment trends that can affect resident incomes and therefore impact the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Supply of affordable housing
- Restructuring of the financial and health insurance industries
- Increasing pension liabilities

FINANCIAL CONTACT

This financial report is designed to provide a general financial overview of the Authority. The individual to be contacted regarding this report is Cathy Leoncio, Finance Director, at (510) 727-8521. Specific requests may be submitted to the Housing Authority of the County of Alameda, 22941 Atherton Street, Hayward, California 94541.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government Business-Type Activities
ASSETS:	
Current assets:	
Cash and cash equivalents (Note 2)	$ 1,746,709
Short term investments (Note 2)	9,260,867
Accounts receivable - HUD	281,124
Accounts receivable - other	683,777
Prepaid and other assets	63,408
Total current assets	12,035,885
Restricted assets:	
Cash and cash equivalents (Note 2)	297,454
Note receivable (Note 13)	11,581,116
Total restricted assets	11,878,570
Capital assets (Note 4)	32,917,313
Less accumulated depreciation (Note 4)	(17,277,880)
Capital assets, net	15,639,433
Total assets	39,553,888
Deferred outflow of resources	2,396,940
Total assets and deferred outflow of resources	41,950,828
LIABILITIES:	
Current liabilities:	
Accounts payable	755,805
Accounts payable - HUD	9,200
Accrued compensated absences (Note 1)	171,565
Unearned revenue (Note 10)	63,313
Tenants security deposits	126,922
Family self sufficiency escrows - current portion	162,608
Accrued liabilities	283,038
Other liabilities	5,964
Total current liabilities	1,578,415
Noncurrent liabilities:	
Net pension liability (Note 6)	7,455,335
Family self sufficiency escrows - noncurrent portion	162,607
Accrued compensated absences - noncurrent portion (Note 1)	52,866
Total liabilities	9,249,223
Deferred inflow of resources	721,232
Net position:	
Investment in capital assets	15,639,433
Restricted	11,581,116
Unrestricted	4,759,824
Total net position	$ 31,980,373

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Operating revenues		
Rental revenue - tenants	$	3,262,777
Other revenue - tenants		12,001
HUD PHA grants		78,784,534
Housing assistance payments-Portability-in		13,322,059
Other operating revenue		1,572,401
Total operating revenues		96,953,772
Operating expenses		
Administration		9,758,284
Tenant service		142,805
Utilities		283,374
Ordinary maintenance and operations		1,022,147
General expenses		669,922
Depreciation		1,259,061
Housing assistance payments-Portability-in		13,322,059
Housing assistance payments		76,736,321
Other expenses		1,869,493
Total operating expenses		105,063,466
Operating loss		(8,109,694)
Non-operating revenues		
Other revenue		1,549,257
Investment income		349,717
Total non-operating revenues		1,898,974
Change in net position		(6,210,720)
Net position at the beginning of year (Before GASB 68 Restatement)		42,605,646
GASB 68 implementation adjustment		(4,414,553)
Net position at the beginning of year (Restated)		38,191,093
Net position, end of the year	$	31,980,373

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Cash flows from operating activities:	
Cash collected from:	
Dwelling rental	$ 3,281,392
Security deposit	8,022
Other operating revenue	1,584,402
HUD PHA grants received	78,777,250
Housing assistance payments-Portability-in	12,676,606
Cash paid for:	
Housing assistance payments	(76,734,896)
Housing assistance payments-Portability-in	(13,322,059)
Administrative expenses	(8,154,693)
Tenant services	(142,805)
Utility expenses	(283,374)
Maintenance expenses	(1,047,453)
General expenses	(1,477,416)
Other expenses	(1,869,493)
Net cash used by operating activities	(6,704,517)
Cash flows from non capital & related financing activities:	
Other revenue received	1,549,257
Net cash provided by non capital financing activities	1,549,257
Cash flows from capital and related financing activities:	
Acquisition of capital assets, net	(2,944,736)
Net cash used by capital and related financing activities	(2,944,736)
Cash flows from investing activities:	
Proceeds from investment maturities	34,388
Purchase of investments	(5,621,374)
Interest received from investments less accrued interest	19,717
Net cash provided by investing activities	(5,567,269)
Net decrease in cash and cash equivalents	(13,667,265)
Cash and cash equivalents at the beginning of the year	15,711,428
Cash and cash equivalents at the end of the year	$ 2,044,163
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (8,109,694)
Adjustments to reconcile operating loss to net cash used by operating activities:	
GASB 68 implementation adjustment	(4,414,553)
Depreciation expense	1,259,061
(Increase)/Decrease in accounts receivable - HUD	9,995
(Increase)/Decrease in in accounts receivable - other project	40,195
(Increase)/Decrease in in accounts receivable - other	(10,934)
(Increase)/Decrease in in accounts receivable - other government	(111,777)
(Increase)/Decrease in accounts receivable - tenants	13,811
(Increase)/Decrease in prepaid expenses	(24,369)
(Increase)/Decrease in inter program-due from	(80,141)
(Increase)/Decrease in deferred outflow of resources	(2,396,940)
Increase/(Decrease) in deferred inflow of resources	721,232
Increase/(Decrease) in accounts payable	15,991
Increase/(Decrease) in wages/payroll taxes payable	26,890
Increase/(Decrease) in accounts payable - HUD	3,587
Increase/(Decrease) in inter program-due to	80,140
Increase/(Decrease) in accounts payable - other project	39,849
Increase/(Decrease) in accrued compensated absences	(15,501)
Increase/(Decrease) in accrued compensated absences-noncurrent	52,866
Increase/(Decrease) in deferred revenue	(704,621)
Increase/(Decrease) in FSS escrow	(129,998)
Increase/(Decrease) in FSS escrow-non current	131,423
Increase/(Decrease) in accrued liabilities	(564,386)
Increase/(Decrease) in accrued pension liability	7,455,335
Increase/(Decrease) in tenant security deposit	8,022
Net cash used by operating activities	$ (6,704,517)

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The Housing Authority of the County of Alameda (the Authority) was established by the Alameda County Board of Supervisors on December 3, 1968. It is funded primarily by the Department of Housing and Urban Development (HUD) by means of Annual Contribution Contracts.

The Authority provides housing assistance to low and moderate-income families at rents they can afford. Eligibility is determined by family composition, income and residency in areas served by the Authority.

The accompanying financial statements are those of the Low Rent Public Housing Program, the Housing Choice Voucher Program, the existing Moderate Rehabilitation programs, the Authority Administered Continuum of Care program and the Housing Development Fund. A summary of the programs administered by the Authority is provided below to assist the reader in interpreting such financial statements.

The Authority has one component unit in accordance with statement No. 61 Government Accounting Standards Board ("GASB"). The Authority's financial statements include those of Preserving Alameda County Housing, Inc. (PACH), which is a blended component unit that meets both of the following criteria under GASB 61:

1. The Authority and PACH have substantively the same governing body.
2. Management of the Authority has operational responsibility for the activities of PACH.

(b) Basis of Presentation

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the USA.

Government-wide Statements**:** The statement of net position and the statement of activities display information about the Authority. These statements include the financial activities of the overall Authority.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as grants and investment earnings, result from nonexchange transactions or ancillary activities.

