



HOUSING COMMISSION AGENDA

Special Meeting: June 19, 2019

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, June 13, 2019, 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.

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1. CALL TO ORDER / ROLL CALL	
2. CLOSED SESSION	
<i>Contract Negotiations with SEIU Local 1021 and the Housing Authority of the County of Alameda</i>	
<i>Labor Negotiations Pursuant to Government Code 54957.6</i>	
3. APPROVAL OF THE MINUTES OF THE APRIL 11, 2019 SPECIAL MEETING	ACTION 3
4. PUBLIC COMMENT - On matters not on the Agenda	
5. NEW BUSINESS	
5-1. Resolution Approving Contribution to the Alameda County Employees’ Retirement Association (ACERA)	ACTION 11
5-2. Accept the Audit for the July 1, 2017 - June 30, 2018 Fiscal Year	ACTION 14
5-3. Resolution Approving the Operating Budget for the July 1, 2019 – June 30, 2020 Fiscal Year	ACTION 19
5-4. Approve the 2019 HACA Scholarship Awards	ACTION 31
5-5. Appoint a Nominating Committee for Housing Commission Officers	ACTION 33

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Housing Authority of the
County of Alameda

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5-6.	Endorse EveryOne Home Plan to End Homelessness: 2018 Strategic Plan Update	ACTION 34
5-7.	Budget Status Report	INFORMATION 36
5-8.	Program Activity Report	INFORMATION 38
6.	COMMITTEE REPORTS	
7.	COMMISSIONER REPORTS	
8.	COMMUNICATIONS	
10.	ADJOURNMENT	

MINUTES
April 11, 2019



**HOUSING COMMISSION MINUTES
SPECIAL MEETING: APRIL 11, 2019
HACA BOARD ROOM, 22941 ATHERTON STREET, HAYWARD, CA 94541**

SUMMARY ACTION MINUTES

1. CALL TO ORDER/ROLL CALL

Call to Order

Chairperson Gerry called the meeting to order at 8:02 a.m.

Roll Call

Present: Cmr. Buckholz, Gacoscos, Gerry, Hannon, Kumagai, Lamnin, McQuaid, Olson, Patz and Shao

Entered after Roll Call: Cmr. Finley

Excused: Cmr. Ballew

2. APPROVAL OF THE MINUTES OF THE MARCH 13, 2019 HOUSING COMMISSION MEETING

Recommendation: Approve the minutes of the March 13, 2019 Housing Commission meeting as presented.

Motion/Second: Hannon/Buckholz.

8 ayes; 2 abstentions: Cmr. Gacoscos and Shao; 1 not present for the vote: Cmr. Finley
Motion passed. **APPROVED AS RECOMMENDED.**

3. PUBLIC COMMENT

None.

4. NEW BUSINESS

4-1. RESOLUTION NO. 04-19: APPROVING UPDATE TO THE SECTION 8 BENEFIT PAYMENT STANDARDS

Christine Gouig, Executive Director, presented the staff report. Ms. Gouig described the Housing Assistance Payments (HAP) that housing authorities make to landlords as payment of rent on behalf of participants in the Section 8 Housing Choice Voucher Program (Section 8). She explained that housing authorities must adopt Benefit Payment Standards (BPS) based on the Fair Market Rents (FMRs) that HUD publishes annually. The BPS set the maximum rent

HACA AGENDA ITEM NO.: 3.

subsidy that the housing authority will pay. Ms. Gouig noted that the new FMRs had decreased from last year's and, therefore, the BPS remained flat or slightly decreased.

Jennifer Cado, Senior Administrative Analyst, reported that the FMRs issued by HUD showed a decrease from last year and that the survey conducted by the Alameda and Contra Costa County housing authorities did not result in a significant increase. She described the analysis that staff conducted of the FMRs and the results of this analysis. She explained how this decrease will affect Section 8 program participants. Ms. Cado indicated that the participants in the Project-Based Voucher Program will not be affected by the decrease.

Recommendation: Adopt Resolution No. 05-19 approving the proposed Benefit Payment Standards for the Section 8 Housing Choice Voucher Program.

Commission Discussion: Cmr. Olson asked if staff expects to see landlords dropping out of the program as a result of this reduction. Ms. Cado indicated that it is possible the Section 8 program may lose some landlords but commented that it's been a few years since HACA last decreased the BPS, that the decrease is minimal and that landlords may stay in the program since the rental market appears to be leveling out. Cmr. Olson commented that the reduction makes it more difficult to entice landlords to participate in the Section 8 program. Ms. Gouig commented that HUD's FMR methodology is not discretionary and that HUD tried to minimize the impact. She indicated that the housing authorities may partner again in the future to conduct another FMR survey.

Cmr. Shao suggested that staff consider providing data on the impact to landlords in the future. Cmr. Patz commented that there is significant impact on program participants. Cmr. Hannon stated it might be helpful to watch how this reduction impacts landlord participation in the program.

Cmr. Hannon and Ms. Gouig discussed the term "modest housing" and the Housing Quality Standard (HQS) inspections that are conducted to ensure the units are safe and sanitary. Cmr. Hannon asked if the HQS inspectors ensure that units not originally intended to be living units but have been converted to living units are zoned and permitted by the cities as such. Daniel Taylor, Special Programs Manager, indicated that if it is obvious to the inspectors that a unit was not originally intended as living unit, they will ask for permits. Cmr. Hannon asked that staff be aware and vigilant about not placing participants in units that are unsafe.

Cmr. Kumagai asked why the market rent survey conducted by the housing authorities resulted in a decrease when the rents in the Bay Area are so high. Ms. Gouig described the data collection methods utilized for the survey and the components that the survey research firm used for the random sample. She noted that the data was not based on each individual city but the two-county market area as a whole.

Mr. Buckholz asked if program participants have the option of paying the difference between the maximum BPS and what the landlord is charging for rent. Ms. Cado explained that this can be done but only up to 40% of the participant's income in the first year of the lease with no limit after that.

Motion/Second: Hannon/Olson.

Ayes: All. Motion approved. **APPROVED AS RECOMMENDED.**

4-2. RESOLUTION NO. 05-19: APPROVING UPDATE TO HACA'S UTILITY ALLOWANCE

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

Recommendation: Adopt Resolution No. 05-19 approving an update to HACA's Utility Allowance Schedule.

Commission Discussion: Mr. Hannon and Ms. Cado discussed how the Utility Allowance is applied and factored into the participant's share of the rent. Mr. Hannon asked about the re-certification process and if staff is reviewing what participants are actually paying for utilities. Ms. Cado indicated that a review of the utility bills is part of the re-certification process. Mr. Hannon and Ms. Gouig talked about the upcoming increases to the gas and electric rates. Mr. McQuaid asked if staff also looks at Community Choice Energy (CCE) rates and Ms. Cado indicated that CCE's are not currently included in the analysis but can be considered in the future.

Motion/Second: Gacoscos/Patz.

Ayes: All. Motion passed. **APPROVED AS RECOMMENDED.**

4-3. RESOLUTION NO. 06-19: APPROVING EXCEPTION TO THE 180-DAY WAIT PERIOD RULE

Christine Gouig introduced this item. Ms. Gouig reported that staff is requesting an exemption to the 180-Day Wait Rule in order to fill the critical position of Finance Director until a replacement appointment can be made.

Charla Freckmann, Human Resources Manager, presented the staff report. Ms. Freckmann described the 180-Day Wait Rule provision contained in the California Public Employees' Pension Reform Act (C-PEPRA) and outlined the exceptions to this provision. She reported that HACA would like to hire HACA retiree Cathy Leoncio as a temporary employee to work in her former position of Finance Director. Ms. Freckmann described the critical nature of the position and some of the key projects that are pending. She explained that Ms. Leoncio

retired on March 30, 2019 and that she meets the requirements for the exception to the C-PEPRA 180-Day Wait Rule.

Recommendation: Adopt Resolution No. 06-19 approving the exception to the 180-Day Wait Rule.

Commission Discussion: Cmr. Buckholz asked if Ms. Leoncio's employment can be extended if the position is not filled. Ms. Freckmann explained the limitations with regard to how many hours Ms. Leoncio may work in a calendar year. Cmr. Finley asked if the hiring must be done through a temporary agency and Ms. Gouig indicated that it can be.

Motion/Second: Hannon/Buckholz.

Ayes: All. Motion passed. **APPROVED AS RECOMMENDED.**

4-4. RESOLUTION NO. 07-19: APPROVING REVISION TO HACA'S PROCUREMENT POLICY

Christine Gouig introduced this item. Beverly Brewer, Procurement Manager, presented the staff report. Ms. Brewer reported that staff is proposing to revise HACA's Procurement Policy in order to incorporate changes resulting from new provisions of the National Defense Authorization Act that the federal Office of Management and Budget (OMB) has implemented for the fiscal year 2018. She explained that provisions deal with procurements by grant recipients when using federal funds and specify increased cost thresholds for various types of purchases. Ms. Brewer reported that staff has received a letter from HUD authorizing the use of these increased thresholds and gave a summary of the proposed revisions to HACA's Procurement Policy.

Recommendation: Adopt Resolution No. 07-19 approving revisions to HACA's Procurement Policy.

Motion/Second: McQuaid/Hannon

Ayes: All. Motion passed. **APPROVED AS RECOMMENDED.**

4-5. INFORMATION: BUDGET STATUS REPORT

Christine Gouig presented staff report. Report received.

Commission Discussion: Cmr. Olson and Ms. Gouig discussed the status of the Finance Director recruitment. Cmr. Gacoscos and Ms. Gouig discussed the salary savings in hiring Ms. Leoncio back as a retiree. Cmr. McQuaid and Ms. Gouig talked about the format of the Budget Status Report and Ms. Gouig indicated that staff will simplify the report. Cmr. Lamnin and Ms. Gouig discussed the unanticipated salary costs reported for February 2019.

4-6. INFORMATION: PROGRAM ACTIVITY REPORT

Ms. Gouig introduced this item. She discussed the data in the report pertaining to the funding

4-6. INFORMATION: PROGRAM ACTIVITY REPORT

of the Section 8 program. Ms. Gouig indicated that HACA is in the 3rd year of shortfall and that it is likely that HACA's Section 8 program will shrink. She explained that HACA is in shortfall as a result of the high cost of rents in the Bay Area. Ms. Gouig also reported on the number of ports that HACA is currently managing.

Daniel Taylor presented the staff report. Mr. Taylor described the objective of the Family Self-Sufficiency (FSS) program and described some of the workshops and resources that the FSS program offers to its participants to help them stay motivated and focused on becoming self-sufficient.

Commission Discussion: Cmr. Hannon and Ms. Gouig discussed the financial impact of incoming and outgoing ports and the impact that the high rents have on the incoming ports into HACA's jurisdiction. Cmr. Hannon indicated that he would be interested in seeing data pertaining to the cost of portability to HACA.

Cmr. Buckholz and Mr. Taylor discussed outreach efforts. Mr. Taylor described the various tools that staff uses to advertise the FSS program to the Section 8 program participants. Cmr. Buckholz commented that the FSS program is an excellent program.

5. COMMISSIONER REPORTS

Cmr. Olson reported on his attendance at the 2019 National Association of Housing and Redevelopment Officials (NAHRO) Washington Conference that was held in Arlington, Virginia on April 7-9, 2019. He shared some of the takeaways from the conference including a new appreciation for the work that HACA is doing in the current funding environment. Cmr. Olson also talked about the visits with the staff of our elected representatives and senator. He asked staff to share a page from the conference program which described NAHRO's legislative focus for the upcoming fiscal year.

6. COMMITTEE REPORTS

None.

7. COMMUNICATIONS

Christine Gouig reported on her attendance at the 2019 NAHRO Washington Conference. She described the meetings that the California Association of Housing Authorities (CAHA) had and indicated that the CAHA delegates were well received. Ms. Gouig encouraged Commissioner attendance at future conferences.

Cmr. Patz thanked Ms. Gouig for participating in a meeting with the Emeryville city manager and himself to discuss a proposed project for youth aging out of the foster care system.

8. **ADJOURNMENT**

There being no further business to discuss Chairperson Gerry adjourned the meeting at 9:24 a.m.

Respectfully Submitted,

Melissa Taesali
Executive Assistant

Christine Gouig
Executive Director/Housing Commission Secretary

Approved: Mark Gerry
Housing Commission Chairperson

NEW BUSINESS

June 19, 2019

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: June 19, 2019

Subject: Contribution to Alameda County Employees' Retirement Association (ACERA) for Fiscal Year 2019-2020

Exhibits Attached: Resolution No. 09-19

Recommendation: Adopt the Resolution

Financial Statement: \$266,553.24 to be included in FY 2019-2020 Budget

BACKGROUND

The Housing Authority is a participating employer in the Alameda County Employees' Retirement Association (ACERA). In 1996, ACERA established a health benefits account, called a 401(h) account, to satisfy the requirements of Internal Revenue Code (IRC) Section 401(h) for providing non-vested, tax-free healthcare to the retirees of participating employers.

In 2006, changes to the IRC regulations required that participating employers establish a separate 401(h) sub-account under the overall ACERA account, and make contributions through ACERA designated specifically for healthcare benefits to fund the 401(h) sub-account. To continue providing HACA retirees with non-taxable health benefits, your Commission adopted a resolution in June 2006 (Resolution No. 14-06) that authorized ACERA to establish and manage a 401(h) sub-account on our behalf.

In accordance with Section 31592.4 and Article 5.5 of the CERL, ACERA holds assets in a Supplemental Retirees' Benefits Reserve (SRBR). Once HACA makes its designated 401(h) contribution to ACERA, ACERA will automatically transfer the same amount from the SRBR to HACA's Advance Reserve Account. ACERA has consistently paid supplemental retirement and post-employment health care benefits through the SRBR since 1985.