(c) Business –type Activities

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

Housing Choice Voucher Program - Under the Housing Choice Voucher Program (HCV), the Authority administers contracts with independent landlords that own properties. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions funding to enable the Authority to set the participant's share of the rent at 30% of adjusted gross income. The HCV program also provides rental assistance for homeless veterans through the Veterans Affairs Supportive Housing (VASH) program. Support services are provided by the Department of Veterans Affairs (VA). The VA provides these services for participating veterans at VA medical centers (VAMC's) and community-based outreach clinics.

Housing Development Fund - The Authority maintains a Local Fund for low-income housing development and management improvements.

Moderate Rehabilitation Programs - A form of the Section 8 Rental Assistance program in which the rental assistance is "tied" to the rental unit rather than to the family. The Authority has 96 units under this program.

Preserving Alameda County Housing, Inc. – PACH provides leasing, rehabilitating and operating affordable housing units and serves as a support corporation for the Authority. The Authority acts as the agent for the management of the properties owned by PACH.

Continuum of Care Program - This program provides rental assistance and supportive services for homeless individuals who have long-term disabilities resulting mainly from serious mental illness, alcohol and drug abuse, or an HIV positive medical condition. It is funded through the Alameda County Housing and Community Development Agency, for which the Authority is a contractor to provide the housing subsidy administration.

Other Business Activities - The Authority owns non-assisted units in Hayward known as Park Terrace (9 units) and in Emeryville known as Ocean Avenue (6 units) that are rented to low-income families. The Authority owns land in Union City to be developed for low-income housing. The Authority also manages, for a fee, 3 houses owned by the City of Union City and these homes are also rented to low-income families. In December 2009, the Authority also established the CHOICES program with the Alameda County Behavioral Health Care Services Department (BHCS). The program provides a monthly housing subsidy for designated BHCS clients with serious mental health issues. On October 1, 2012, the Memorandum of Understanding (MOU) with BHCS was amended to include the Forensic Assertive Community Treatment (FACT) program.

(d) <u>Basis of Accounting</u>

The basic accounting and reporting entity is a “fund”. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

“Basis of accounting” refers to when revenues and expenses are recognized in the accounts and reported in the basic financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement.

The Authority is accounted for as an enterprise fund, which is used to account for operations similar to a private business enterprise where the intent of the Authority is that the costs and expenses, including depreciation, of providing services to the members on a continuing basis be financed or recorded primarily through user charges.

As an enterprise fund, the Authority uses the full accrual basis of accounting. With the economic resources measurement focus, all assets and all liabilities of the enterprise are recorded on its Statement of Net Position, all revenues are recognized when earned, and all expenses, including depreciation, are recognized when incurred. Enterprise Fund Net Position includes Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position.

The Authority considers all of its funds to be proprietary. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the Authority or if total assets, liabilities, revenues, or expenses of the individual fund are at least 10 percent of the Authority-wide total. The Authority considers all of its activity to be housing related and therefore, considers all the financial activity of the Authority to be one major fund.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

The statement of position presents the Authority’s assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net position is reported in three categories.

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.

- Unrestricted – This component of net position consists of net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted."

- ***Statement of Revenues, Expenses, and Changes in Net Position*** – The Statement of Revenues, Expenses, and Changes in Net Position is the operating statement for the enterprise fund. Revenues are reported by major source. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has an item that meets this criterion, contributions that were made to the plan subsequent to the measurement date. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has an item that meets the criterion for this category, deferrals of pension expense that result from the implementation of GASB Statement 68 relating to the difference between actual and expected rate of return on investment of the pension plan.

(e) Changes in Accounting Principles

In June 2012, Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Authority has implemented the Provisions of this Statement for the year ended June 30, 2015.

The implementation of the statement required the Authority to record beginning net pension liability and the effects on net position of contributions made by the Authority during the measurement period (fiscal year ending June 30, 2014). As a result, net position as of June 30, 2014 for the Authority has been restated and decreased by $4,414,553.

(f) <u>Measurement Focus</u>

"Measurement Focus" refers to what is being measured; "basis of accounting" refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The proprietary fund types are accounted for on an "income determination" or "cost of services" measurement focus. Accordingly, all assets and liabilities are included on the statement of net position, and the reported net position provides an indication of the historical net worth of the fund. Operating statements for proprietary fund types report increases (revenues) and decreases (expenses) in total historical net worth.

Proprietary funds use the accrual basis of accounting, i.e., revenues are recognized in the period earned and expenses are recognized in the period incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. The principal operating revenue of the Authority's enterprise funds is dwelling rental income. Operating expenses include the cost of services provided, administrative expenses and depreciation on fixed assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(g) <u>Cash, Cash Equivalents and Investments</u>

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments. For purposes of the Statement of Cash Flows, cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the Authority. Cash equivalents have an original maturity date of three months or less from the date of purchase.

The Authority pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash* and *investments*.

Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

Investments are reported at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools.

(h) Capital Assets

The Authority's established capitalization policy requires all acquisitions of property and equipment in excess of $3,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

	Years
Furniture and equipment	5
Building improvements	10
Buildings	27.5

(i) Accounts Receivable

Receivables are principally amounts due from other governments and tenants. Allowance for doubtful accounts has been provided based on the likelihood of the recoverability.

(j) Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(k) Accrued Compensated Absences

Accumulated vacation benefits are recorded as liabilities on the books of the Authority. The total liability for the Authority is $224,431 based on year-end hourly rates, of which $171,565 is current.

(l) Net Position

Net Position consists of investment in capital assets, restricted net position, and unrestricted net position. Unrestricted net position is designated for use for expenditures in future periods. Restricted net position is designated for tenant security deposits, family self-sufficiency escrow deposits, capital fund program and HAP equity.

(m) Taxes

The Authority is exempt from federal and state income taxes. The Authority is also exempt from property taxes but makes payments in lieu of taxes on owned public housing.

(n) Unearned Revenues

Unearned revenues represent funds received that have not yet been earned. As the funds are earned, the liability is reduced.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30, 2015 are classified on the Statement of Net Position as follows:

Unrestricted - cash, cash equivalents and investments:		
Deposits with financial institution	$	1,746,709
Short term investments		9,260,867
Cash on hand		350
Restricted cash, cash equivalents and investments for tenant security deposits, family self-sufficiency escrow, and capital fund program:		
Deposits with financial institution		297,454
Total cash, cash equivalents and investments	$	11,305,030

The Authority had the following cash, cash equivalents and investments at June 30, 2015:

Cash and cash equivalents:		
Deposits with financial institution	$	1,732,317
Money market		311,496
State of California Local Agency Investment Fund (LAIF)		3,721,527
Cash on hand		350
Short term investments:		
Commercial papers		5,539,340
Total cash, cash equivalents and investments	$	11,305,030

A. Deposits

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. Generally credit risk is the risk that an issuer will not be able to fulfill its obligation to the holder of the investment. All time and savings deposits (which include money market deposit accounts and other interest-bearing checking accounts) are maintained in an insured depository institution insured up to $250,000 per bank by the Federal Deposit Insurance Corporation (FDIC) depending upon the type of deposit and the location of the insured depository institution. These accounts are held with a single financial institution. In addition to the insurance coverage provided by the financial institution, the Authority purchased unlimited insurance coverage for all the bank deposits. At June 30, 2015, no cash deposited with a financial institution was exposed to credit risk.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pool such as LAIF.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The Authority considers the investments in LAIF to be highly liquid as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF. At June 30, 2015, an account was maintained in the name of the Authority for $5,539,339, its fair value.

B. Investments

The Authority is authorized by State statutes and in accordance with the Authority's Investment Policy (Policy) to invest in the following:

- Securities issued or guaranteed by the Federal Government or its agencies
- State of California Local Agency Investment Fund (LAIF)
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The Authority's investments comply with the established policy.

Investments Authorized by the California Government Code and the Authority's Investment Policy

The California Government code allows the Authority to invest in the following; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code:

Authorized Investment Type	Maximum Maturity	Maximum Specified Percentage of Portfolio	Minimum Credit Quality
Local agency bonds	5 years	None	None
U.S. treasury obligations	5 years	None	None
State of California obligations	5 years	None	None
CA Local agency obligations	5 years	None	None
U.S. agencies	5 years	None	None
Banker's acceptances	180 days	40%	A1/P1
Commercial paper – select agencies	270 days	40%	A1/P1
Commercial paper – other agencies	270 days	25%	None

Authorized Investment Type	Maximum Maturity	Maximum Specified Percentage of Portfolio	Minimum Credit Quality
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements and Securities lending agreements	92 days	20%	None
Medium-term notes	5 years	30%	A
Mutual funds	N/A	20%	Multiple
Money market mutual funds	N/A	20%	Multiple
Collateralized bank deposits	5 years	None	None
Mortgage pass-through securities	5 years	20%	AA
Time deposits	5 years	None	None
County pooled investment funds	N/A	None	None
Local agency investment fund (LAIF)	N/A	None	None

There are no restrictions on the maximum amount invested in each security type or maximum that can be invested in any one issuer.

The Authority does not have reverse repurchase agreements.

NOTE 3: INTERFUND BALANCES

Interfund balances are as follows:

	Due From	Due To
Public Housing	$ 16,240	$ 26,785
Housing Choice Voucher	546,319	191,190
Continuum of Care		546,192
Moderate Rehabilitation	14,885	
Choice	44,675	
PACH	51,613	
Ocean Avenue	1,367	
Housing Development Fund	157,997	
Park Terrace		127
Other State and Local	1,288	70,090
	$ 834,384	$ 834,384

NOTE 4: CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2015 were as follows:

	Balance at June 30, 2014	Increases	Decreases	Transfer	Balance at June 30, 2015
Capital assets not being depreciated:					
Land and land rights	$ 3,588,497	$	$	$	$ 3,588,497
Construction in progress	5,369,912			(5,369,912)	
Total capital assets not being depreciated	8,958,409			(5,369,912)	3,588,497
Capital assets being depreciated:					
Buildings and improvements	19,189,495	7,837,249	(621,268)		26,405,476
Furniture and equipment	1,950,876	1,032,253	(59,790)		2,923,339
Total capital assets being depreciated	21,140,371	8,869,502	(681,058)		29,328,815
Less: accumulated depreciation for:					
Buildings and improvements	(15,094,685)	(993,223)	66,416		(16,021,492)
Furniture and equipment	(1,050,339)	(265,838)	59,790		(1,256,387)
Total accumulated depreciation	(16,145,024)	(1,259,061)	126,206		(17,277,879)
Total capital assets being depreciated, net	4,995,347	7,610,441	(554,852)		12,050,936
Total capital assets, net	$ 13,953,756	$ 7,610,441	$ (554,852)	$ (5,369,912)	$ 15,639,433

Depreciation expense for the year ended June 30, 2015 was $1,259,061

A summary of enterprise funds capital assets at June 30, 2015 is shown below:

Capital Assets		
Land and land rights	$	3,588,497
Buildings and improvements		26,405,476
Furniture and equipment		2,923,339
Total capital assets		32,917,312
Less: Accumulated depreciation		(17,277,879)
Net capital assets	$	15,639,433

NOTE 5: PAYMENT IN LIEU OF TAXES

In connection with the Low Rent Public Housing Program, the Authority is obligated to make annual payments in lieu of property taxes based on the lesser of assessable value of owned housing times the current tax rate or 10% of the dwelling rents net utilities expense. At June 30, 2015, accounts payable to others included $31,417 for payment in lieu of taxes.

NOTE 6: PENSION PLAN

A- Plan Description

The Authority provides retirement benefits for all its full-time employees through the Alameda County Employees Retirement Association (ACERA). The Alameda County Employees' Retirement Association (ACERA) was established by the Alameda County Board of Supervisors in 1947. ACERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq.).

ACERA is a cost-sharing, multiple employer, defined benefit, public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the General and Safety members employed by the County of Alameda. ACERA also provides retirement benefits to the employee members of First 5 Alameda County, Housing Authority of the County of Alameda, Alameda Health System, Livermore Area Recreation and Park District (LARPD), Superior Court of California—County of Alameda, and Alameda County Office of Education.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2014 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B- Plan membership

At December 31, 2014, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	8,813
Vested terminated members entitled to, but not yet receiving benefits*	1,995
Active members	11,025
Total	21,833

* Includes terminated members due a refund of member contributions.

C- Pension Benefits

ACERA provides service retirement, disability, death, and survivor benefits to eligible employees. The ACERA's membership for the Authority's employees is effective on the first day of employee's hire in an ACERA covered position. The first date of employment is the date of entry into ACERA membership. As of this date of entry, payroll deductions for retirement contributions begin and service credit for each hour work is earned.

There are separate retirement benefits for General and Safety members. Safety membership is extended to those involved in active law enforcement, deferred firefighters, or positions that have been designated as Safety by the Board of Retirement (e.g. Juvenile Hall Group Counselor, Probation Officer, etc.). All other employees are classified as General members. These benefits include supplemental cost of living adjustment (COLA) and retired member death benefit. The supplemental COLA is to maintain each retiree's purchasing power at no less than 85% of the purchasing power of the original benefit. The retired member death benefit is a one-time $1,000 lump sum payment to the beneficiary of a retiree.

Any new member who becomes a member on or after January 1, 2013 is placed into Tier 4 and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197.

General members enrolled in Tiers 1, 2, or 3 are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non-Tier 4 General member with 30 years of service is eligible to retire regardless of age. General members enrolled in Tier 4 are eligible to retire once they have attained the age of 52 and have acquired five years of retirement service credit, or at age 70 regardless of service.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier. All Authority's employees are general members. The tiers and their basic provisions are listed below:

Tier Name	Service Retirement Governing Code Section	Effective Date	Basic Provisions	Final Average Salary Period
General Tier 1	§31676.12	Various	2.0% at 57; maximum 3% COLA	Highest 1-year
General Tier 2	§31676.1	September 30, 2011	2.0% at 61; maximum 2% COLA	Highest 3-years
General Tier 3	§31676.18	October 1, 2008	2.5% at 55; maximum 3% COLA	Highest 1-year
General Tier 4	§7522.20(a)	January 1, 2013	2.5% at 67; maximum 2% COLA	Highest 3-years

For members enrolled in Tiers 1, 2, or 3, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members enrolled in Tier 4. The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

ACERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the San Francisco-Oakland-San Jose Area (with 1982-84 as the base period), is capped at 3.0% for General Tiers 1 and 3 and Safety Tier 1, and at 2.0% for General Tiers 2 and 4 and Safety Tiers 2, 2C, 2D, and 4.