DISCUSSION and ANALYSIS

Your Commission has authorized HACA's contribution to its 401(h) sub-account every year since 2006. The Segal Company, ACERA's actuary, has determined that HACA's contribution for fiscal year July 1, 2019 – June 30, 2020 is \$266,553.24. ACERA requires that your authorization to fund HACA's 401(h) sub-account be completed by June 30, 2019.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

RESOLUTION NO. 09-19

RESOLUTION APPROVING 401(h) ACCOUNT PURSUANT TO SECTION 31592

WHEREAS, in 1996, the Alameda County Employee’s Retirement Association (“ACERA”) Board of Retirement informed the Board of Supervisors that, by adoption of Resolution 96-111, the Board of Retirement had established a health benefits account intended to satisfy the requirements of the Internal Revenue Code (“IRC”) Section 401(h) and the regulations thereunder (the “401(h) Account”) in order to provide non-vested, tax-free health benefits to eligible County and Participating Employer retirees (collectively, the “Retirees”); and

WHEREAS, in 1996, the Board of Supervisors adopted Resolution No. R-96-634, which provided that ACERA could offer such non-taxable benefits if the County designated a portion of its contribution to ACERA for a fiscal year as a contribution to the 401(h) Account; and

WHEREAS, under Section 31592.4 and Article 5.5 of the County Employees Retirement Law of 1937 (“CERL”), assets in the Supplemental Retiree Benefit Reserves (the “SRBR”) at the end of a fiscal year of ACERA may, in the immediately succeeding fiscal year, be transferred to the Employer Advance Reserve account of the Participating Employers, and treated as a contribution to ACERA by the County and as applicable by other Participating Employers to the extent that in the immediately succeeding fiscal year the County and other Participating Employers make contributions to ACERA’s 401(h) Account in order to pay for retiree health benefits; and

WHEREAS, Section 31592.4 and Article 5.5 of the CERL thus permit the Participating Employers to contribute to a 401(h) Account and pay for retiree health benefits for a fiscal year without increasing the Housing Authority of the County of Alameda’s (“Housing Authority”) total contributions to ACERA for that fiscal year; and

WHEREAS, commencing with the 1996-1997 fiscal year, and for each fiscal year thereafter, the County has directed that a specified portion of its fiscal year contribution to ACERA for that year be contributed to the 401(h) account; and

WHEREAS, in 2006 the Housing Authority authorized ACERA to establish and manage a 401(h) sub-account on its behalf to provide tax free health care benefits for its retirees;

NOW THEREFORE, IT IS RESOLVED AS FOLLOWS:

1. In fiscal year July 1, 2019 – June 30, 2020, Housing Authority shall contribute to ACERA **\$266,553.24** to be used only for the paying of retiree medical health benefits. This contribution shall be made on the terms and conditions set forth in the Agreement between the Housing Authority and ACERA concerning such contributions, executed on July 25, 2007.
2. This contribution shall be designated, in writing, as being only for the Housing Authority’s IRC § 401(h) Account and such designation shall be made at the time of contribution.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
RESOLUTION NO. 09-19: APPROVING 401(h) ACCOUNT PURSUANT TO SECTION 31592
JUNE 19, 2019
Page 2

3. Such contribution is contingent on the Board of Retirement immediately transferring, in accordance with Government Code §31592.4, an amount equal to such contribution from ACERA's SRBR account to the Housing Authority's Advance Reserve account. Such amount shall be treated as a contribution for pension and therefore shall be applied to reduce the pension contribution otherwise required by the Housing Authority for the fiscal year beginning July 1, 2019.
4. No party, including any existing or future Housing Authority employee, retiree, spouse, or dependent, shall have any vested rights, contractual rights or other rights in or to any retiree health benefits or payment or subsidy for any such benefits nor shall any such person or ACERA have any such rights to have the Housing Authority contribute towards paying or subsidizing the cost of any retiree medical benefits provided by ACERA under the 401(h) Account or otherwise. The Housing Authority may modify or terminate, at any time and without any limitation, its decision to contribute to the Housing Authority's 401(h) Account. This modification or termination may occur even if it may affect any employee first hired prior to the date of such modification, any person who retired prior to such date, and/or any person who became a spouse or dependent of an employee or retiree prior to such date.
5. All contributions by the Housing Authority to its 401(h) sub-account shall be governed by requirements of the IRC and all administrative and other applicable rules established by ACERA governing such sub-account and ACERA's 401(h) Account.

PASSED, APPROVED, AND ADOPTED by the Housing Commission of the Housing Authority of the County of Alameda on this 19th day of June 2019, by the following vote:

AYES:

NAYS:

ABSTAIN:

EXCUSED:

ABSENT:

Attest:

Christine Gouig
Executive Director/Housing Commission Secretary

Mark Gerry
Housing Commission Chairperson

Adopted: June 19, 2019

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: June 19, 2019

Subject: Audit for the Fiscal Year Ending June 30, 2018

Exhibits Attached: Attachment A: Audit Reports

Recommendation: Accept Reports

Financial Statement: None

BACKGROUND

The Housing Authority’s (HACA) audit for the fiscal year ending June 30, 2018, was completed by the auditors, Patel & Associates, LLP, on March 7, 2019.

Patel & Associates, LLP performed a “single audit,” as HACA received over \$750,000 of federal funding during the fiscal year. 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).

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, 2018 were stated fairly in all material respects.

Management’s Discussion and Analysis (MD&A) (pages 4-11)

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 \$45.78 million.
- ❖ Total liabilities and deferred inflow of resources was \$14.34 million.
- ❖ Total assets exceeded total liabilities by \$31.44 million (net position) and consist of the following:
 - \$13.45 million are invested in capital assets. This includes land, buildings and improvements, and furniture and equipment net of accumulated depreciation.
 - \$15.10 million are restricted net position and consist of (1) restricted monies received from the net proceeds of the disposition of the former Arroyo Vista public housing project in Dublin and (2) PACH replacement (capital) reserves of \$2.33 million.
 - \$2.89 million are unrestricted net position and include the Housing Development Fund, Park Terrace (Hayward), Ocean Avenue (Emeryville), and Public Housing and Housing Choice Voucher (HCV) reserves and may be used to meet ongoing obligations.

Total assets and deferred outflow of resources increased by approximately \$1.13M due to increases in cash, investments and accounts receivable.

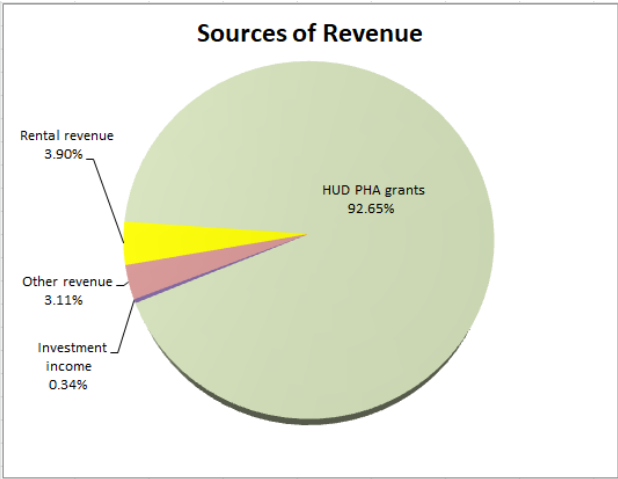
Total liabilities increased by approximately \$1.28M, primarily due to deferred inflow of resources related to pension and OPEB liabilities. Net pension liability was \$8.24M and net other post-employment benefits (OPEB) liability was \$124,068. Please refer to Note 6 on pages 30-39, Note 7 on pages 39-46 and pages 59-60 for more information.

Total net position decreased by \$0.15 million-- it was \$31.44 million in 2018 and \$31.59 million in 2017.

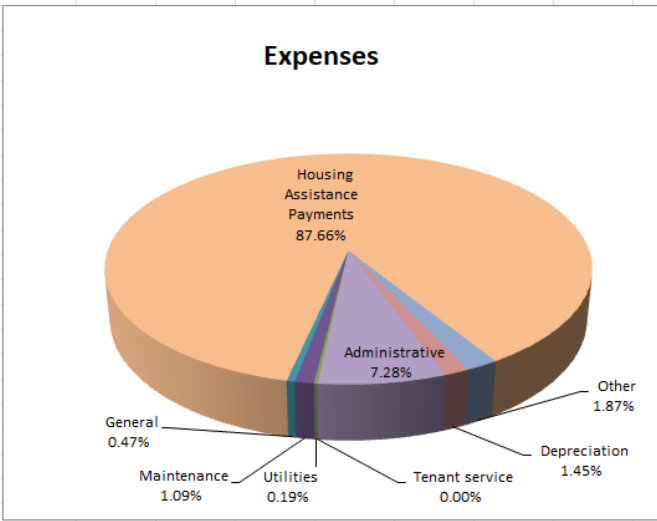
The *Statement of Revenues, Expenses and Changes in Net Position* reports HACA's revenues by source and type and its expenses by category to substantiate the change in net position (similar to net income or loss) for the fiscal year.

- ❖ Table 2 on page 8 shows total revenue (excluding Housing Assistance Payments-portability in) of \$134.01 million compared to \$117.51 million in 2017, an increase of \$16.50 million.

- HUD provided the majority of HACA’s total revenue (\$124.12 million or 93%) so changes in HUD funding greatly impact operating results. The HCV program received \$123.28 million in funding, which was \$16.19 million more than the previous year’s amount of \$107.09 million. The Mod Rehab program received \$0.83 million.
- Rental revenue increased by 18% from the previous year, mainly due to the change in the contract rents for the 230 former public housing units disposed of to PACH and converted to Section 8 project-based vouchers.



- Total expenses were \$133.47 million compared to \$118.20 million in 2017, an increase of \$15.27 million (13%). The largest program expenditure, as reflected in the pie chart below, was for housing assistance payments (HAP).



Audited Financial Statements (pages 12-16 and 54-58)

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 12 shows the *Statement of Net Position* for all programs. Page 54 shows the individual funds that make up the total.

The Low Rent Public Housing program has total net position of \$12.62 million, which includes net restricted position of \$12.57 million and net unrestricted position of \$53,476.

The Housing Choice Voucher program has total net position of -\$7.22 million.

The Housing Development Fund has a total net position balance of \$8.97 million.

Preserving Alameda County Housing, Inc. (PACH), which owns all 230 former public housing units, had total assets of \$15.01 million, total liabilities of \$0.34 million and net position of \$14.67 million. It had total revenues of \$4.92 million and expenses of \$3.26 million. See also Note 15 on pages 51 and 52.

Park Terrace had a net position balance of \$1.49 million and Ocean Avenue had \$0.75 million.

Pages 14 and 56 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 operating income or loss for the year.

HACA's Low Rent Public Housing program had operating income of \$328,835.

The Housing Choice Voucher program had a net operating *loss* of \$793,371 (\$288,044 from operations, \$674,855 due to pension liability and HAP reserves of \$169,526).

The Housing Development Fund had a net operating *loss* of \$47,287 (\$137,554 from operations less prior period adjustment for pension liability).

PACH had a net operating income of \$2.47 million.

Ocean Avenue had a net operating income of \$8,131.

Park Terrace had a net operating income of \$18,495.

Summary of Auditor's Reports

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 62-65)*, the following were reported:

- 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 66)

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 67-68) – There were no financial statement findings or non-compliance issues identified in this and the prior fiscal year.

RECOMMENDATION

Staff recommends that your Commission accept the audited financial statements and reports for all HACA programs for the fiscal year ended June 30, 2018.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: June 19, 2019

Subject: Operating Budgets for Fiscal Year Ending June 30, 2020

Exhibits Attached: - Resolution No. 10-19
 - Statement of Budgeted Revenues, Expenses and Changes
 in Net Position FYE June 30, 2020; Supporting Schedules
 of Expenses

Recommendation: Adopt Resolution Approving Budgets

Financial Statement: See below

BACKGROUND

HACA's 2019-2020 fiscal year (FY) starts on July 1, 2019, and will end on June 30, 2020. HUD funding, which is provided on a calendar year (CY) basis, is HACA's primary source of income. This requires staff to estimate HUD funding for January to June 2020, the second half of our fiscal year.

HACA's Memorandum of Understanding (MOU) with SEIU 1021 expires on June 13, 2019, and, at this time, there is no successor agreement. Consequently, staff prepared a budget that assumes certain provisions from the expired MOU will continue into the new fiscal year.

On June 10, 2019, a draft budget was presented to and reviewed in detail by your Commission's Budget/Audit/Negotiations Committee. The Committee recommends that your Commission approve the budgets as presented.

DISCUSSION and ANALYSIS

A summary of four program budgets is presented--one each for the Housing Choice Voucher Program, the Housing Development Fund, Park Terrace and Ocean Avenue. An

agency-wide summary of changes to net positions is provided as well. Key assumptions and facts are shown under each program below, in bulleted form.

Housing Choice Voucher (HCV) Program

For CY 2019, the Housing Choice Voucher Program HAP renewal funding is provided at 99.50% of renewal needs with an inflation factor of 2.172%. This is the funding used to make rental subsidy payments to landlords on behalf of tenants and cannot be used for administration. In CY 2018, it was at 99.75% proration with a 4.20% inflation factor. The Administrative Fee funding for CY 2019 is at approximately 80% of formula fee eligibility. In CY 2018, it was 80.615%. In CY 2017, the proration was approximately 77.581% (the second lowest it has ever been; the sequestration year was lower at 69.822%). The FY 2019-2020 budget presented today assumes the same CY 2019 funding levels for HAP and Administrative Fee for the second half of the fiscal year. We won't know the *actual* funding levels until Congress adopts a budget for federal fiscal year 2020 (October 1, 2019 - September 30, 2020). Note that if there is no final budget by October 1, Congress must adopt a continuing resolution (CR) until a budget is approved. Last year, the President did not sign the CR and a government shutdown ensued.

HACA's HCV budget projects an operating loss of \$546,625. This budgeted funding gap will deplete what is left of our projected Admin Fee reserves (officially called HCV Unrestricted Net Position or UNP), exclusive of the net pension and OPEB liability balances of approximately \$10.34 million.

Income

- Currently, HACA's actual Housing Assistance Payment (HAP) per unit cost (PUC) is \$1,682 per month. Staff anticipates that PUC will increase due to higher rents and requested rent increases. The proposed budget assumes an annual average 92% lease-up rate and an average HAP of \$1,709 PUC per month. The CY 2019 HAP funding formula is approximately \$1,640 per unit per month, \$42 per unit per month less than the current expenditure. In CY 2017, we had a shortfall of approximately \$10 million due to rapidly rising rents and a HUD funding formula that isn't structured to keep up. We had a shortfall in HAP of about \$4.94 million in CY 2018 and, hopefully, will not have a shortfall in CY 2019. By law, HAP funds are restricted to rental subsidy payments only and cannot be used for operating or administrative costs.

- HUD compensates housing authorities for the cost of administering the HCV program through Administrative Fees. Administrative Fees are the main source of funding to cover operating costs and are paid on the basis of the number of units leased as of the first day of each month. Every housing authority's eligibility is pro-rated, if needed, to ensure that fees paid do not exceed the funds appropriated by Congress. For more than a decade, Congress has reduced Administrative Fee funding and many housing authorities, including HACA, have implemented cost cutting measures and used their UNP to balance the budget.

Due to proration, income from HCV program Administrative Fees is set at the current 80% of formula eligibility for the first six months of the fiscal year (July to December 2019) and staff is assuming the same for the balance of the fiscal year (January to June 2020). This 80% assumption may actually be higher or lower, depending on HUD's final reconciliation, which typically happens at the end of the calendar year.

- Other fees earned include: modest fees to administer the CHOICES/FACT, Moderate Rehabilitation and Shelter Plus Care programs and portability fees. The projection for our incoming portability reflects an average of 550 contracts that we will bill to other housing authorities. We earn only 80% of the prorated Administrative Fees for these contracts. The average fee used in the budget is \$74 per portability unit per month, which is about \$19 less per unit than what we earn for our own voucher contracts. Staff projects far fewer voucher holders of our own (average of 93) that will move into other housing authorities' jurisdictions (i.e., outgoing portability).
- Other income includes the HUD grant for the FSS Program, investment income and the fraud recovery income which, per HUD regulations, is split 50/50 between HACA and HUD.
- Total overall income increased by 6%.