D- Plan Contributions

The Authority contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from ACERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of December 31, 2014 (measurement date) for 2014 (measurement period) (based on the December 31, 2012 and December 31, 2013 valuations for the second half of 2013/2014 and the first half of 2014/2015, respectively) was 24.04% of compensation.

The Authority is required to make contributions to ACERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of December 31, 2014 for 2014 (based on the December 31, 2012 and December 31, 2013 valuations for the second half of 2013/2014 and the first half of 2014/2015, respectively) was 8.99% of compensation.

The Authority's proportionate share in the actual contributions has been determined for the periods from January 1 to December 31 as follows:

2014 (measurement period)	$1,004,394
2013	$974,942

For the year ended June 30, 2015, the Authority made contributions of $788,008 to ACERA. Reconciliation of net pension liability is as follows:

E- Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the Authority reported net pension liabilities of $7,455,335 for its proportionate shares of the net pension liability of the Plan.

Reporting Date for Employer under GASB 68	June 30, 2015	
Measurement Date for Employer under GASB 68	December 31, 2014	
Beginning net pension liability	$	5,418,947
Pension expense		1,365,074
Authority's contributions		(1,004,394)
New net deferred inflows / outflows		1,988,119
New net Deferred Flows due to change in proportion		(312,411)
Recognition of prior deferred inflows / outflows		-0-
Ending net pension liability	$	7,455,335

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets). The Total Pension Liability for each membership class is obtained from internal valuation results. The Plan Fiduciary Net Position for each membership class was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total ACERA Plan Fiduciary Net Position to total ACERA valuation value of assets.

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The reporting date for the Authority under GASB 68 is June 30, 2015. The reporting date and the measurement date for the plan under GASB 67 are December 31, 2014. Consistent with the provisions of GASB 68, the assets and liabilities measured as of December 31, 2014 are not adjusted or "rolled forward" to the June 30, 2015 reporting date. Other results, such as the total deferred inflows and outflows, would also be allocated based on the same proportionate share.

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

		Amount
Proportion – June 30, 2013	$	5,418,947
Proportion – June 30, 2014	$	7,455,335

For the year ended June 30, 2015, the Authority recognized pension expense of $1,365,074. The measurement of the pension expense is as follows:

Reporting Date for Employer under GASB 68	June 30, 2015
Measurement Date for Employer under GASB 68	December 31, 2014

Components of Pension Expense:

Service cost	$	879,615
Interest on the Total Pension Liability		2,785,606
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions		(66,755)
Expensed portion of current-period benefit changes		-0-
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability		(87,355)
Expensed portion of current-period changes of assumptions or other inputs		411,243
Member contributions		(375,440)
Projected earnings on plan investments		(2,374,787)
Expensed portion of current-period differences between actual and projected earnings on plan investments		118,081
Administrative expense		74,866
Other		-0-
Recognition of beginning of year deferred outflows of resources as pension expense		-0-
Recognition of beginning of year deferred inflows of resources as pension expense		-0-
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions		-0-
Pension Expense	$	1,365,074

At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 472,235	$
Change of assumptions	1,924,615	
Differences between expected and actual experience		408,821
Changes in proportion and differences between employer contributions and proportionate share of contributions		312,411
	$ 2,396,940	$ 721,232

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Deferred Outflows/(Inflows) of Resources
2016	$ 375,214
2017	375,214
2018	375,214
2019	375,214
2020	174,852

There have been changes in the Authority's proportionate share of the total Net Pension Liability during the measurement period ended December 31, 2014. The net effect of the change on the Authority's proportionate share of the collective Net Pension Liability and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through ACERA, which is 5.68 years determined as of December 31, 2013 (the beginning of the measurement period ending December 31, 2014).

In addition, the difference between the actual Authority's contributions and the proportionate share of the Authority's contributions during the measurement period ended December 31, 2014 is recognized over the same period. This is zero because the proportionate share was determined using the actual Authority contributions.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of $1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each non-active or retired member.
- Dividing the sum of the above amounts by the total number of active employee, non-active and retired members.

The beginning balances for deferred inflows of resources and deferred outflows of resources as of the beginning of the fiscal year were not determined. Per Paragraph 137 of GASB 68, these balances are assumed to be zero.

F- Actuarial Methods and Assumptions

An actuarial valuation is performed for the pension plan on annual basis. ACERA retains an independent actuarial firm to conduct actuarial valuations and to establish the contribution rate requirements for the plan.

The components of the collective net pension liability of the plan as of December 31, 2014 and December 31, 2013 are as follows:

(Dollars in thousands)	2014	2013
Total Pension Liability	$ 7,653,069	$ 6,975,777
Less: Plan Fiduciary Net Position	5,912,426	5,693,756
Net Pension Liability	$ 1,740,643	$ 1,282,021
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	77.26%	81.62%

The net pension liability was measured as of December 31, 2014 and 2013. Plan fiduciary net position was valued as of the measurement date while the total pension liability was determined based upon rolling forward the total pension liability from actuarial valuation as of December 31, 2013 and 2012, respectively.

The total pension liability and fiduciary net position include liabilities and assets for non-health postemployment benefits (non-OPEB). The assets for non-OPEB are held in the SRBR to pay non-vested Supplemental COLA and the retired death benefit. The liability and assets associated with the OPEB component of the SRBR have been excluded from the total pension liability and the fiduciary net position reported above.

The actuarial assumptions used to develop the December 31, 2013 total pension liability are the same assumptions used in the December 31, 2013 and 2012 funding valuations for ACERA, while the actuarial assumptions used to develop the December 31, 2014 total pension liability are based on the new assumptions adopted by the Retirement Board for use in the December 31, 2014 funding valuation. These assumptions were applied to all periods included in the measurement:

Valuation Date	December 31, 2014	December 31, 2013
Inflation	3.25%	3.50%
Salary Increases	4.15% to 7.45% vary by service, including inflation	4.60% to 7.20% vary by service, including inflation
Investment Rate of Return	7.60%, net of pension plan investment expense, including inflation	7.80%, net of pension plan investment expense, including inflation
Mortality Tables	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, adjusted for future mortality improvements based on a review of the mortality	RP-2000 Combined Healthy Mortality Table adjusted for future mortality improvements based on a review of the mortality experience in the December 1, 2007 -

	experience in the December 1, 2010 - November 30, 2013 Actuarial Experience Study.	November 30, 2010 Actuarial Experience Study.
Date of Experience Study	December 1, 2010 through November 30, 2013	December 1, 2007 through November 30, 2010

Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2014 was 7.60% and 7.80% as of December 31, 2013. In order to reflect the provisions of Article 5.5 of the Statute, future allocations of 50% excess earnings to the Supplemental Retiree Benefit Reserve (SRBR) have been treated as an additional outflow against the plan's fiduciary net position in the Governmental Accounting Standards Board (GASB) crossover test. It is estimated that the additional outflow would average approximately 0.75% of assets over time, based on the results of the actuary's stochastic modeling of the 50% allocation of future excess earnings to the SRBR.

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current member contribution rates, and that employer contributions will be made at rates equal to the actuarially determined contributions rates1 plus additional future contributions that would follow from the allocation of excess earnings to the SRBR. Projected employer contributions that are intended to fund the service cost for the future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2014 and 2013.

G- Additional Financial and Actuarial Information

Additional financial and actuarial information supporting the schedules of employer allocations and schedule of pension amounts by employer can be obtained from ACERA's Comprehensive Annual Financial Report for the year ended December 31, 2014, and ACERA's GASB 68 Actuarial Valuation Based on December 31, 2014 Measurement Date for Employer Reporting as of June 30, 2015.

H- Target Asset Allocation

The long-term expected rate of return on pension plan investments for funding valuation purposes was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term (Arithmetic) Expected Real Rate of Return
Domestic Large Cap Equity	25.60%	5.91%
Domestic Small Cap Equity	6.40%	6.47%
Developed International Equity	20.25%	6.88%
Emerging Market Equity	6.75%	8.24%
U.S. Core Fixed Income	11.25%	0.73%
High Yield Bonds	1.50%	2.67%
International Bonds	2.25%	0.42%
Real Estate	6.00%	4.95%
Commodities	2.00%	4.25%
Absolute Return (Hedge Fund)	7.50%	3.17%
Real Return	3.00%	0.70%
Private Equity	7.50%	11.94%
Total	100.00%	

I- Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of December 31, 2014 (the measurement date), calculated using the discount rate of 7.60 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.60 percent) or 1 percentage-point higher (8.60 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	$12,227,654	$7,455,335	$3,462,880

NOTE 7: RESTATEMENT OF PRIOR YEAR NET POSITION

The Authority adopted GASB Statement No. 68 “Accounting and Financial Reporting for Pensions” in the current year. Consequently, the Authority adjusted its net position as of June 30, 2014 for the portion of pension liability attributable to periods before the year ended June 30, 2014. A pension liability of $4,414,553 recorded as prior year adjustments. This resulted in a net decrease to the opening balance of net position of $4,414,553.

NOTE 8: CONTINGENCIES

The Authority has received funds from various Federal and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

The Authority is involved in one claim. This is a breach of contract action initially brought by World Priority, LLC, the Housing Authority's contractor on a siding and window replacement project for the Emery Glen Apartments in Emeryville. World Priority's claim for unpaid work was dismissed by the court pursuant to a successful demurrer brought by the Housing Authority. The remaining pending litigation consists of the Housing Authority's First Amended Cross-Complaint for breach of contract and negligence, seeking from World Priority the cost to complete the work correctly and cost to repair consequential damage resulting from defective work.

In addition, in April 2014 the Housing Authority made a claim on World Priority's performance bond. Since the end of the audit period (June 30, 2015), the surety has denied the Housing Authority's claim, but continues to discuss contributing to completing the necessary work. The Housing Authority, World Priority and the surety are planning to participate in global settlement discussions in the next 60-90 days. Thus, the amount of additional funds the Housing Authority might have to contribute to complete the work is undetermined at this time.

No provision for potential losses is included in the basic financial statements as the expectation of the final outcome from this claim is premature and any potential loss cannot be accurately estimated. In the opinion of the Authority's management, it is not possible to accurately predict the Authority's liability under this action, but final disposition should not materially affect the financial position of the Authority.

NOTE 9: RISK MANAGEMENT

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management pool has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public official's liability forms are used to cover the respective perils. Insurance for these perils is underwritten by a housing authority insurance pool: Housing Authorities Risk Retention Pool (HARRP).

HARRP is a Joint Powers Authority organized under the intergovernmental cooperation laws of the states of Washington, Oregon, California, and Nevada, to manage the self-insurance program of housing authorities. The relationship between the Authority and HARRP is not a component unit of the Authority for financial reporting purposes. Through HARRP, the Authority currently maintains general liability coverage for claims up to $2 million and property insurance for claims up to $2 million and also business auto, fidelity bonds and errors and omission coverages.

Condensed audited financial information for the year ended December 31, 2014 is as follows:

Total assets	$	29,370,151
Total liabilities		8,843,451
Member's equity		20,526,700
Total liabilities and equity	$	29,370,151
Total revenues	$	9,590,501
Total expenses		8,997,193

Change in member's equity		593,308
Member's equity at beginning of year		19,933,392
Member's equity at end of year	$	20,526,700

NOTE 10: UNEARNED REVENUE

The changes in the Authority's unearned revenue account for the year ended June 30, 2015, were as follows:

Balance at the beginning of year	$	763,733
Decrease		(700,420)
Balance at the end of the year	$	63,313

NOTE 11: RESTRICTED CASH AND INVESTMENTS

The Authority reports amounts as restricted cash for any security deposits received from tenants at the time of move-in. Those monies will be returned to the tenant upon move-out after all outstanding costs have been deducted. Also, the Authority reports amounts as restricted cash for FSS Escrow balances which are maintained in a separate bank account for tenants who participate in the Family Self Sufficiency Program. These monies are given to the tenant upon graduation from the program or are forfeited by the tenant if they do not graduate. The Authority also restricts net HAP assets in line with HUD requirements. All of these monies are restricted because they can not be used for the day-to-day operations of the Authority.

NOTE 12: JOINT POWERS AGREEMENT

The Authority participates in a joint venture under a joint powers agreement (JPA) with the California Housing Workers' Compensation Authority (CHWCA). CHWCA was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2014, there were thirty-three members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information as of and for the year ended December 31, 2014, is as follows:

Total assets	$	24,496,334
Total liabilities		16,484,222
Net position		8,012,112
Total liabilities and net position	$	24,496,334

Operating revenues and non-operating revenues	$	4,702,889
Operating expenses		3,894,815
Net decrease in net position		808,074
Net position, beginning of year		7,204,038
Net position, end of year	$	8,012,112

The Authority's share of year end assets, liabilities, or retained earnings has not been calculated. The Authority's annual premium is based on covered payroll. Premium paid for the fiscal year ended June 30, 2015 was approximately $138,548. CHWCA issues a separate comprehensive annual financial report. Copies of this report may be obtained by contacting Bickmore Risk Services, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California, 95833.

NOTE 13: NOTE RECEIVABLE

On March 4, 2011, pursuant to the disposition and development agreement dated June 25, 2007 and with HUD disposition approval, the Dublin Housing Authority (DHA) disposed of all of its public housing units to the Authority which in turn, sold them to Eden Housing, Inc. and Citation Homes. The HUD disposition approval also imposed restrictions on the use of the net proceeds from the disposition. Net proceeds of $11 million were to be loaned to Eden Dougherty, LLP, the developer of the former Arroyo Vista public housing site, to use for the development of new low-income family and elderly housing units on the site.