Expenses

- Indirect costs associated with more than one program are allocated using the percentage of total program unit method. Indirect salaries are allocated using the percentage of payroll method. Starting in FY 2012, housing authorities that receive a significant amount of federal funding were prohibited from paying salaries in excess of an annual cap. For FY 2019, the annual cap is \$166,500. Individual salaries, whether in whole or in part, allocated to the HCV program in this budget will not reach the annual cap.

- The budget does not reflect any changes to salaries and benefits associated with the terms of the MOU expiring on June 13, 2019 as those have not yet been negotiated.
- The budget includes staffing cost saving measures:
 - One (1) Administrative Clerk position is on a hiring freeze and another is reduced from $\frac{3}{4}$ time to $\frac{1}{2}$ time
 - One (1) Housing Specialist is on a hiring freeze
 - One (1) Systems Manager position is on a hiring freeze
 - One (1) Deputy Director position is budgeted for 1 month for transitioning purposes
 - One (1) Housing Technician is added to budgeted positions for 9 months of the budget year
- Total administrative expenses increased by 2% due to cost increases.
- Employee benefits increased by about 2% and are budgeted at 58% of salaries. The budget assumes increases in health care premiums as well as HACA's employer retirement contributions to ACERA. Additional retirement expenses will be incurred depending on ACERA's actuarial study and net pension liability balance at the end of the calendar year 2019.
- Total overall expenses increased by 2%.

Housing Development Fund, Park Terrace, and Ocean Avenue

- HACA maintains a Housing Development (HDF-Local) Fund for low-income housing development and rehabilitation and management improvements.
- The HDF-Local Fund funds salaries, benefits and other indirect costs not allocated to the HCV program in its budget. These expenses will be charged to non-HCV projects (PACH, Ocean Avenue, Park Terrace) as property management fees.
- The HDF-Local budget also does not reflect any changes to salaries and benefits associated with the terms of the MOU expiring on June 13, 2019. It also reflects the same staff cost saving measures.

HACA AGENDA ITEM NO.: 5-3.

- HDF-Local Fund also has the net pension liability balance pertaining to employees whose salaries are not directly allocated to the HCV program. While the amount is unknown at this time, additional retirement expenses will be incurred depending on the actuarial study and net pension liability balance at the end of the calendar year 2019.
- The HDF-Local budget projects a loss of \$39,307. The projected reserve balance at the beginning of the budget year is \$3.26 million.
- Park Terrace consists of nine units in the City of Hayward that are non-HUD assisted and rented to low income families. Park Terrace's budget projects an income of \$25,348. The projected reserve balance at the beginning of the budget year is \$1.18 million. The scheduled capital expenditure cost for the budget year is approximately \$32,000.
- Ocean Avenue consists of six units in the City of Emeryville that are non-HUD assisted and rented to low income families. Ocean Avenue's budget projects an income of \$1,630. The projected reserve balance at the beginning of the budget year is \$204,765. The scheduled capital expenditure cost for the budget year is approximately \$62,000.

The Budget/Audit/Negotiating Committee and staff recommend that your Commission adopt the Resolution approving the proposed operating budget and budgeted positions for the fiscal year ending June 30, 2020.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

RESOLUTION NO. 10-19

**RESOLUTION APPROVING THE OPERATING BUDGET AND BUDGETED POSITIONS FOR
JULY 1, 2019 – JUNE 30, 2020 FISCAL YEAR**

WHEREAS, the Housing Authority of the County of Alameda operates on a July 1 – June 30 fiscal year and HUD funding is provided on a calendar year basis; and

WHEREAS, operating budgets for the Housing Authority’s various programs must be adopted prior to the beginning of the fiscal year July 1, 2019 – June 30, 2020; and

WHEREAS, the Commission’s Budget/Audit/Negotiations Committee has reviewed the proposed budgets developed by staff and recommends approval; and

WHEREAS, the fiscal year 2019-2020 has continuing challenges, including reduced funding, rising costs of operations and the uncertainty of future federal funding; and

WHEREAS, the budgets may require a revision once major income and expense uncertainties become known;

NOW, THEREFORE, BE IT RESOLVED, that the Housing Commission does hereby approve the proposed budgets, budgeted positions and supporting schedules for the various programs as presented.

PASSED, APPROVED AND ADOPTED by the Housing Commission of the Housing Authority of the County of Alameda on this _____ day of _____ 2019 by the following vote:

AYES:

NOES:

ABSTAIN:

EXCUSED:

ABSENT:

Attest:

Christine Gouig
Executive Director/Housing Commission Secretary

Mark Gerry
Housing Commission Chairperson

Adopted: June 19, 2019

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
BUDGET STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

	Housing Choice Voucher		Housing Development Fund		Park Terrace		Ocean Avenue		Totals	
	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020
Housing Assistance Payments (HAP)										
Est. HUD PHA grants-HAP	114,756,219	125,425,958							114,756,219	125,425,958
Less: Est. HAP expenses	119,652,000	125,360,035							119,652,000	125,360,035
Est. Addition to/(Use of) Reserves	(4,895,781)	65,923							(4,895,781)	65,923
Est. HUD Shortfall funding for CY 2018/CY 2019	4,840,000								4,840,000	-
Est. HUD-held Program Reserve (Shortfall) bal. at 6/30/20	(55,781)	65,923							(55,781)	65,923
Operating Income										
Rental revenue - tenants	-	-	143,000	143,000	160,590	166,701	89,425	89,189	393,015	398,890
Other revenue -tenants	-	-	-	-	300	300	500	500	800	800
HUD PHA grants	6,946,058	7,406,688	-	-	-	-	-	-	6,946,058	7,406,688
Other revenue	327,518	327,518	42,500	42,500	-	-	1,300	3,758	371,318	373,776
Other revenue - property management fees	-	-	1,187,640	1,187,640					1,187,640	1,187,640
Investment income	500	42	10,000	75,000	3,426	22,844	537	1,000	14,463	98,886
Total	7,274,076	7,734,248	1,383,140	1,448,140	164,316	189,845	91,762	94,447	8,913,294	9,466,680
Operating Expenses		6%		4%		13%		3%		6%
Administrative salaries	(3,969,090)	(3,995,132)	(447,046)	(497,493)	-	-	-	-	(4,416,136)	(4,492,625)
Administrative expenses	(1,695,551)	(1,784,195)	(92,474)	(194,320)	(44,700)	(44,700)	(34,300)	(34,300)	(1,867,025)	(2,057,515)
Utilities	-	-	(54,300)	(51,866)	(500)	(500)	(7,110)	(10,755)	(61,910)	(63,121)
Maintenance salaries	-	-	(203,580)	(203,580)	-	-	-	-	(203,580)	(203,580)
Maintenance services	-	-	(115,595)	(124,743)	(65,447)	(116,597)	(32,740)	(45,590)	(213,782)	(286,930)
General expenses	(224,511)	(184,369)	(7,893)	(8,288)	(2,700)	(2,700)	(2,172)	(2,172)	(237,276)	(197,529)
Employee benefits	(2,262,382)	(2,317,177)	(386,000)	(407,157)	-	-	-	-	(2,648,382)	(2,724,334)
Total	(8,151,534)	(8,280,873)	(1,306,888)	(1,487,447)	(113,347)	(164,497)	(76,322)	(92,817)	(9,648,091)	(10,025,634)
Budgeted Income (Loss)	(877,458)	(546,625)	76,252	(39,307)	50,969	25,348	15,440	1,630	(734,797)	(558,954)
Unrestricted Net Position (UNP) - est. balance at 7/1/2019	**	(6,993,690)		3,263,823		1,178,674		204,765		(2,346,428)
Unrestricted Net Position - budgeted bal. at 6/30/2020		(10,681,898)		3,224,516		1,204,022		206,395		(6,046,965)
Capital Expenditures per schedule		-		-		32,000		62,000		94,000

**

Est. UNP @ 7/1/19	209,236
Est. loss @ 6/30/20	(546,625)
Subtotal @ 6/30/20	(337,389)
UNP @ 6/30/20-NPL & OPEB	(10,344,509)
Est. UNP @ 6/30/20	(10,681,898)

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Schedule of Administrative Expenses
FOR THE FISCAL YEAR ENDING JUNE 30, 2020

HACA AGENDA ITEM NO.: 5-3.

Administrative Expenses	Housing Choice Voucher		Housing Development Fund		Park Terrace		Ocean Avenue		Totals	
	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020
Legal Fees	90,000	90,000	-	-	-	-	2,000	2,000	92,000	92,000
Staff Training	27,793	36,400	-	-	-	-	-	-	27,793	36,400
Mileage Payments	7,000	7,000	1,836	670	-	-	-	-	8,836	7,670
Conference Travel	33,450	42,663	-	-	-	-	-	-	33,450	42,663
Auditing Fees	26,040	26,040	-	-	-	-	-	-	26,040	26,040
Office Bldg. Expenses	143,000	143,000	-	-	-	-	-	-	143,000	143,000
Office Supplies	55,000	55,000	5,784	4,209	-	-	-	-	60,784	59,209
Copier expense	4,000	5,000	-	-	-	-	-	-	4,000	5,000
Non-Cap Furn & Eqpt	5,600	16,000	1,966	1,413	-	-	-	-	7,566	17,413
Admin. Vehicles	20,000	20,000	-	-	-	-	-	-	20,000	20,000
Publications-	8,708	23,708	-	-	-	-	-	-	8,708	23,708
Recruitment exp	5,000	5,000	-	-	-	-	-	-	5,000	5,000
Membership Dues	24,731	25,681	200	200	-	-	-	-	24,931	25,881
Telephone	40,000	40,000	1,176	2,986	-	-	-	-	41,176	42,986
Contract/Consultant Svcs	690,500	738,700	46,530	150,361	-	-	2,000	2,000	739,030	891,061
Computer Software Svcs	182,275	211,652	7,337	7,171	-	-	-	-	189,612	218,823
Miscellaneous Admin	-	-	6,000	6,000	-	-	-	-	6,000	6,000
Non-Cap Furn & Eqpt-MIS	88,204	84,512	-	-	-	-	-	-	88,204	84,512
Leases or Rentals	29,560	29,560	2,000	2,000	-	-	-	-	31,560	31,560
Equipment Maintenance	500	500	-	-	-	-	-	-	500	500
Postage	80,000	60,000	-	-	-	-	-	-	80,000	60,000
Printing	55,130	30,679	400	400	-	-	-	-	55,530	31,079
Commission Meetings	6,600	6,600	-	-	-	-	-	-	6,600	6,600
Miscellaneous	2,460	1,500	1,745	1,410	1,500	1,500	1,500	1,500	7,205	5,910
Wait List Expense	70,000	85,000	-	-	-	-	-	-	70,000	85,000
Scholarship expense	-	-	17,500	17,500	-	-	-	-	17,500	17,500
Property Management Fee	-	-	-	-	43,200	43,200	28,800	28,800	72,000	72,000
TOTAL	1,695,551	1,784,195	92,474	194,320	44,700	44,700	34,300	34,300	1,867,025	2,057,515
		5%		52%		0%		0%		9%

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Schedule of Maintenance Expenses
FOR THE FISCAL YEAR ENDING JUNE 30, 2020

Maintenance Expenses	Housing Choice Voucher		Housing Development Fund		Park Terrace		Ocean Avenue		Totals	
	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020
Materials										
Repair Parts	-	-	-	-	1,000	1,000	500	500	1,500	1,500
Appliances & Fixtures	-	-	-	-	2,388	2,388	1,700	1,700	4,088	4,088
Locks and Keys	-	-	-	-	-	-	600	600	600	600
Maintenance & Contracts										
Garbage Service	-	-	13,026	15,789	-	-	1,300	1,300	14,326	17,089
Repair Contractors	-	-	4,277	12,855	24,000	75,150	23,500	36,350	51,777	124,355
Communications	-	-	-	-	-	-	-	-	-	-
Equipment Repair/Rental	-	-	3,450	3,484	-	-	-	-	3,450	3,484
Window Coverings	-	-	-	-	1,200	1,200	1,000	1,000	2,200	2,200
Condo Fees	-	-	-	-	36,709	36,709	-	-	36,709	36,709
Landscape Services	-	-	6,022	9,163	-	-	3,140	3,140	9,162	12,303
Contract cost- 10th St.			23,408	23,408					23,408	23,408
Contract cost-Atherton Bldg.	-	-	62,912	45,994	-	-	-	-	62,912	45,994
Miscellaneous	-	-	2,500	14,050	150	150	1,000	1,000	3,650	15,200
TOTAL	-	-	115,595	124,743	65,447	116,597	32,740	45,590	213,782	286,930
				7%		44%		28%		25%

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Schedule of General Expenses
FOR THE FISCAL YEAR ENDING JUNE 30, 2020

General Expenses	Housing Choice Voucher		Housing Development Fund		Park Terrace		Ocean Avenue		Totals	
	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020	Approved 2019	Proposed 2020
General Liability Insurance	30,000	30,000	-	-	-	-	-	-	30,000	30,000
Auto Insurance	5,000	5,000	-	-	-	-	-	-	5,000	5,000
Worker's Compensation	162,511	122,369	-	-	-	-	-	-	162,511	122,369
Unemployment	27,000	27,000	-	-	-	-	-	-	27,000	27,000
Property Insurance	-	-	7,893	8,288	1,700	1,700	1,500	1,500	11,093	11,488
Collection Loss	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,000	1,000	672	672	1,672	1,672
TOTAL	224,511	184,369	7,893	8,288	2,700	2,700	2,172	2,172	237,276	197,529
		-22%		5%		0%		0%		-20%

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
 Schedule of Capital Expenditures
 FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

Description	Housing Development Fund	Park Terrace	Ocean Avenue	Totals
Landscaping			30,000	30,000
Unit Rehab		32,000	32,000	64,000
TOTAL	-	32,000	62,000	94,000

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

HACA AGENDA ITEM NO.: 5-3.