On March 4, 2011, the Authority entered into a construction permanent note agreement in the amount of $11,000,000 with Eden Dougherty, LLP. (the Borrower), which will use the funds on the redevelopment project. The loan is evidenced by the Note, secured by the Regulatory Agreement and the Deed of Trust that encumbers the project to secure repayment of the loan in the form provided by the Authority. The Deed of Trust and the Regulatory Agreement have been recorded against the property in the Office of the Recorder of the County of Alameda. The Note has a term that expires on the date 55 years from the date of project completion, which is determined by the date of issuance of a certificate of occupancy or equivalent. The Borrower shall use Residual Receipts generated by the project to repay the note every 1st of June following the completion of project construction. The note bears no interest until the earlier of i) the permanent loan conversion or ii) the third anniversary of the note closing; thereafter, the note shall bear simple annual interest rate not to exceed 3%. The Note was converted to permanent loan on September 27, 2013. At June 30, 2015, the Authority had note receivable and accrued interest receivable from the Borrower in the amount of $11,000,000 and $581,116, respectively.

NOTE 14: BLENDED COMPONENT UNIT

On March 23, 2011, the authority established under the Nonprofit Public Corporation Law Preserving Alameda County Housing, Inc. (PACH), a not-for-profit instrumentality of the Authority for the purpose of acquiring, owning, leasing, rehabilitating and operating affordable housing units and to serve as a support corporation for the Authority.

With HUD approval, PACH acquired 158 disposed units by the Authority between September 2011 and November 2012. The following financial statement of PACH is included in the Authority's basic financial statements for fiscal year ended June 30, 2015.

BLENDED COMPONENT UNIT – STATEMENT OF NET POSITION

ASSETS		
Current Assets:		
Cash and cash equivalents	$	309,119
Restricted cash		76,748
Short term investments		1,299,812
Accounts receivable, net		185
Prepaid expenses and other current assets		7,148
Due from other funds		51,613
Total current assets		1,744,625
Noncurrent Assets:		
Capital assets, net of accumulated depreciation		4,012,351
Total noncurrent assets		4,012,351
Total assets		5,756,976
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities		77,626
Tenant security deposits		76,748
Total current liabilities		154,374
Total liabilities		154,374
NET POSITION		
Invested in capital assets		4,012,351
Unrestricted net position		1,590,251
Total net position	$	5,602,602

BLENDED COMPONENT UNIT – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

OPERATING REVENUES		
Tenant rental income	$	2,667,590
Other revenue		9,221
Total operating revenue		2,676,811
OPERATING EXPENSES		
Administration		559,359
Tenant services		1,337
Utilities		120,063
Repairs and maintenance		531,462
General expenses		36,558
Depreciation expense		441,197
Total operating expenses		1,689,976
OPERATING INCOME		986,835
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue (net)		690
Total non-operating revenues		690
Change in Net Position		987,525
Total Net Position – beginning of year		4,615,077
Total Net Position – end of year	$	5,602,602

NOTE 15: EVALUATION OF SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through March 28, 2016, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	Continuum of Care	Mod Rehab	PACH	Ocean Avenue	Choice	Park Terrace	Other State & Local	Interfund Elimination	Total
Assets												
Current assets:												
Cash and cash equivalents (Note 2)	$ 71,098	$ 821,290	$ 451,441	$	$	$ 309,119	$ 12,646	$	$ 81,115	$		$ 1,746,709
Short term investments (Note 2)	1,599,796	1,499,897	3,721,527			1,299,812	139,980		999,855			9,260,867
Accounts receivable - HUD		281,124										281,124
Accounts receivable - other	4,922	43,906	9,137	546,192		185	20	5,616	1,609	72,190		683,777
Prepaid and other assets	2,702	53,558				7,148						63,408
Due from other funds (Note 3)	16,240	546,320	157,997		14,885	51,613	1,366	44,675		1,288	(834,384)	
Total current assets	1,694,758	3,246,095	4,340,102	546,192	14,885	1,667,877	154,012	50,291	1,082,579	73,478	(834,384)	12,035,885
Restricted assets:												
Cash and cash equivalents (Note 2)	38,698	170,532	2,100			76,748	4,052		5,324			297,454
Note receivable (Note 14)	11,581,116											11,581,116
Total restricted assets	11,619,814	170,532	2,100			76,748	4,052		5,324			11,878,570
Capital assets (Note 4)	6,992,055	86,431	11,252,636			12,129,774	1,382,985		903,432	170,000		32,917,313
Less accumulated depreciation (Note 4)	(4,893,142)	(84,163)	(2,976,079)			(8,117,423)	(697,670)		(509,403)			(17,277,880)
Capital assets, net	2,098,913	2,268	8,276,557			4,012,351	685,315		394,029	170,000		15,639,433
Total assets	15,413,485	3,418,895	12,618,759	546,192	14,885	5,756,976	843,379	50,291	1,481,932	243,478	(834,384)	39,553,888
Deferred outflow of resources	23,969	2,372,971										2,396,940
Total assets and deferred outflow of resources	15,437,454	5,791,866	12,618,759	546,192	14,885	5,756,976	843,379	50,291	1,481,932	243,478	(834,384)	41,950,828
Liabilities												
Current liabilities:												
Accounts payable	18,733	684,285	16,938		1,863	32,491	1,482			13		755,805
Accounts payable - HUD		7,925								1,275		9,200
Accrued compensated absences - current portion (Note 1)	19,556	152,009										171,565
Unearned revenue (Note 9)					13,022			50,291				63,313
Tenants security deposits	38,698					76,748	4,052		5,324	2,100		126,922
Family self sufficiency escrows - current portion		162,608										162,608
Accrued liabilities	104,434	114,350	18,995			45,135	124					283,038
Other liabilities		1,837	4,017				110					5,964
Due to other funds (Note 3)	26,784	191,190		546,192					128	70,090	(834,384)	
Total current liabilities	208,205	1,314,204	39,950	546,192	14,885	154,374	5,768	50,291	5,452	73,478	(834,384)	1,578,415
Noncurrent liabilities:												
Net pension liability (Note 6)	74,553	7,380,782										7,455,335
Family self sufficiency escrows - noncurrent portion		162,607										162,607
Accrued compensated absences - noncurrent portion (Note 1)	6,026	46,840										52,866
Total liabilities	288,784	8,904,433	39,950	546,192	14,885	154,374	5,768	50,291	5,452	73,478	(834,384)	9,249,223
Deferred inflow of resources	7,212	714,020										721,232
Net position:												
Investment in capital assets	2,098,913	2,268	8,276,557			4,012,351	685,315		394,029	170,000		15,639,433
Restricted	11,581,116											11,581,116
Unrestricted	1,461,429	(3,828,855)	4,302,252			1,590,251	152,296		1,082,451			4,759,824
Total net position	$ 15,141,458	$ (3,826,587)	$ 12,578,809	$	$	$ 5,602,602	$ 837,611	$	$ 1,476,480	$ 170,000		$ 31,980,373