Budgeted Positions

FOR THE FISCAL YEAR ENDING JUNE 30, 2020

Classification	Full-Time Equivalent (FTE)	Monthly Salary Range		Annual Salary Range		Annual Estimated Benefit Range		Total Annual Salary plus Benefit Range	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Account Specialist	5	\$ 3,886	\$ 4,618	\$ 46,632	\$ 55,416	\$ 27,047	\$ 32,141	\$ 73,679	\$ 87,557
Accountant	1	\$ 6,238	\$ 9,263	\$ 74,856	\$111,156	\$ 43,416	\$ 64,470	\$ 118,272	\$ 175,626
Administrative Analyst I/II	1	\$ 6,238	\$ 9,976	\$ 74,856	\$119,712	\$ 43,416	\$ 69,433	\$ 118,272	\$ 189,145
Administrative Clerk *	11	\$ 3,716	\$ 4,401	\$ 44,592	\$ 52,812	\$ 25,863	\$ 30,631	\$ 70,455	\$ 83,443
Deputy Director ***	1	\$ 10,222	\$15,179	\$ 122,664	\$182,148	\$ 71,145	\$ 105,646	\$ 193,809	\$ 287,794
Eligibility Leadworker	2	\$ 4,578	\$ 5,496	\$ 54,936	\$ 65,952	\$ 31,863	\$ 38,252	\$ 86,799	\$ 104,204
Eligibility Technician	13	\$ 4,121	\$ 4,896	\$ 49,452	\$ 58,752	\$ 28,682	\$ 34,076	\$ 78,134	\$ 92,828
Executive Assistant	1	\$ 5,120	\$ 7,603	\$ 61,440	\$ 91,236	\$ 35,635	\$ 52,917	\$ 97,075	\$ 144,153
Executive Director	1	\$ 12,765	\$18,957	\$ 153,180	\$227,484	\$ 88,844	\$ 131,941	\$ 242,024	\$ 359,425
Facilities Manager ****	1	\$ 7,415	\$11,011	\$ 88,980	\$132,132	\$ 51,608	\$ 76,637	\$ 140,588	\$ 208,769
Finance Director	1	\$ 9,729	\$14,448	\$ 116,748	\$173,376	\$ 67,714	\$ 100,558	\$ 184,462	\$ 273,934
FSS Coordinator	3	\$ 4,383	\$ 5,257	\$ 52,596	\$ 63,084	\$ 30,506	\$ 36,589	\$ 83,102	\$ 99,673
FSS Leadworker (HO/FSS)	1	\$ 4,822	\$ 5,782	\$ 57,864	\$ 69,384	\$ 33,561	\$ 40,243	\$ 91,425	\$ 109,627
Housing Inspector	2	\$ 4,245	\$ 5,091	\$ 50,940	\$ 61,092	\$ 29,545	\$ 35,433	\$ 80,485	\$ 96,525
Housing Management Assistant	1	\$ 4,383	\$ 5,257	\$ 52,596	\$ 63,084	\$ 30,506	\$ 36,589	\$ 83,102	\$ 99,673
Housing Management Leadworker	1	\$ 5,606	\$ 6,883	\$ 67,272	\$ 82,596	\$ 39,018	\$ 47,906	\$ 106,290	\$ 130,502
Housing Specialist	9	\$ 4,869	\$ 5,842	\$ 58,428	\$ 70,104	\$ 33,888	\$ 40,660	\$ 92,316	\$ 110,764
Housing Technician*****	1	\$ 3,968	\$ 4,821	\$ 47,616	\$ 57,852	\$ 27,617	\$ 33,554	\$ 75,233	\$ 91,406
Human Resources Manager ****	1	\$ 7,985	\$11,858	\$ 95,820	\$142,296	\$ 55,576	\$ 82,532	\$ 151,396	\$ 224,828
Information Technology Manager	1	\$ 8,814	\$13,089	\$ 105,768	\$157,068	\$ 61,345	\$ 91,099	\$ 167,113	\$ 248,167
Leasing Services Leadworker	2	\$ 5,253	\$ 6,377	\$ 63,036	\$ 76,524	\$ 36,561	\$ 44,384	\$ 99,597	\$ 120,908
Maintenance Worker II	3	\$ 5,655	\$ 5,655	\$ 67,860	\$ 67,860	\$ 39,359	\$ 39,359	\$ 107,219	\$ 107,219
Procurement Manager ****	1	\$ 6,718	\$ 9,976	\$ 80,616	\$119,712	\$ 46,757	\$ 69,433	\$ 127,373	\$ 189,145
Program Integrity Officer	1	**		**		**		**	
Programs Manager	1	\$ 8,814	\$13,089	\$ 105,768	\$157,068	\$ 61,345	\$ 91,099	\$ 167,113	\$ 248,167
Property Aide (Part Time)	4								
Secretary	1	\$ 3,805	\$ 4,635	\$ 45,660	\$ 55,620	\$ 26,483	\$ 32,260	\$ 72,143	\$ 87,880
Senior Administrative Analyst	1	\$ 7,234	\$10,743	\$ 86,808	\$128,916	\$ 50,349	\$ 74,771	\$ 137,157	\$ 203,687
Special Programs Manager	1	\$ 7,985	\$11,858	\$ 95,820	\$142,296	\$ 55,576	\$ 82,532	\$ 151,396	\$ 224,828
Systems Manager ****	1	\$ 7,549	\$11,210	\$ 90,588	\$134,520	\$ 52,541	\$ 78,022	\$ 143,129	\$ 212,542
Total	74								

Management position

*One position is on a hiring freeze and another is less than full-time.

**Service contract with the Alameda County District Attorney's office.

*** Vacant positions:

Housing Specialist (1) on a hiring freeze

System Manager (1) on a hiring freeze

Deputy Director (1) on a hiring freeze for eleven (11) months of the year

**** Class specification changed. Personnel Committee adopted on 5/10/17

*****Housing Technician addition

HOUSING AUTHORITY OF ALAMEDA COUNTY

AGENDA STATEMENT

Meeting Date: June 19, 2019

Subject: 2019 HACA Scholarship Program Awards

Exhibits Attached: None

Recommendation: Approve the 2019 HACA Scholarship Awards

Financial Statement: \$14,250 awarded; included in 2019-2020 budget

DISCUSSION AND ANALYSIS

This year, 14 scholarship applications, shown below by city of residence, were submitted to your Commission’s Scholarship Committee (Commissioners Buckholz, Gacoscos, Kumagai, McQuaid and Patz) for their review.

CITY OF RESIDENCE	# OF APPLICATIONS
Dublin	1
Emeryville	1
Hayward	3
Newark	1
San Leandro	3
Union City	5
Total	14

A telephone meeting with the Scholarship Committee was held on June 11. After discussing its selections, the Scholarship Committee recommended 11 HACA Scholarship awards totaling \$11,250.

The Committee also selected one applicant to receive the Donald C. Biddle Memorial Scholarship award in the amount of \$2,500. Your Commission created this special scholarship to honor the memory of Dublin Commissioner Don Biddle who passed away in February 2018. The Scholarship Committee selected the applicant who it believed most exemplified the best in community service and service to others, as Don did.

The Scholarship Committee recommends the following 2019 HACA Scholarship Program awards:

2019 HACA Scholarships

APPLICANT	SCHOOL/PROGRAM	FIELD OF STUDY	AWARD RECOMMENDATION
Jasleen Abaya	Ohlone College	Nursing	\$750
John Paul Abaya	UC San Diego	Environmental Policy	\$1750
Hosai Aria-Faizi	Cal State East Bay	Human Development	\$1250
Jazmin Batts-Brooks	DUSD Vocational Program/ Las Positas	Transition Program	\$750
Brandy Hubbard	University of Phoenix	Science Management	\$750
Makahla Knight	Cal State East Bay	Nursing/Biology	\$1250
Kiana Richardson	Howard University	Communications	\$1750
La’Vonte Armani	San Jose State	Business/Humanities	\$1250
Nkechi Uzoew	Rising Sun Opportunity	Construction Inspector Apprenticeship	\$750
Jasmine Vilchis	Ohlone College	Respiratory Therapy	\$750
Jamila Williams	Merritt College	Nursing	\$750
TOTAL:			\$11,750

2019 Donald C. Biddle Memorial Scholarship Award - \$2500

APPLICANT	COMMUNITY SERVICE
Jacqueline Rodriguez	Ms. Rodriguez volunteers as a Law Facilitator for the Fresh Lifelines for Youth (FLY) program, as a Student Ambassador for the UC Berkeley Underground Scholars Initiative (USI) and Berkeley Underground Scholars (BUS) programs and helped put together a club called “Project Change” at College of San Mateo. These programs provide resources, legal education, leadership training, workshops and one-to-one mentoring for at-risk youth, formerly incarcerated youth and youth in the juvenile justice system.

The Scholarship Committee recommends that your Commission approve its selections. If your Commission approves these scholarship award recommendations, recipients will be invited to your August Housing Commission meeting to receive their awards.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: June 19, 2019

Subject: Nominating Committee for Officers

Exhibits Attached: None

Recommendation: Appoint a Nominating Committee

DISCUSSION AND ANALYSIS

Your Commission must appoint a Nominating Committee to select candidates for the positions of Chairperson and Vice-Chairperson. The terms are for one year. The current Chairperson is Mark Gerry and Michael Hannon is the Vice-Chairperson. While the Commission bylaws stipulate that the Chairperson can serve no more than two successive full terms, they do not specify the number of terms the Vice-Chairperson can serve. Traditionally, the Vice-Chairperson has moved up to become Chairperson (although that is not mandated), so the Nominating Committee’s focus is usually on the selection of the Vice-Chairperson candidate.

We do not expect to have a July meeting so at your August meeting the Nominating Committee will present the candidates and an election will be held. The newly-elected officers will take office immediately and the new Chairperson will chair the August meeting.

HOUSING AUTHORITY OF ALAMEDA COUNTY

AGENDA STATEMENT

Meeting: June 19, 2019

Subject: EveryOne Home Plan to End Homelessness: 2018 Strategic Update

Exhibits Attached: Attachment B: Plan Summary

Recommendation: Authorize HACA to endorse the Plan Update

Financial Statement: N/A

BACKGROUND

EveryOne Home is a collective impact initiative created in 2007 to facilitate the implementation of Alameda County’s plan to end homelessness, known as the EveryOne Home Plan. In 2018, EveryOne Home updated that Plan now known as the Strategic Plan Update: Ending Homelessness in Alameda County. This Update recommends strategies and actions to reduce homelessness so that in five years no person without a permanent home would need to sleep outside. EveryOne Home is asking cities, organizations such as HACA, individuals, non-profit community organizations, businesses and faith groups to endorse the Plan. It hopes to get 300 endorsements in the next three months, including all the cities and the county. There are 50+ endorsers so far.

DISCUSSION and ANALYSIS

EveryOne Home has drafted the following letter of endorsement. Staff requests that you authorize the Executive Director to sign the letter on behalf of HACA and transmit it to EveryOne Home. The executive summary of the Plan Update is attached as Attachment B.



Housing Authority of the
County of Alameda

HACA AGENDA ITEM NO.: 5-6.

22941 Atherton Street, Hayward, CA 94541

Tel. 510.538.8876 TDD 510.727.8551 Fax 510.537.8236 www.haca.net

June 19, 2019

EveryOne Home
101 Callan Avenue, Suite 230
San Leandro, CA 94577

Dear EveryOne Home Leadership Board and Staff:

The Alameda County Housing Authority has reviewed the EveryOne Home Plan to End Homelessness: 2018 Strategic Update and would like to formally endorse the Plan Update.

WHEREAS, EveryOne Home is the collective impact organization to address and end homelessness in Alameda County, uniting the efforts of city and county government partners, nonprofit service providers, homeless consumers and community members, and

WHEREAS, in 2018, EveryOne Home undertook a year-long, inclusive community process to update the Strategic Plan to better reflect the current realities of the Bay Area's housing market and resource needs, and

WHEREAS, the Plan analyzes countywide homelessness data to determine the extent of need across Alameda County and the size and cost of interventions to address that need, and

WHEREAS, more than 12,000 people experience homelessness in Alameda County annually and for every person who exits homelessness, two new people enter it. If trends continue, this rate would increase the homeless population by 1,500 annually, and

WHEREAS, the Plan offers strategies and actions to reduce the Alameda County nightly homeless count to 2,200—meaning no one would have to sleep without shelter,

NOW, THEREFORE, the Alameda County Housing Authority supports this Plan Update and agrees to take bold action whenever and wherever possible so that together we will bring the necessary capacity, investment, partnership and collective impact to achieve that goal.

The Alameda County Housing Authority understands that by signing this endorsement letter we will be included in a list of endorsements posted on the EveryOne Home website.

Very truly yours,

Christine Gouig
Executive Director

BUDGET STATUS **REPORT**

Housing Authority of Alameda County
HOUSING CHOICE VOUCHER
Administrative Budget Status Report FYE June 30, 2019
March 2019

FY 2019 - HCV OPERATING BUDGET	Budgeted @ 3/31/2019	Actual @ 3/31/2019	OVER (UNDER)	PROJECTED 6/30/2019	SCH. NO.	2018 BUDGET	2019 BUDGET	DIFFERENCE
INCOME								
Investment Income	375	51	(324)	68	A1	500	500	0
Misc. Income	245,639	241,252	(4,387)	288,669	A1	326,000	327,518	1,518
Grant Income	0	0	0	0				0
Administrative Fee Income	5,209,543	5,347,045	137,502	7,128,860	A	6,634,582	6,946,058	311,476
TOTAL INCOME	5,455,557	5,588,348	132,791	7,417,597		6,961,082	7,274,076	312,994
EXPENSES								
Administration								
Salaries	(2,976,818)	(2,970,488)	6,330	(4,064,878)	B-1& 2	(3,759,964)	(3,969,090)	(209,126)
Other Admin.	(1,271,663)	(1,117,938)	153,725	(1,490,584)	C-1&2	(1,593,691)	(1,695,551)	(101,860)
Total	(4,248,481)	(4,088,426)	160,055	(5,555,462)		(5,353,655)	(5,664,641)	(310,986)
General								
Insurance	(168,384)	(112,436)	55,948	(149,915)	E	(224,697)	(224,511)	186
Employee Benefits	(1,696,786)	(1,691,166)	5,620	(2,254,888)		(2,143,179)	(2,262,381)	(119,202)
Miscellaneous	0	0	0	0		0	0	0
Total	(1,865,170)	(1,803,602)	61,568	(2,404,803)		(2,367,876)	(2,486,893)	(119,017)
Total Routine Expenses	(6,113,651)	(5,892,028)	221,623	(7,960,265)		(7,721,531)	(8,151,534)	(430,003)
Capital Expenditures	0	0	0	0	D2	0	0	0
TOTAL EXPENSES	(6,113,651)	(5,892,028)	221,623	(7,960,265)		(7,721,531)	(8,151,534)	(430,003)
Income (Deficit)						(760,449)	(877,458)	
NET INCOME (DEFICIT)	(658,094)	(303,680)	354,414	(542,668)		(760,449)	(877,458)	(117,010)

Unrestricted Net Position @ 6/30/18
 Budgeted Income (Deficit) FYE 6/30/19
 Projected Unrestricted Net Assets @ 6/30/19

(7,388,105)
 (877,458)
\$ (8,265,563)

	Op. Res w/o GASB 68 - Pension & GASB 67 - OPEB	GASB 68 - Pension & GASB 67 - OPEB	Total
UNP @ 6/30/18	856,404	(8,244,509)	(7,388,105)
Projected loss @ 6/30/19	(542,668)	(1,000,000)	(1,542,668)
Est. UNP @ 7/1/19	313,736	(9,244,509)	(8,930,773)

PROGRAM ACTIVITY

REPORT

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

AGENDA STATEMENT

Meeting: June 19, 2019

Subject: Programs Activity Report

Exhibits Attached: Section 8 Contract and Housing Assistance Payments (HAP) Report; Section 8 Average Contract Rent Report; Landlord Rental Listing Report; FSS Program Monthly Report

Recommendation: Receive Report

SECTION 8 HOUSING CHOICE VOUCHERS (HCV)

- **Lease-Up:** As of June 1, 2019, the Section 8 HCV program had 6,042 units under contract. This number includes HACA vouchers and portability clients for which we are being billed by the receiving housing authority, but excludes portability clients for which we are billing the initial housing authority. We continue to reduce the number of vouchers as required by the HUD shortfall team with the exception of planned Project-Based Voucher units that come online, VASH program vouchers and Mainstream program vouchers.
- **HCV Program Utilization:** As of June 1, 2019, the average HAP subsidy was \$1,645 and the average tenant-paid rent portion was \$548 for an average Contract Rent of \$2,193. These amounts include HACA vouchers, but do not include incoming and outgoing portability clients.
 - ❖ As of June 1, 2019, HACA had 142 outgoing billed portability contracts (i.e., HACA voucher holders who are housed in another housing authority's jurisdiction).
 - ❖ As of June 1, 2019, HACA billed other housing authorities for 462 incoming portability contracts.
 - ❖ As of May 31, 2019, 226 of PACH's 230 project-based voucher (PBV) units are leased. These are HACA's former public housing units converted under HUD's Section 18 or Rental Assistance Demonstration programs and transferred to PACH, HACA's instrumentality.
- **Section 8 Contract Reports:** Copies of the Contract Reports are attached. The Section 8 Contract and HAP Report includes HACA certificates, HACA vouchers and portability clients for which we are billing the initial housing authority. The Section 8 Average Contract Rent Report includes HACA vouchers and portability clients for which we are billing the initial housing authority.
- **Landlord Rental Listings:** As of June 3, 2019, there were 43 active properties listed. Information on *new* landlords added to the Section 8 program is currently unavailable and hopefully can be included on the next report.
- **HCV Housing Quality Standards (HQS) Abatements:** During the first quarter of 2019, HACA scheduled 801 annual inspections. Of those, 639 (80%) passed inspection the day they were inspected, 52 (6%) failed inspection, and 110 (14%) were "no shows" that had to be rescheduled. Additionally, HACA abated two HAP contract in Q1 2019 for non-compliance with HQS.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
Section 8 Contract and HAP Report for the month of June 2019

City	Certificates		Vouchers		JUNE 2019 TOTAL		JUNE 2018	JUNE 2017
	Number	HAP*	Number	HAP**	Number	HAP		
		based on avg		based on avg				
		\$1,797		\$1,661				
Albany	0	\$0	15	\$24,915	15	\$24,915	18	23
Castro Valley	5	\$8,985	221	\$367,081	226	\$376,066	216	212
Dublin	4	\$7,188	401	\$666,061	405	\$673,249	397	355
Emeryville	6	\$10,782	141	\$234,201	147	\$244,983	154	153
Fremont	20	\$35,940	1,052	\$1,747,372	1,072	\$1,783,312	1,065	1,071
Hayward	46	\$82,662	1,896	\$3,149,256	1,942	\$3,231,918	1,983	2,009
Newark	5	\$8,985	222	\$368,742	227	\$377,727	214	210
Pleasanton	4	\$7,188	213	\$353,793	217	\$360,981	209	175
San Leandro	13	\$23,361	1,292	\$2,146,012	1,305	\$2,169,373	1,350	1,399
San Lorenzo	3	\$5,391	185	\$307,285	188	\$312,676	202	204
Union City	5	\$8,985	699	\$1,161,039	704	\$1,170,024	720	736
TOTALS	111	\$199,467	6,337	\$10,525,757	6,448	\$10,725,224	6,528	6,547

* Based on an average June Housing Assistance Payment (HAP) of \$1,797 per certificate contract

**Based on an average June Housing Assistance Payment (HAP) of \$1,661 per voucher contract

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

Section 8 Average Contract Rent Report for the Month of June 2019

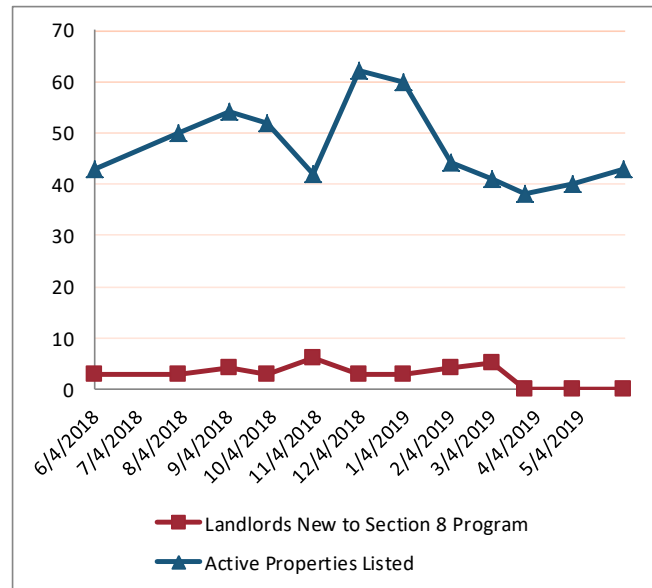
City	Number of HAP Contracts (HCV Only)	Average Contract Rent	Average HAP Paid by HACA	Average Rent Paid by Family	Average Family-Paid Rent as a Percentage of Average Contract Rent
Albany	15	\$1,706	\$1,321	\$385	23%
Castro Valley	221	\$2,212	\$1,705	\$507	23%
Dublin	401	\$2,033	\$1,573	\$462	23%
Emeryville	141	\$1,761	\$1,213	\$540	31%
Fremont	1,052	\$2,368	\$1,818	\$548	23%
Hayward	1,896	\$2,124	\$1,591	\$532	25%
Newark	222	\$2,541	\$1,845	\$696	27%
Pleasanton	213	\$1,836	\$1,402	\$434	24%
San Leandro	1,292	\$2,162	\$1,624	\$538	25%
San Lorenzo	185	\$2,383	\$1,758	\$625	26%
Union City	699	\$2,397	\$1,814	\$582	24%

*Some rents may vary by \$1 due to rounding

Landlord Rental Listing Report

Monthly

	6/4/2018	8/1/2018	9/4/2018	10/1/2018	11/1/2018	12/3/2018	1/2/2019	2/4/2019	3/4/2019	3/27/2019	4/29/2019	6/3/2019
Landlords New to Section 8 Program	3	3	4	3	6	3	3	4	5	0	0	0
Active Properties Listed	43	50	54	52	42	62	60	44	41	38	40	43



Landlords New to Section 8 Program data is currently unavailable. We hope to be able to report on this again in the near future.



To: Christine Gouig, Executive Director
From: Daniel Taylor, Special Programs Manager
Re: **FSS Program Summary**
CC: Linda Evans, Phyllis Harrison, Mary Sturges, Vannessa Kamerschen
Date: June 4, 2019

Program Summary	May 2019
Total Clients Under Contract:	197
MDRC:	100
Graduates:	2
Escrow Disbursed:	\$67,131.57
Ports In:	0
Ports Out:	0
Terminations:	2
New Contracts:	5

FSS PROGRAM NEWS:

FSS Program Coordinating Committee (PCC)

On Wednesday, May 15, 2019, the FSS team held its quarterly PCC meeting. The PCC is the oversight committee for the FSS program and is comprised of representatives from community-based organizations in Alameda County. During the meeting, each representative shared updates on their various programs and upcoming events. The next PCC meeting is scheduled for August 14, 2019.

FSS Orientations

The FSS program held two orientations in May. The program goal is to conduct FSS orientations every quarter. Thirty (30) participants in total attended the orientations.

2019 Health and Resource Fair

The FSS team is finalizing the details of our annual Health and Resource Fair. The fair is scheduled for Saturday, July 20, 2019, from 10:30 a.m.-1:00 p.m. at HACA. Community vendors with information tables, mini workshops, poster drawings and a free backpack with school supplies are some of the activities planned for the parents and children.

FSS Employment Workshop

On Wednesday, May 29, 2019, the FSS team hosted an employment workshop featuring various employers from the Bay Area. The employers in attendance were:

- Eden Area One Stop
- Alameda County Emergency Medical Services (EMS) Corps
- Spectra 360 Placement Agency
- Alameda County Social Services
- Superior Quality Home Health LLC (represented by Angela Finley, HACA Housing Commissioner)

It was a very informative and interactive workshop. All of the presenters offered an abundance of information regarding their agencies and hiring practices. Participants received job leads, interview advice and suggestions regarding their resumes. Unfortunately, there were only six attendees as traffic was backed up throughout the Bay Area due a fatal accident on the Bay Bridge that shut down lanes in the commute direction and a non-fatal accident on the San Mateo Bridge where commuters diverted. However, the FSS team received positive feedback from both participants and employers who attended.

Case Management Referrals = 18
Job Referrals = 98

ATTACHMENT A

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2018



HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA

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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 and the aggregate remaining fund information of the Housing Authority of the County of Alameda (the Authority), as of and for the year ended June 30, 2018, 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, 2018, 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.

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 11, Schedule of Proportionate Share of the Net Pension Liability on page 59 and Schedule of Pension Contributions on page 60 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, 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 as listed in the table of contents 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 07, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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
Certified Public Accountants

Patel & Associates, LLP

Oakland, California
March 07, 2019

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

The Housing Authority of the County of Alameda (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 and deferred outflow of resources of the Authority was \$45.78 million and total liabilities and deferred inflow of resources was \$14.34 million.

The assets of the Authority exceeded its liabilities at the close of the fiscal year (FY) by \$31.44 million (net position). Of that amount, \$13.45 million was invested in capital assets; \$15.10 million was considered restricted and \$2.89 million was considered unrestricted and may be used to meet the Authority's ongoing obligations. The Authority's FY 2018 total net position decreased by \$0.15 million compared to the FY 2017 balance of \$31.59 million.

Total revenues, excluding Housing Assistance Payments-Portability in, increased by approximately \$16.50 million (14%) during 2018, and were \$134.01 million and \$117.51 million for 2018 and 2017, respectively. The increase was due to rental revenues and funding provided by HUD.

Total expenses, excluding Housing Assistance Payments-Portability in, increased by approximately \$15.27 million (13%). Total expenses were \$133.47 million and \$118.20 million for 2018 and 2017, 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. In March 2016, HACA completed the Rental Assistance Demonstration (RAD) conversion and sold its remaining 72 units of Public Housing to PACH. For FY 2018, PACH had total assets of \$15.01 million, total liabilities of \$0.34 million and net position of \$14.68 million. It had total revenues of \$4.92 million and expenses of \$3.26 million. PACH's total net position increased by \$1.66 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.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

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.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

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

	<u>The Authority</u>		<u>PACH</u>		<u>Total</u>		<u>Change</u>	<u>%</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>		
Current and other assets	\$ 7,195,948	\$ 7,929,977	\$ 6,167,406	\$ 4,906,838	\$ 13,363,354	\$ 12,836,815	\$ 526,539	4 %
Non-current assets	13,457,642	12,305,332	2,205,000	2,330,000	15,662,642	14,635,332	1,027,310	7 %
Capital assets	6,808,201	7,770,840	6,640,995	6,003,515	13,449,196	13,774,355	(325,159)	(2)%
Deferred outflow of resources	<u>3,307,642</u>	<u>3,407,894</u>	<u>-</u>	<u>-</u>	<u>3,307,642</u>	<u>3,407,894</u>	<u>(100,252)</u>	<u>(3)%</u>
Total assets and deferred outflow of resources	<u>30,769,433</u>	<u>31,414,043</u>	<u>15,013,401</u>	<u>13,240,353</u>	<u>45,782,834</u>	<u>44,654,396</u>	<u>1,128,438</u>	<u>2.53 %</u>
Current liabilities	1,626,213	1,100,399	338,330	227,681	1,964,543	1,328,080	636,463	48 %
Noncurrent liabilities	8,773,684	10,844,945	-	-	8,773,684	10,844,945	(2,071,261)	(19)%
Deferred inflow of resources	<u>3,601,521</u>	<u>890,114</u>	<u>-</u>	<u>-</u>	<u>3,601,521</u>	<u>890,114</u>	<u>2,711,407</u>	<u>305 %</u>
Total liabilities and deferred inflow of resources	<u>14,001,418</u>	<u>12,835,458</u>	<u>338,330</u>	<u>227,681</u>	<u>14,339,748</u>	<u>13,063,139</u>	<u>1,276,609</u>	<u>10 %</u>
Net position:								
Invested in capital assets	6,808,201	7,770,840	6,640,995	6,003,515	13,449,196	13,774,355	(325,159)	(2)%
Restricted	12,740,642	12,241,116	2,363,408	2,330,000	15,104,050	14,571,116	532,934	4 %
Unrestricted	<u>(2,780,828)</u>	<u>(1,433,371)</u>	<u>5,670,668</u>	<u>4,679,157</u>	<u>2,889,840</u>	<u>3,245,786</u>	<u>(355,946)</u>	<u>(10.97)%</u>
Total net position	<u>\$ 16,768,015</u>	<u>\$ 18,578,585</u>	<u>\$ 14,675,071</u>	<u>\$ 13,012,672</u>	<u>\$ 31,443,086</u>	<u>\$ 31,591,257</u>	<u>\$ (148,171)</u>	<u>- %</u>

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

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

Total assets increased by approximately \$1.13 million because of the increase in cash and cash equivalents, restricted investments, and accounts receivables.

Total liabilities increased by approximately \$1.28 million primarily due to net pension liability recorded.

Total net position decreased by \$0.15 million and was \$31.44 million and \$31.59 million in 2018 and 2017, 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) decreased by approximately \$0.33 million, net of depreciation, and was \$13.45 million and \$13.77 million in 2018 and 2017, respectively.