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	Continuum of Care	Mod Rehab	PACH	Ocean Avenue	Choice	Park Terrace	Other State & Local	Interfund Elimination	Total
Operating revenues												
Rental revenue - tenants	$ 373,848	$	$ 143,000	$	$	$ 2,667,590	$ 71,600	$	$ 137,139	$ 12,600	$ (143,000)	$ 3,262,777
Other revenues - tenants	2,700					9,221	60			20		12,001
HUD PHA grants	568,940	77,101,468			1,114,126							78,784,534
Housing assistance payments-Portability-in		13,322,059										13,322,059
Other operating revenue				1,572,401								1,572,401
Total operating revenues	945,488	90,423,527	143,000	1,572,401	1,114,126	2,676,811	71,660		137,139	12,620	(143,000)	96,953,772
Operating expenses												
Administration	403,030	7,856,532	759,923	84,473	126,173	559,359	25,734	39,329	37,348	9,383	(143,000)	9,758,284
Tenant service	4,619	136,849				1,337						142,805
Utilities	63,917		89,935			120,063	8,133		132	1,194		283,374
Ordinary maintenance and operations	346,583		71,336			531,462	16,648		50,885	5,233		1,022,147
General expenses	79,394	469,706	82,521			36,558	1,004		739			669,922
Depreciation	184,332	4,538	554,082			441,197	41,371		33,541			1,259,061
Housing assistance payments-Portability-in		13,322,059										13,322,059
Housing assistance payments		75,748,368			987,953							76,736,321
Other expenses				1,487,928				381,565				1,869,493
Total operating expenses	1,081,875	97,538,052	1,557,797	1,572,401	1,114,126	1,689,976	92,890	420,894	122,645	15,810	(143,000)	105,063,466
Operating (loss)/gain	(136,387)	(7,114,525)	(1,414,797)			986,835	(21,230)	(420,894)	14,494	(3,190)		(8,109,694)
Non-operating revenues												
Other revenue	73,175	885,147	166,669				109	420,894	73	3,190		1,549,257
Investment income	330,702	560	16,927			690	107		731			349,717
Total non-operating revenues	403,877	885,707	183,596			690	216	420,894	804	3,190		1,898,974
Change in net position	267,490	(6,228,818)	(1,231,201)			987,525	(21,014)		15,298			(6,210,720)
Net position at the beginning of year (Before GASB 68 Restatement)	14,918,114	6,772,638	13,810,010			4,615,077	858,625		1,461,182	170,000		42,605,646
GASB 68 implementation adjustment	(44,146)	(4,370,407)										(4,414,553)
Net position at the beginning of year (Restated)	14,873,968	2,402,231	13,810,010			4,615,077	858,625		1,461,182	170,000		38,191,093
Ending net position	$ 15,141,458	$ (3,826,587)	$ 12,578,809	$	$	$ 5,602,602	$ 837,611	$	$ 1,476,480	$ 170,000	$	$ 31,980,373

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Low-rent Public Housing	Housing Choice Vouchers	Housing Development Fund	Continuum of Care	Mod Rehab	PACH
Cash flows from operating activities:						
Cash collected from:						
Dwelling rental	$ 378,154	$	$ 143,000	$	$	$ 2,682,205
Security deposit	810					5,705
Other operating revenue	2,700			1,572,401		9,221
HUD PHA grants received	568,940	77,094,184			1,114,126	
Housing assistance payments-Portability-in		12,676,606				
Cash paid for:						
Housing assistance payments		(75,746,943)			(987,953)	
Housing assistance payments-Portability-in		(13,322,059)				
Administrative expenses	(377,027)	(6,267,403)	(767,920)	(84,473)	(126,173)	(562,903)
Tenant services	(4,619)	(136,849)				(1,337)
Utility expenses	(63,917)		(89,935)			(120,063)
Maintenance expenses	(338,919)		(71,336)			(560,412)
General expenses	(79,394)	(469,706)	(890,015)			(36,558)
Other expenses				(1,487,928)		
Net cash (used)/provided by operating activities	86,728	(6,172,170)	(1,676,206)			1,415,858
Cash flows from non capital & related financing activities:						
Other revenue received	73,175	885,147	166,669			
Net cash (used) provided by non capital financing activities	73,175	885,147	166,669			
Cash flows from capital and related financing activities:						
Acquisition of capital assets, net	(68,840)		(2,392,769)			(413,137)
Net cash (used)/provided by capital and related financing activities	(68,840)		(2,392,769)			(413,137)
Cash flows from investing activities:						
Proceeds from investment maturities						
Purchase of investments	(599,882)	(1,499,966)	(2,721,529)			(799,997)
Interest received from investments less accrued interest	702	560	16,927			690
Net cash provided by investing activities	(599,180)	(1,499,406)	(2,704,602)			(799,307)
Net (decrease)/increase in cash and cash equivalents	(508,117)	(6,786,429)	(6,606,908)			203,414
Cash and cash equivalents at the beginning of the year	617,913	7,778,251	7,060,449			182,453
Cash and cash equivalents at the end of the year	$ 109,796	$ 991,822	$ 453,541	$	$	$ 385,867
Reconciliation of operating loss to net cash used by operating activities:						
Operating gain (loss)	$ (136,387)	$ (7,114,525)	$ (1,414,797)	$	$	$ 986,835
Adjustments to reconcile operating loss to net cash used by operating activities:						
GASB 68 implementation adjustment	(44,146)	(4,370,407)				
Depreciation expense	184,332	4,538	554,082			441,197
(Increase)/Decrease in accounts receivable - HUD		2,151			7,844	
(Increase)/Decrease in in accounts receivable - other project		40,195				
(Increase)/Decrease in in accounts receivable - other		(11,369)	(6,963)	(3,759)		8,000
(Increase)/Decrease in in accounts receivable - other government				(48,307)		-
(Increase)/Decrease in accounts receivable - tenants	4,306					9,921
(Increase)/Decrease in prepaid expenses	(2,571)	(41,000)	22,746			(3,544)
(Increase)/Decrease in inter program-due from	(6,688)	101,302	(138,792)		(12,667)	(3,690)
(Increase)/Decrease in deferred outflow of resources	(23,969)	(2,372,971)				
Increase/(Decrease) in deferred inflow of resources	7,212	714,020				
Increase/(Decrease) in accounts payable	8,683	56,162	7,405	(1,158)	(1,402)	(54,052)
Increase/(Decrease) in wages/payroll taxes payable	(2,222)	29,112				
Increase/(Decrease) in accounts payable - HUD		(9,435)			13,022	
Increase/(Decrease) in inter program-due to	(3,428)	112,602	(134,511)	53,224	(6,797)	
Increase/(Decrease) in accounts payable - other project		39,849				
Increase/(Decrease) in accrued compensated absences	(3,120)	(12,381)				
Increase/(Decrease) in accrued compensated absences-noncurrent	6,026	46,840				
Increase/(Decrease) in deferred revenue		(725,497)	(1,034)			4,694
Increase/(Decrease) in FSS escrow		(129,998)				
Increase/(Decrease) in FSS escrow-non current		131,423				
Increase/(Decrease) in accrued liabilities	23,337	(43,563)	(564,342)			20,792
Increase/(Decrease) in accrued pension liability	74,553	7,380,782				
Increase/(Decrease) in tenant security deposit	810					5,705
Net cash (used)/provided by operating activities	$ 86,728	$ (6,172,170)	$ (1,676,206)	$	$	$ 1,415,858

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Ocean Avenue	Choice	Park Terrace	Other State & Local	Interfund Elimination	Total
Cash flows from operating activities:						
Cash collected from:						
Dw	$ 71,710	$	$ 136,723	$ 12,600	$ (143,000)	$ 3,281,392
Security deposit	810		697			8,022
Other operating revenue	60			20		1,584,402
HUD PHA grants received						78,777,250
Housing assistance payments-Portability-in						12,676,606
Cash paid for:						
Housing assistance payments						(76,734,896)
Housing assistance payments-Portability-in						(13,322,059)
Administrative expenses	(25,734)	(39,329)	(37,348)	(9,383)	143,000	(8,154,693)
Tenant services						(142,805)
Utility expenses	(8,133)		(132)	(1,194)		(283,374)
Maintenance expenses	(18,608)		(52,945)	(5,233)		(1,047,453)
General expenses	(1,004)		(739)			(1,477,416)
Other expenses		(381,565)				(1,869,493)
Net cash (used)/provided by operating activities	19,101	(420,894)	46,256	(3,190)		(6,704,517)
Cash flows from non capital & related financing activities:						
Other revenue received	109	420,894	73	3,190		1,549,257
Net cash (used) provided by non capital financing activities	109	420,894	73	3,190		1,549,257
Cash flows from capital and related financing activities:						
Acquisition of capital assets, net	(40,249)		(29,741)			(2,944,736)
Net cash (used)/provided by capital and related financing activities	(40,249)		(29,741)			(2,944,736)
Cash flows from investing activities:						
Proceeds from investment maturities	34,388					34,388
Purchase of investments						(5,621,374)
Interest received from investments less accrued interest	107		731			19,717
Net cash provided by investing activities	34,495		731			(5,567,269)
Net (decrease)/increase in cash and cash equivalents	13,456		17,319		-	(13,667,265)
Cash and cash equivalents at the beginning of the year	3,242		69,120			15,711,428
Cash and ca:	$ 16,698	$	$ 86,439	$	$	$ 2,044,163
Reconciliation of operating loss to net cash used by operating activities:						
Operating gain (loss)	$ (21,230)	$ (420,894)	$ 14,494	$ (3,190)	$	$ (8,109,694)
Adjustments to reconcile operating loss to net cash used by operating activities:						
GASB 68 implementation adjustment						(4,414,553)
Depreciation expense	41,371		33,541			1,259,061
(Increase)/Decrease in accounts receivable - HUD						9,995
(Increase)/Decrease in in accounts receivable - other project						40,195
(Increase)/Decrease in in accounts receivable - other		3,157				(10,934)
(Increase)/Decrease in in accounts receivable - other government				(63,470)		(111,777)
(Increase)/Decrease in accounts receivable - tenants			(416)	-		13,811
(Increase)/Decrease in prepaid expenses			-	-		(24,369)
(Increase)/Decrease in inter program-due from	(1,355)	(20,263)	1,416	596		(80,141)
(Increase)/Decrease in deferred outflow of resources						(2,396,940)
Increase/(Decrease) in deferred inflow of resources						721,232
Increase/(Decrease) in accounts payable	1,320			(967)		15,991
Increase/(Decrease) in wages/payroll taxes payable						26,890
Increase/(Decrease) in accounts payable - HUD						3,587
Increase/(Decrease) in inter program-due to	(1,955)		(2,836)	63,841		80,140
Increase/(Decrease) in accounts payable - other project						39,849
Increase/(Decrease) in accrued compensated absences						(15,501)
Increase/(Decrease) in accrued compensated absences-noncurrent						52,866
Increase/(Decrease) in deferred revenue	110	17,106				(704,621)
Increase/(Decrease) in FSS escrow						(129,998)
Increase/(Decrease) in FSS escrow-non current						131,423
Increase/(Decrease) in accrued liabilities	30		(640)			(564,386)
Increase/(Decrease) in accrued pension liability						7,455,335
Increase/(Decrease) in tenant security deposit	810		697			8,022
Net cash (used)/provided by operating activities	$ 19,101	$ (420,894)	$ 46,256	$ (3,190)	$	$ (6,704,517)

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development :			
Low Rent Public Housing	14.850		$ 386,310
Public Housing Capital Fund Program	14.872		182,630
Section 8 - Moderate Rehabilitation	14.856		1,114,126
PIH Family Self-Sufficiency Program (Housing Choice Vouchers)	14.896		136,849
Housing Choice Voucher	14.871		76,964,619
Total Department of Housing and Urban Development			78,784,534
Total Expenditures of Federal Awards			$ 78,784,534

N/A: Not Available

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing Authority of the County of Alameda under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (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 Housing Authority of the County of Alameda, it is not intended to and does not present the financial position, changes in net position or cash flows of Housing Authority of the County of Alameda.

Note 2: Summary of Significant Accounting

Summary of significant accounting refers to w*hen* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of federal awards reported on the schedule are recognized when incurred.

Note 3: Direct and Indirect (Pass-Through) Federal Awards

Federal awards may be granted directly to the Authority by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the Authority. The schedule includes both of these types of federal award programs when they occur.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2015

		2015
ACERA - GENERAL PLAN		
The Authority's proportion of the net pension liability		0.706%
The Authority's proportionate share of the net pension liability	$	7,455,335
The Authority's covered – employee payroll	$	3,696,110
The Authority's proportionate share of the net pension liability as a percentage of its covered – employee payroll		201.71%
Plan fiduciary net position as a percentage of the total pension liability		77.26%

Note: In the future, as data becomes available, ten years of information will be presented.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

		2015
ACERA - GENERAL PLAN		
Contractually required contribution	$	788,008
Contributions in relations to the contractually required contribution		788,008
Contribution deficiency (excess)	$	
RHA's covered – employee payroll	$	3,696,110
Contributions as a percentage of covered – employee payroll		21.32%

Note: In the future, as data becomes available, ten years of information will be presented.

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

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *in Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, of the Housing Authority of the County of Alameda (the Authority) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 28, 2016.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Patel & Associates, LLP
Oakland, California
March 28, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Commissioners
Housing Authority of the County of Alameda
Hayward, California

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the County of Alameda'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, 2015. 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of 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, 2015.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Patel & Associates, LLP

Oakland, California
March 28, 2016

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified*
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered being material weakness?	No
Type of auditor's report issued on compliance for major programs:	*Unmodified*
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 or Cluster*
14.871	Housing Choice Voucher
14.850	Low Rent Public Housing

Dollar threshold used to distinguish between type A and type B programs:	$2,363,536
Auditee qualified as low-risk auditee?	Yes

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2014-001: **Special Testing and Provision. Housing Quality Standards (HQS) Inspection**

Federal Agency: **Department of Housing and Urban Development**
Program Affected: **Housing Choice Voucher Program (CFDA # 14.871) and Continuum of Care (CFDA # 14.267)**

Implemented.

Criteria or specific requirement:
The Authority must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections.

Condition:
During our testing of tenant files, we came across instances of late HQS inspections as described below:

In the case of one out of 25 units selected for our testing on Housing Choice Voucher Program, we noted that the Authority was late in annual HQS Unit inspection by one month. In the case of one out of 25 units selected for our testing on Continuum of Care Program, the Authority was late in annual HQS Unit inspection by 16 months after the required inspection date.