Restricted Net Position balance increased by approximately \$0.53 million and was \$15.10 million and \$14.57 million in 2018 and 2017, respectively. The balance includes \$15.10 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 \$0.36 million and was \$2.89 million as of June 30, 2018.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

TABLE 2

Statement of Revenues, Expenses and Changes in Net Position

	The Authority		PACH		Total		Change	%
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017		
Revenues								
Rental revenue - tenants	\$ 371,681	\$ 368,631	\$ 4,845,616	\$ 4,069,723	\$ 5,217,297	\$ 4,438,354	\$ 778,943	18 %
HUD PHA grants	124,116,401	108,159,024	-	-	124,116,401	108,159,024	15,957,377	15 %
Other revenue	4,159,341	4,245,878	11,107	264,782	4,170,448	4,510,660	(340,212)	(8)%
Investment income	393,847	355,957	66,037	42,949	459,884	398,906	60,978	15 %
Sub-Total	<u>129,041,270</u>	<u>113,129,490</u>	<u>4,922,760</u>	<u>4,377,454</u>	<u>134,007,250</u>	<u>117,506,944</u>	<u>16,500,306</u>	<u>14 %</u>
Housing assistance payments-Portability-in	<u>6,494,322</u>	<u>3,080,683</u>	<u>-</u>	<u>-</u>	<u>6,494,322</u>	<u>3,080,683</u>	<u>3,413,639</u>	<u>111 %</u>
Total revenues	<u>135,535,592</u>	<u>116,210,173</u>	<u>4,922,760</u>	<u>4,377,454</u>	<u>140,501,572</u>	<u>120,587,627</u>	<u>19,913,945</u>	<u>17 %</u>
Expenses								
Administrative	8,488,111	9,150,020	1,231,476	1,031,490	9,719,587	10,181,510	(461,923)	(5)%
Tenant service	-	-	5,190	4,709	5,190	4,709	481	10 %
Utilities	55,361	69,630	191,445	186,127	246,806	255,757	(8,951)	(3)%
Ordinary maintenance and operations	471,507	485,187	974,569	776,179	1,446,076	1,261,366	184,710	15 %
General expenses	580,399	650,595	51,833	37,924	632,232	688,519	(56,287)	(8)%
Depreciation	1,128,813	1,092,310	805,848	697,597	1,934,661	1,789,907	144,754	8 %
Housing Assistance Payments	116,989,117	101,624,996	-	-	116,989,117	101,624,996	15,364,121	15 %
Other expenses	2,493,775	2,390,193	-	-	2,493,775	2,390,193	103,582	4 %
Sub-Total	<u>130,207,083</u>	<u>115,462,931</u>	<u>3,260,361</u>	<u>2,734,026</u>	<u>133,467,444</u>	<u>118,196,957</u>	<u>15,270,487</u>	<u>13 %</u>
Housing Assistance Payments-Portability in	<u>6,494,322</u>	<u>3,080,683</u>	<u>-</u>	<u>-</u>	<u>6,494,322</u>	<u>3,080,683</u>	<u>3,413,639</u>	<u>111 %</u>
Total expenses	<u>136,701,405</u>	<u>118,543,614</u>	<u>3,260,361</u>	<u>2,734,026</u>	<u>139,961,766</u>	<u>121,277,640</u>	<u>18,684,126</u>	<u>15 %</u>
Net Income (Loss) – Change in Net Position	<u>\$ (1,165,813)</u>	<u>\$ (2,333,441)</u>	<u>\$ 1,662,399</u>	<u>\$ 1,643,428</u>	<u>\$ 496,586</u>	<u>\$ (690,013)</u>	<u>\$ 1,186,599</u>	<u>(172)%</u>

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

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

Total revenues increased by approximately \$16.50 million (14%) and total expenses increased by approximately \$15.27 million from a year ago.

HUD provided 96% of the Authority's revenue in 2018. 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. Rental revenue increased by 18% compared to the previous year due to higher unit rents. Investment income increased as well.

Total expenses increased by 13% due to higher housing assistance payments (HAP) made to landlords. Expenses also include administration (management fees and contracted services), utilities, maintenance, and depreciation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year ended June 30, 2018, the Authority had \$13.45 million invested in a variety of capital assets as reflected in the following table, which represents a net decrease of approximately \$0.33 million or -2% from the previous fiscal year. The decrease in capital assets is due to the annual depreciation expense partially offset by the addition of capitalized costs.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

**TABLE 3
Capital Assets and Debt Administration**

	<u>The Authority</u>		<u>PACH</u>		<u>Total</u>		<u>Change</u>	<u>%</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>		
Land and land rights	\$ 1,386,253	\$ 1,342,253	\$ 2,202,244	\$ 2,246,244	\$ 3,588,497	\$ 3,588,497	\$ -	-
Buildings and improvements	13,246,322	10,930,000	15,939,423	16,551,212	29,185,745	27,481,212	1,704,533	6 %
Furniture and equipment	1,891,849	1,940,842	1,497,759	1,543,798	3,389,608	3,484,640	(95,032)	(3)%
Accumulated depreciation	<u>(7,557,131)</u>	<u>(6,428,319)</u>	<u>(15,157,523)</u>	<u>(14,351,675)</u>	<u>(22,714,654)</u>	<u>(20,779,994)</u>	<u>(1,934,660)</u>	<u>9 %</u>
Total	<u>\$ 8,967,293</u>	<u>\$ 7,784,776</u>	<u>\$ 4,481,903</u>	<u>\$ 5,989,579</u>	<u>\$ 13,449,196</u>	<u>\$ 13,774,355</u>	<u>\$ (325,159)</u>	<u>(2)%</u>

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

**TABLE 4
Change in Capital Assets**

	<u>The Authority</u>	<u>PACH</u>	<u>Total</u>
Beginning balance	\$ 7,784,776	\$ 5,989,579	\$ 13,774,355
Additions	166,173	1,443,328	1,609,501
Depreciation	<u>(1,128,813)</u>	<u>(805,848)</u>	<u>(1,934,661)</u>
Total	<u>\$ 6,822,136</u>	<u>\$ 6,627,059</u>	<u>\$ 13,449,195</u>

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

Debt Outstanding

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

ECONOMIC FACTORS

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

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

- Local labor supply 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, 2018

	<u>Primary Government Business-Type Activities</u>
Assets:	
Current Assets:	
Cash and cash equivalent	\$ 3,130,605
Short term investments	8,628,792
Accounts receivable- HUD	108,996
Accounts receivables- other	1,387,093
Prepaid and other assets	<u>107,868</u>
Total current assets	<u>13,363,354</u>
Restricted assets:	
Cash and cash equivalents	3,091,526
Notes receivable	<u>12,571,116</u>
Total restricted assets	<u>15,662,642</u>
Capital assets	36,163,850
Less accumulated depreciation	<u>(22,714,654)</u>
Capital assets, net	<u>13,449,196</u>
Total assets	42,475,192
Deferred outflow of resources	<u>3,307,642</u>
Total assets and deferred outflow of resources	<u><u>\$ 45,782,834</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Primary Government Business-Type Activities</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,041,981
Accounts payable - HUD	114,689
Accrued compensated absences	151,651
Unearned revenue	46,030
Tenants security deposits	134,626
Family self sufficiency escrows - current portion	354,537
Accrued liabilities	114,434
Other liabilities	<u>6,595</u>
Total current liabilities	<u>1,964,543</u>
Noncurrent liabilities:	
Net pension liability	8,244,509
Net OPEB liability	124,068
Family self sufficiency escrows - noncurrent portion	354,537
Accrued compensated absences - noncurrent portion	<u>50,570</u>
Total liabilities	<u>10,738,227</u>
Deferred inflow of resources	3,601,521
Net position:	
Net investment in capital assets	13,449,196
Restricted	15,104,050
Unrestricted	<u>2,889,840</u>
Total net position	<u>31,443,086</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 45,782,834</u>

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, 2018

Operating Revenues:

Rental revenue - tenant	\$ 5,217,297
Other revenue	10,562
HUD PHA grants	124,116,401
Housing assistance payments-Portability-in	6,494,322
Other operating revenue	<u>1,493,602</u>
Total operating revenues	<u>137,332,184</u>

Operating Expenses:

Administration	9,719,587
Tenant services	5,190
Utilities	246,806
Ordinary maintenance and operations	1,446,076
General expenses	632,232
Depreciation	1,934,661
Housing assistance payments - Portability-in	6,494,322
Housing assistance payments	116,989,117
Other expenses	<u>2,493,775</u>
Total operating expenses	<u>139,961,766</u>

Operating income (loss)	<u>(2,629,582)</u>
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Non-Operating Revenues and Expenses:

Other government grant	2,636,516
Other revenues	29,768
Investment income	<u>459,884</u>
Total non-operating revenues & expenses	<u>3,126,168</u>

Change in net position	<u>496,586</u>
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Net position at the beginning of the year	31,591,257
Prior period adjustments	<u>(644,757)</u>
Net position at the beginning of the year, as restated	<u>30,946,500</u>
Net position at the end of the year	<u><u>\$ 31,443,086</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:

Cash collected from:	
Dwelling rental	\$ 5,217,297
Security deposit	5,004
Other operating revenue	692,189
HUD PHA grants received	124,126,700
Housing assistance payments-Portability-in	6,494,322
Cash paid for:	
Housing assistance payments	(116,929,772)
Housing assistance payments-Portability-in	(6,494,322)
Administrative expenses	(10,221,764)
Tenant services	(5,190)
Utility expenses	(246,806)
Maintenance expenses	(1,430,946)
General expenses	431,929
Other expenses	<u>(2,493,775)</u>
Net cash used by operating activities	<u>(855,134)</u>

Cash flows from non-capital & related financing activities:

Other revenue received	2,783,930
Interfund payments	1,782,013
Interfund receipts	<u>(1,782,014)</u>
Net cash provided by non-capital financing activities	<u>2,783,929</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	<u>(1,609,501)</u>
Net cash used by capital and related financing activities	<u>(1,609,501)</u>

Cash flows from investing activities:

Proceeds from investment maturities	1,051,206
Purchase of investments	(92,343)
Interest received from investments less accrued interest	<u>12,238</u>
Net cash provided by investing activities	<u>971,101</u>
Net increase in cash and cash equivalents	1,290,395
Cash and cash equivalents at the beginning of the year	<u>4,931,736</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 6,222,131</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Reconciliation of operating income (loss) to net cash used by operating activities:

Operating income (loss)	\$ (2,629,582)
Adjustments to reconcile operating income (loss) to net cash provided/(used) by operating activities:	
Depreciation expense	1,934,661
(Increase)/Decrease in accounts receivable - HUD	11,111
(Increase)/Decrease in accounts receivable - other	(811,975)
(Increase)/Decrease in prepaid expenses	(91,452)
(Increase)/Decrease in deferred outflow of resources	100,252
Increase/(Decrease) in deferred inflow of resources	2,711,407
Increase/(Decrease) in accounts payable	395,628
Increase/(Decrease) in accounts payable - HUD	59,345
Increase/(Decrease) in accrued compensated absences - noncurrent	10,240
Increase/(Decrease) in deferred revenue	(812)
Increase/(Decrease) in FSS escrow	354,537
Increase/(Decrease) in FSS escrow-non current	(135,154)
Increase/(Decrease) in other current liabilities	(7,963)
Increase/(Decrease) in accrued liabilities	(169,276)
Increase/(Decrease) in accrued pension liability	(2,070,415)
Increase/(Decrease) in accrued OPEB liability	(520,690)
Increase/(Decrease) in tenant security deposit	<u>5,004</u>
Net cash provided/(used) by operating activities	<u>\$ (855,134)</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 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.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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. *Non operating* revenues, such as grants and investment earnings, result from non-exchange transactions or ancillary activities.

(c) Business –type Activities

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 26 units under this program.

Preserving Alameda County Housing, Inc. – PACH leases, rehabilitates and operates 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.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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, 1 house owned by the City of Union City which is rented to a low-income family. 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 and on May 1, 2018 to add the HCSA Flexible Housing Subsidy Program.

(d) Basis of Accounting

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 Net 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.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Private sector standards of accounting and financial reporting 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:

- Net investment in capital assets – 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 “net investment in capital assets” 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 liabilities, the balance sheet reports 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The Authority has pensions and OPEB related to deferred inflows of resource items that qualify for reporting in this category.

In addition to assets, the balance sheet reports a separate section for pensions and OPEB related deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Measurement Focus

“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.

(f) Cash, Cash Equivalents and Investments

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.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) 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:

	<u>Years</u>
Furniture and equipment	5
Building improvements	10
Buildings	27.5

(h) 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.

(i) 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.

(j) Accrued Compensated Absences

Accumulated vacation benefits are recorded as liabilities on the books of the Authority. The total liability for the Authority is \$202,221 based on year-end hourly rates, of which \$151,651 is current.

(k) 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.

(l) Taxes

The Authority is exempt from federal and state income taxes. The Authority is also exempt from property taxes.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) 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, 2018 are classified on the Statement of Net Position as follows:

Unrestricted - cash, cash equivalents and investments:	
Deposits and placements with financial institution	\$ 3,130,255
Short term investments	8,628,792
Cash on hand	350
Restricted cash, cash equivalents and investments for tenant security deposits, family self-sufficiency escrow, and capital fund program:	
Deposits and placements with financial institution	886,526
Commercial papers	<u>2,205,000</u>
Total cash, cash equivalents and investments	<u><u>\$14,850,923</u></u>

The Authority had the following cash, cash equivalents and investments at June 30, 2018:

Cash on hand and demand deposits with financial institution	<u>\$ 3,479,811</u>
Money market accounts	537,321
State of California Local Agency Investment Fund (LAIF)	3,210,201
Commercial papers	<u>7,623,590</u>
Total investment accounts	<u>11,371,112</u>
Total cash, cash equivalents and investments	<u><u>\$14,850,923</u></u>

State of California Local Agency Investment Fund (LAIF)

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in the pool is reported in the accompanying financial statement at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. As of June 30, 2018, the GASB fair market value factor for the LAIF portfolio was 0.99813.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

A. Deposits and Placements with Financial Institution

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, 2018, 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, 2018, an account was maintained in the name of the Authority for \$3,210,201, its fair value.

B. Investments and Concentration

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

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Specified Percentage of Portfolio</u>	<u>Minimum Credit Quality</u>
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
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.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

C. Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The investments in an external investment pool are not subject to reporting within the level hierarchy. The three levels of the fair value hierarchy are described below:

Level 1 Inputs:

These level inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 Inputs:

These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means, e.g., “market-corroborated” inputs.

Inputs at Level 2 include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability, such as: interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads.
- Market-corroborated inputs

Level 3 Inputs:

These are unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable. Governments may use their own data to develop unobservable inputs if there is no information available without undue cost and effort.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Fair value hierarchy of the Authority's investments is as follows:

	<u>Total</u>	<u>Quoted Prices in Active Market for Identical Asset (Level 1)</u>
Investments subject to fair value hierarchy:		
Commercial papers	\$ 7,623,590	\$ 7,623,590
Total investments subject to fair value hierarchy	<u>7,623,590</u>	<u>\$ 7,623,590</u>
Investments not subject to fair value hierarchy:		
Money market	537,321	
LAIF	<u>3,210,201</u>	
Total investments not subject to fair value hierarchy	<u>3,747,522</u>	
Total	<u>\$ 11,371,112</u>	

NOTE 3 - ACCOUNTS RECEIVABLE

AS of June 30, 2018, accounts receivable balance consisted of following:

Receivables from HUD:	
Admin fees receivable	\$ 108,996
Receivables from Other Government:	
Shelter Plus Care contract receivables	<u>728,002</u>
Total receivables from HUD and other government	<u>836,998</u>
Other receivables:	
Portability program receivables from other housing authorities	537,228
Other receivables	143,680
Allowance for doubtful accounts	<u>(21,817)</u>
Total other receivables	<u>659,091</u>
Total	<u>\$ 1,496,089</u>

Shelter Plus Care program is a HUD funded housing program that provides supportive services and affordable subsidized housing to homeless people with disabilities. As of June 30, 2018 the Authority had a balance of \$728,002 receivables for invoices submitted for Fiscal year 2017-18.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - ACCOUNTS RECEIVABLE (Cont'd)

Under the portability program, a participant family or an applicant family that has been issued a voucher has the right to use tenant-based voucher assistance to lease a unit anywhere in the United States, provided the unit is located within the jurisdiction of a local housing authority administering a tenant-based voucher program. A participating family that wishes to port into the Authority's jurisdiction must have approval from its originating housing authority. As of June 30, 2018, the Authority had a receivable balance of \$537,228 from other housing authorities for their approved portability applicants. Management on a regular basis communicates with those authorities to collect the receivables.

NOTE 4 - INTERFUND BALANCES

Interfund balances are as follows:

	<u>Due From</u>	<u>Due To</u>
Public Housing	\$ 455	\$ -
Housing Choice Voucher	704,347	1,380,950
Continuum of Care	-	702,959
Moderate Rehabilitation	107,297	-
Choice / FACTS	51,000	-
PACH	1,185,946	-
Ocean Avenue	6,375	-
Housing Development Fund	20,766	-
Park Terrace	-	1,389
Business Activities	<u>14,880</u>	<u>5,768</u>
	<u>\$ 2,091,066</u>	<u>\$ 2,091,066</u>

Interfund receipt and spending activity between fund entities is reported in self-balancing "Due To/Due From" memorandum accounts. For reporting purposes these balances are eliminated in supplementary combining schedules of net assets and not shown in the basic financial statements.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS

A summary of enterprise funds capital assets at June 30, 2018 is shown below:

Capital Assets

Land and land rights	\$ 3,588,497
Buildings and improvements	29,185,745
Furniture and equipment	<u>3,389,608</u>
Total capital assets	36,163,850
Less: Accumulated depreciation	<u>(22,714,654)</u>
Net capital assets	<u><u>\$ 13,449,196</u></u>

Capital asset activities for the year ended June 30, 2018 were as follows:

	<u>Balance at June 30, 2017</u>	<u>Increases</u>	<u>Reclassifi- cation</u>	<u>Balance at June 30, 2018</u>
Capital assets not being depreciated:				
Land and land rights	\$ 3,588,497	\$ -	\$ -	\$ 3,588,497
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,588,497</u>	<u>-</u>	<u>-</u>	<u>3,588,497</u>
Capital assets being depreciated:				
Buildings and improvements	27,481,212	1,478,618	225,915	29,185,745
Furniture and equipment	<u>3,484,640</u>	<u>130,883</u>	<u>(225,915)</u>	<u>3,389,608</u>
Total capital assets being depreciated	<u>30,965,852</u>	<u>1,609,501</u>	<u>-</u>	<u>32,575,353</u>
Less: Accumulated depreciation for:				
Buildings and improvements	(19,002,230)	(1,485,903)	-	(20,488,133)
Furniture and equipment	<u>(1,777,764)</u>	<u>(448,757)</u>	<u>-</u>	<u>(2,226,521)</u>
Total accumulated depreciation	<u>(20,779,994)</u>	<u>(1,934,660)</u>	<u>-</u>	<u>(22,714,654)</u>
Total capital assets being depreciated, net	<u>10,185,858</u>	<u>(325,159)</u>	<u>-</u>	<u>9,860,699</u>
Total capital assets, net	<u><u>\$ 13,774,355</u></u>	<u><u>\$ (325,159)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,449,196</u></u>

Depreciation expense for the year ended June 30, 2018 was \$1,934,660.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2016 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, 2017, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	9,479
Vested terminated members entitled to, but not yet receiving benefits*	2,447
Active members	<u>11,323</u>
Total	<u><u>23,249</u></u>

* Includes terminated members due a refund of member contributions.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)**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 an 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 a supplemental cost of living adjustment (COLA) and a 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 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 Housing Authority members, the effective date is September 30, 2011.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)

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, 2017, for 2017 was 24.83% 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, 2017, for 2017 (based on the December 31, 2015 valuation for the second half of 2016/2017 and on the December 31, 2016 valuation for the first half of 2017/2018) was 8.98% 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:

2017 (measurement period)	\$ 1,115,522
2016	\$ 1,152,380

For the year ended June 30, 2018, the Authority made contributions of \$728,207 to ACERA.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)**E. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2018, the Authority reported net pension liabilities of \$8,244,509 for its proportionate shares of the net pension liability of the Plan.

Reporting Date for Employer under GASB 68	June 30, 2018
Measurement Date for Employer under GASB 68	<u>December 31, 2017</u>
Beginning net pension liability	\$ 10,314,924
Pension expense	1,743,917
Employer contributions	(1,115,522)
New net deferred inflows / outflows	(1,410,022)
Change in Allocation of Prior Deferred Inflows/Outflows	(132,485)
New Net Deferred Flows Due to Change in Proportion	(329,742)
Recognition of Prior Deferred Inflows/Outflows	(856,196)
Recognition of Prior Deferred Flows Due to Change in Proportion	<u>29,635</u>
Ending net pension liability	<u>\$ 8,244,509</u>

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, 2018. Consistent with the provisions of GASB 68, the assets and liabilities measured as of December 31, 2017 are not adjusted or "rolled forward" to the June 30, 2018 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, 2018 and 2017 was as follows:

	<u>Amount</u>
Proportion – June 30, 2018	\$ 8,244,509
Proportion – June 30, 2017	<u>10,314,924</u>
Change in net pension liability	<u>\$ (2,070,415)</u>

For the year ended June 30, 2018, the Authority recognized pension expense of \$1,074,884.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,666,517
Contributions subsequent to the measurement date	437,543	-
Changes in proportion and differences between employer's contributions and proportionate share of contributions	117,871	441,888
Change of assumptions or other inputs	2,508,328	220,204
Differences between expected and actual experience in the total pension liability	<u>17,489</u>	<u>496,109</u>
	<u>\$ 3,081,231</u>	<u>\$ 2,824,718</u>

The deferred outflow of resources related to the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ 369,257
2020	173,049
2021	(395,570)
2022	(417,220)
2023	<u>89,454</u>
Total	<u>\$ (181,030)</u>

There are changes in each employer's proportionate share of the total Net Pension Liability during the measurement period ended December 31, 2017.

The net effect of the change on the employer'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 5.47 years determined as of December 31, 2016 (the beginning of the measurement period ending December 31, 2017).

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)

The measurement of the pension expense is as follows:

	June 30, 2018
	December 31, 2017
Reporting Date for Employer under GASB 68	
Measurement Date for Employer under GASB 68	
Components of Pension Expense:	
Service cost	\$ 941,175
Interest on the Total Pension Liability	3,200,028
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(73,767)
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	1,726
Expensed portion of current-period changes of assumptions or other inputs	262,377
Member contributions	(403,317)
Projected earnings on plan investments	(2,440,095)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(647,640)
Administrative expense	76,869
Recognition of beginning of year deferred outflows of resources as pension expense	1,044,170
Recognition of beginning of year deferred inflows of resources as pension expense	(187,974)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(29,635)
Pension Expense	\$ 1,743,917

In addition, the difference between the Authority's actual contributions and the proportionate share of the Authority's contributions during the measurement period ended December 31, 2017 is recognized over the same period.

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.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)

F. Actuarial Methods and Assumptions

An actuarial valuation is performed for the pension plan on an 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, 2017 and December 31, 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 9,123,899,264	\$ 8,410,978,895
Less: Plan Fiduciary Net Position	<u>7,110,223,325</u>	<u>6,167,784,668</u>
Net Pension Liability	<u>\$ 2,013,675,939</u>	<u>\$ 2,243,194,227</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	<u>77.93 %</u>	<u>73.33 %</u>

The Net Pension Liability was measured as of December 31, 2017, and 2016. Plan Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the Total Pension Liability from actuarial valuations as of December 31, 2017, and 2016, respectively.

The total pension liability and fiduciary net position include liabilities and assets for non-health post employment benefits (non-OPEB). The assets for non-OPEB are held in the SRBR to pay the non-vested Supplemental COLA and the retiree 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, 2017 and December 31, 2016 total pension liability are the same assumptions used in the December 31, 2017, and 2016 funding valuations for ACERA, while the actuarial assumptions used to develop the December 31, 2016 total pension liability are based on the new assumptions adopted by the Retirement Board for use in the December 31, 2016 funding valuation. These assumptions were applied to all periods included in the measurement:

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)

<u>Valuation Date</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Inflation	3.00%	3.25%
Salary Increases	3.90% to 8.30% , vary by service, including inflation	4.15% to 7.45% vary by service, including inflation
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation	7.60%, net of pension plan investment expense, including inflation
Other assumptions	Refer to analysis of actuarial experience during the period December 1, 2013 through November 30, 2016	Refer to analysis of actuarial experience during the period December 1, 2010 through November 30, 2013

G. Discount Rate

The discount rate used to measure the Total Pension Liability was 7.25% as of December 31, 2017 and 7.60% as of December 31, 2016. Our understanding is that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the SRBR, does not allow for the use of a different investment return assumption for funding than is used for interest crediting. In order to reflect the provisions of Article 5.5, we have treated future allocations to the SRBR as an additional outflow against the Plan's Fiduciary Net Position in the GASB crossover test, as mentioned earlier in Section 1. Again, we are estimating that the additional outflow would average approximately 0.60% of assets over time, based on the results of our 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 contribution rates plus additional future contributions that would follow from the future allocation of excess earnings to the SRBR. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Also, while we have included the \$77.1 million in the Contingency Reserve plus \$8.6 million from the deferred investment gains that will be used to restore the Contingency Reserve to 1% of total assets in developing the NPL as of December 31, 2017, such amounts have been excluded in developing the projected employer contributions. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for 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 both December 31, 2017 and December 31, 2016.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)

H. 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, 2017, and ACERA's GASB 68 Actuarial Valuation Based on December 31, 2017 Measurement Date for Employer Reporting as of June 30, 2018.

I. 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	22.40 %	5.75 %
Domestic Small Cap Equity	5.60 %	6.37 %
Developed International Equity	19.50 %	6.89 %
Emerging Market Equity	6.50 %	9.54 %
U.S. Core Fixed Income	11.25 %	1.03 %
High Yield Bonds	1.50 %	3.99 %
International Bonds	2.25 %	0.19 %
TIPS	2.00 %	0.98 %
Real Estate	8.00 %	4.47 %
Commodities	3.00 %	3.78 %
Hedge Funds	9.00 %	4.30 %
Private Equity	9.00 %	7.60 %
Total	<u>100.00 %</u>	

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN (Cont'd)**J. 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, 2017 (the measurement date), calculated using the discount rate of 7.25 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 (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Plan's Net Pension Liability/(Asset)	\$14,129,127	\$ 8,244,509	\$ 3,376,861

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

At June 30, 2018, net OPEB liability and related deferred outflows of resources are as follows:

	<u>2018</u>	<u>2017</u>
Deferred outflows of resources	<u>\$ 226,411</u>	<u>\$ -</u>
Deferred inflows of resources	<u>\$ 776,803</u>	<u>\$ -</u>
Net OPEB liabilities	<u>\$ 124,068</u>	<u>\$ 644,757</u>

A. Plan Description

The Alameda County Employees' Retirement Association (ACERA) administers a non-vested medical benefits program for eligible retired members. The benefits include medical, dental, and vision subsidies as well as Medicare Part B premium reimbursement. The subsidies are paid from the 401(h) account in the form of a monthly medical allowance. The maximum levels of the monthly medical allowances are reviewed annually by the Board of Retirement. Retired members with a minimum of ten years of service credit or those retired with service connected disability are eligible to receive monthly medical, dental, and vision allowance benefits if they enroll in one of the ACERA sponsored medical plans or Medicare exchange. Retired members eligible for the monthly medical allowance benefit may also be reimbursed for the lowest standard Medicare Part B premium with proof of enrollment in Medicare Part B.

B. Contributions

There are no legal or contractual contribution requirements for the OPEB plan. Funding for the OPEB plan relies entirely on semi-annual earnings allocations from the total fund to the Supplemental Retiree Benefits Reserve (SRBR) as mandated by Article 5.5 of the 1937 Act. The OPEB assets are held in the 401(h) account and the SRBR to pay the non-vested benefits.

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

C. Eligibility

At December 31, 2017, OPEB plan membership consisted of the following:

Retired members or beneficiaries currently receiving medical benefit	6,225
Retired members or beneficiaries currently receiving dental and vision benefits	7,270
Vested terminated members entitled to, but not yet receiving benefits	381
Participating Active Employees	<u>11,323</u>
Total Number of Participants	<u><u>25,199</u></u>

ACERA provides benefits to eligible employees as follow:

Membership Eligibility:

Service Retirees: Retired with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from ACERA)

Disabled Retirees: A minimum of 10 years of service is required for non-duty disability. There is no minimum service requirement for duty disability.

Benefit Eligibility:

1. Monthly Medical Allowance

Service Retirees: For retirees, a Maximum Monthly Medical Allowance of \$540.44 per month is provided, effective January 1, 2017 and through December 31, 2017. For the period January 1, 2018 through December 31, 2018, the maximum allowance will remain at the 2017 levels for retirees who are not purchasing individual insurance through the Medicare exchange. For those purchasing individual insurance through the Medicare exchange, the Monthly Medical Allowance will be \$414.00 per month for 2017 and will remain at the 2017 levels for 2018. These Allowances are subject to the following subsidy schedule:

<u>Completed Years of Service</u>	<u>Percentage Subsidized</u>
10-14	50%
15-19	75%
20+	100%

Disabled Retirees: Non-duty disabled retirees receive the same Monthly Medical Allowance as service retirees. Duty disabled retirees receive the same Monthly Medical Allowance as those service retirees with 20 or more years of service.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

2. Medicare Benefit Reimbursement Plan:	The SRBR reimburses the full Medicare Part B premium to qualified retired members. To qualify for reimbursement, a retiree must: <ul style="list-style-type: none"> - Have at least 10 years of ACERA service, - Be eligible for Monthly Medical Allowance, - Provide proof of enrollment in Medicare Part B.
3. Dental and Vision Plans:	The SRBR provides dental and vision benefits for retirees only. The maximum combined monthly dental and vision premiums will be \$46.90 in 2017 and \$47.91 in 2018. The eligibility for these premiums is as follows:
Service Retirees:	Retired with at least 10 years of service.
Disabled Retirees:	For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement. For duty disabled retirees, there is no minimum service requirement.
Deferred Benefit:	Members who terminate employment with 10 or more years of service before reaching Pension eligibility commencement age may elect deferred MMA and/or dental/vision benefits.
Death Benefit:	Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy from the active members, which creates a liability for the SRBR.

D. Net OPEB Liability

The Net OPEB Liability was measured as of December 31, 2017 and 2016. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date, while the Total OPEB Liability was determined by rolling forward the Total OPEB Liability as of December 31, 2016 and 2015, respectively.

The plan provisions used in the measurement of the NOL as of December 31, 2017 and December 31, 2016 are the same as those used in ACERA's SRBR sufficiency valuation as of December 31, 2016 and December 31, 2015, respectively.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

E. Actuarial Assumptions

The actuarial assumptions used for the December 31, 2017 valuation were based on the results of the experience study for the period from December 1, 2013 through November 30, 2016 that were approved by the Board effective with the December 31, 2017 valuation and the health care trend assumptions used in the sufficiency study for the SRBR as of December 31, 2017. The following actuarial assumptions were applied to all periods included in the measurement:

Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Inflation	3.00%
Health care premium trend rates	
Non-Medicare medical plan	Graded from 7.00% to ultimate 4.50% over 10 years
Medicare medical plan	Graded from 6.50% to ultimate 4.50% over 8 years
Dental/Vision and Medicare Part B	4.50%
Other assumptions	Same as those proposed in the experience study for the period December 1, 2013 through November 30, 2016

The TOL as of December 31, 2016 was determined by rolling forward the TOL from actuarial valuations as of December 31, 2015. The actuarial assumptions used to develop the December 31, 2016 TOL are based on the health care trend assumptions used in the sufficiency study for the SRBR as of December 31, 2016. The following actuarial assumptions were applied to all periods included in the measurement.

Investment rate of return	7.60%, net of OPEB plan investment expense, including inflation
Inflation	3.25%
Health care premium trend rates	
Non-Medicare medical plan	Graded from 6.50% to ultimate 4.50% over 8 years
Medicare medical plan	Graded from 6.50% to ultimate 4.50% over 8 years
Dental/Vision	4.50%
Medicare Part B	28.44%, then 4.50% ultimate
Other assumptions	Same as those proposed in the experience study for the period December 1, 2010 through November 30, 2013

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

F. Discount Rate

The discount rate used to measure the Total OPEB Liability was 7.25% as of December 31, 2017 and 7.60% as of December 31, 2016. The projection of cash flows used to determine the discount rate assumed benefits are paid out of current OPEB SRBR assets. Based on those assumptions, the SRBR OPEB plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of December 31, 2017 and December 31, 2016.

G. Target Asset Allocation

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are 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 and by 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 for the December 31, 2017 valuation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term (Arithmetic) Expected Real Rate of Return</u>
Domestic Large Cap Equity	22.40 %	5.75 %
Domestic Small Cap Equity	5.60 %	6.37 %
Developed International Equity	19.50 %	6.89 %
Emerging Market Equity	6.50 %	9.54 %
U.S. Core Fixed Income	11.25 %	1.03 %
High Yield Bonds	1.50 %	3.99 %
International Bonds	2.25 %	0.19 %
TIPS	2.00 %	0.98 %
Real Estate	8.00 %	4.47 %
Commodities	3.00 %	3.78 %
Hedge Funds	9.00 %	4.30 %
Private Equity	<u>9.00 %</u>	7.60 %
Total	<u><u>100.00 %</u></u>	

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

H. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

Reporting Date for Employer under GASB 75	<u>June 30, 2018</u>
Measurement Date for Employer under GASB 75	<u>December 31, 2017</u>
OPEB Expense:	
Service Cost	\$ 121,869
Interest	315,510
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(5,105)
Expensed portion of current-period difference between actual and expected experience in the Total OPEB Liability	(14,619)
Expensed portion of current-period changes of assumptions or other inputs	39,861
Projected earnings on plan investments	(267,053)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(166,194)
Administrative Expense	<u>5,434</u>
OPEB Expense	<u>\$ 29,703</u>
 Change in the Net OPEB Liability:	
Balance at December 31, 2016	\$ <u>644,757</u>
OPEB Expense	29,703
New Net Deferred Inflows/Outflows	(521,398)
New Net Deferred Flows Due to Change in Proportion	<u>(28,994)</u>
Net changes	<u>(520,689)</u>
Balance at December 31, 2017 (Measurement Date)	<u>\$ 124,068</u>

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net excess of actual over projected earnings on OPEB plan investments	\$ -	\$ 664,776
Changes in proportion and differences between employer's contributions and proportionate share of contributions	-	28,994
Change of assumptions or other inputs	226,411	-
Differences between expected and actual experience in the total OPEB liability	-	83,033
	<u>\$ 226,411</u>	<u>\$ 776,803</u>

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

<u>Year ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ (146,056)
2020	(146,056)
2021	(146,056)
2022	(146,056)
2023	20,137
2024	13,695
Total	<u>\$ (550,392)</u>

There are changes in each employer's proportionate share of the total Net OPEB Liability (NOL) during the measurement period ended December 31, 2017. The net effect of the change on the employer's proportionate share of the collective NOL 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 benefits through ACERA which is 6.689 years determined as of December 31, 2016 (the beginning of the measurement period ended December 31, 2017). This is described in Paragraph 64 of GASB 75.

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 nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

I. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability (NOL) of ACERA as of December 31, 2017, calculated using the discount rate of 7.25%, as well as what ACERA's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Plan's Net OPEB Liability		
Discount Rate - 1%	Current Discount Rate	Discount Rate +1%
\$ 718,663	\$ 124,068	\$ (370,496)

J. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Net OPEB Liability of ACERA as of December 31, 2017, as well as what ACERA's Net OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Plan's Net OPEB Liability		
Discount Rate - 1%	Current Discount Rate	Discount Rate +1%
\$ (427,519)	\$ 124,068	\$ 802,987

K. Schedule of Proportionate Share of the Net OPEB Liability

Reporting Date for Employer under GASB 75 as of June 30,	Proportion of the Net OPEB Liability	Proportionate share of Net OPEB Liability	Covered- employee payroll	Proportionate share of the Net OPEB Liability as a percentage of its covered- employee payroll	Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability
2017	0.477 %	\$ 644,757	\$ 4,354,275	14.81 %	85.50 %
2018	0.452 %	\$ 124,068	\$ 4,299,288	2.89 %	97.33 %

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 - RENTAL ASSISTANCE DEMONSTRATION

In the year ended June 30, 2016, the Authority closed out a Rental Assistance Demonstration (“RAD”) conversion commitment and executed a Housing Assistance Payment (“HAP”) contract with HUD for its two owned public housing properties of 72 units, Mission View in Union City and Emery Glen in Emeryville, under HUD’s RAD program. Through the RAD program, HUD provides rental subsidies to the owners of properties pursuant to the HAP contract. Under the RAD Program, units move to a Section 8 funding source from Low Rent Public Housing.

As part of the RAD conversion the Authority sold the aforesaid two properties to its blended component unit, Preserving Alameda County Housing, Inc. (PACH), for the value of \$2 as of the date of closing March 29, 2016. As a result of such sale, the Authority and PACH recognized \$211,767 as a special item (gain (loss) on disposition of assets). This item has been eliminated in the basic financial statements.

The net assets as of the closing date in the amount of \$21,961 were transferred from the public housing fund to PACH.

NOTE 9 - 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 lawsuits and claims which arise out of the normal course of its activities such as contracts with others. The Authority’s management believes based on the opinions of its legal counsel, the ultimate outcomes of such matters will not have a material adverse effect on the financial position of the Authority as of June 30, 2018.

NOTE 10 - 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.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - RISK MANAGEMENT (Cont'd)

The Authority's share of year end assets, liabilities, or net position has not been calculated. The Premium paid by the Authority for the fiscal year ended June 30, 2018 was \$38,882.

Condensed audited financial information for the year ended December 31, 2017 is as follows:

Total assets	<u>\$37,010,002</u>
Total liabilities	13,142,172
Net Position (Member's equity)	<u>23,867,830</u>
Total liabilities and equity	<u>\$37,010,002</u>
Total revenues	\$11,743,844
Total expenses	<u>13,182,543</u>
Change in member's equity	(1,438,699)
Net Position, beginning of year	<u>25,306,529</u>
Net Position, end of year	<u>\$23,867,830</u>

NOTE 11 - UNEARNED REVENUE

The changes in the Authority's unearned revenue account for the year ended June 30, 2018, were as follows:

Balance at the beginning of year	\$ 46,944
Increase	<u>(914)</u>
Balance at the end of the year	<u>\$ 46,030</u>

NOTE 12 - 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 cannot be used for the day-to-day operations of the Authority.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - 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, 2015, 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, 2017, is as follows:

Total assets	<u>\$27,349,298</u>
Total liabilities	15,055,537
Net position	<u>12,293,761</u>
Total liabilities and net position	<u>\$27,349,298</u>
Operating revenues and non-operating revenues	\$ 6,348,609
Operating expenses	<u>5,823,426</u>
Net decrease in net position	525,183
Net position, beginning of year	<u>11,768,578</u>
Net position, end of year	<u>\$12,293,761</u>

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. The Premium paid for the fiscal year ended June 30, 2018 was \$157,019. 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 14 - 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. 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.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 - NOTE RECEIVABLE (Cont'd)

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 conversion to permanent loan occurred on September 27, 2013. At June 30, 2018, the Authority had note receivable and accrued interest receivable from the Borrower in the amount of \$11,000,000 and \$1,571,116, respectively.

NOTE 15 - 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 230 disposed units from the Authority between September 2011 and April 2016. The following financial statement of PACH is included in the Authority's basic financial statements for fiscal year ended June 30, 2018.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - BLENDED COMPONENT UNIT (Cont'd)**BLENDED COMPONENT UNIT – STATEMENT OF NET POSITION****ASSETS**

Current Assets:

Cash and cash equivalents	\$ 815,256
Restricted cash	2,205,000
Short term investments	4,081,240
Accounts receivable, net	33,223
Prepaid expenses and other current assets	51,741
Due from other funds	<u>1,185,946</u>
Total current assets	<u>8,372,406</u>

Noncurrent Assets:

Capital assets, net of accumulated depreciation	<u>6,640,995</u>
Total noncurrent assets	<u>6,640,995</u>
Total assets	<u>15,013,401</u>

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	215,826
Tenant security deposits	122,504
Due to other funds	<u>-</u>
Total current liabilities	<u>338,330</u>
Total liabilities	<u>338,330</u>

NET POSITION

Net investment in capital assets	6,640,995
Restricted net position	2,363,408
Unrestricted net position	<u>5,670,668</u>
Total net position	<u>\$14,675,071</u>

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - BLENDED COMPONENT UNIT (Cont'd)

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

OPERATING REVENUES

Tenant rental income	\$ 4,845,616
Other revenue	<u>10,276</u>
Total operating revenue	<u>4,855,892</u>

OPERATING EXPENSES

Administration	1,231,476
Tenant services	5,190
Utilities	191,445
Repairs and maintenance	974,569
General expenses	51,833
Depreciation expense	<u>805,848</u>
Total operating expenses	<u>3,260,361</u>

OPERATING INCOME

1,595,531

NONOPERATING REVENUES (EXPENSES)

Other revenue (expenses)	831
Interest and investment revenue (net)	<u>66,037</u>
Total non-operating revenues	<u>66,868</u>
Income/(loss) before transfers and special items	1,662,399
Change in Net Position	1,662,399
Total Net Position – beginning of year	<u>13,012,672</u>
Total Net Position – end of year	<u><u>\$14,675,071</u></u>

NOTE 16 - EVALUATION OF SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through March 07, 2019, the date on which the financial statements were available to be issued.

HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB):

Net position as previously reported at June 30, 2017	<u>\$ 31,591,257</u>
Prior period adjustments due to implementation of GASB 75:	
Net OPEB liability	<u>\$ (644,757)</u>
Total prior period adjustment	<u>(644,757)</u>
Net position as restated, July 1, 2017	<u><u>\$ 30,946,500</u></u>

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018**

	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	Continuum of Care	Mod Rehab	PACH	Ocean Avenue	Choice	Park Terrace	Business Activities	Interfund Elimination	Total
Assets												
Current assets:												
Cash and cash equivalents	\$ 53,021	\$ 1,870,027	\$ 377,332	\$ -	\$ -	\$ 815,256	\$ 5,476	\$ -	\$ 9,493	\$ -	\$ -	\$ 3,130,605
Short term investments	-	-	3,210,201	-	-	4,081,240	183,948	-	1,153,403	-	-	8,628,792
Accounts receivable - HUD	-	108,996	-	-	-	-	-	-	-	-	-	108,996
Accounts receivable - other	-	575,663	39,617	728,002	-	33,223	722	-	9,828	38	-	1,387,093
Prepaid and other assets	-	50,208	5,919	-	-	51,741	-	-	-	-	-	107,868
Due from other funds	455	704,347	20,766	-	107,297	1,185,946	6,375	51,000	-	14,880	(2,091,066)	-
Total current assets	53,476	3,309,241	3,653,835	728,002	107,297	6,167,406	196,521	51,000	1,172,724	14,918	(2,091,066)	13,363,354
Restricted assets:												
Cash and cash equivalents	-	886,526	-	-	-	2,205,000	-	-	-	-	-	3,091,526
Notes receivable	12,571,116	-	-	-	-	-	-	-	-	-	-	12,571,116
Total restricted assets	12,571,116	886,526	-	-	-	2,205,000	-	-	-	-	-	15,662,642
Noncurrent assets:												
Capital assets	-	86,431	11,757,604	-	-	21,798,518	1,382,985	-	968,312	170,000	-	36,163,850
Less accumulated depreciation	-	(86,431)	(6,025,155)	-	-	(15,157,523)	(827,819)	-	(617,726)	-	-	(22,714,654)
Capital assets, net	-	-	5,732,449	-	-	6,640,995	555,166	-	350,586	170,000	-	13,449,196
Net pension assets	-	-	63,863	-	-	-	-	-	-	-	(63,863)	-
Total noncurrent assets	-	-	5,796,312	-	-	6,640,995	555,166	-	350,586	170,000	(63,863)	13,449,196
Total assets	12,624,592	4,195,767	9,450,147	728,002	107,297	15,013,401	751,687	51,000	1,523,310	184,918	(2,154,929)	42,475,192
Deferred outflow of resources	-	3,291,159	16,483	-	-	-	-	-	-	-	-	3,307,642
Total assets and deferred outflow of resources	12,624,592	7,486,926	9,466,630	728,002	107,297	15,013,401	751,687	51,000	1,523,310	184,918	(2,154,929)	45,782,834
Liabilities												
Current Liabilities:												
Accounts payable	-	731,038	29,625	25,043	533	205,184	238	5,072	30,118	15,130	-	1,041,981
Accounts payable - HUD	-	7,925	-	-	106,764	-	-	-	-	-	-	114,689
Accrued compensated absences - current portion	-	131,936	19,715	-	-	-	-	-	-	-	-	151,651
Unearned revenue	-	-	-	-	-	-	102	45,928	-	-	-	46,030
Tenant security deposits	-	-	-	-	-	122,504	3,952	-	6,070	2,100	-	134,626
Family self-sufficiency escrow- current portion	-	354,537	-	-	-	-	-	-	-	-	-	354,537
Accrued liabilities	-	96,111	7,681	-	-	10,642	-	-	-	-	-	114,434
Other liabilities	-	-	6,595	-	-	-	-	-	-	-	-	6,595
Due to other funds	-	1,380,950	-	702,959	-	-	-	-	1,389	5,768	(2,091,066)	-
Total current liabilities	-	2,702,497	63,616	728,002	107,297	338,330	4,292	51,000	37,577	22,998	(2,091,066)	1,964,543
Non current liabilities:												
Net pension liability	-	8,308,372	-	-	-	-	-	-	-	-	(63,863)	8,244,509
Net OPEB liability	-	106,698	17,370	-	-	-	-	-	-	-	-	124,068
Family self-sufficiency escrow- noncurrent portion	-	354,537	-	-	-	-	-	-	-	-	-	354,537
Accrued compensated absences - non current portion	-	43,924	6,646	-	-	-	-	-	-	-	-	50,570
Total non current liabilities	-	8,813,531	24,016	-	-	-	-	-	-	-	(63,863)	8,773,684
Total liabilities	-	11,516,028	87,632	728,002	107,297	338,330	4,292	51,000	37,577	22,998	(2,154,929)	10,738,227
Deferred inflow of resources	\$ -	\$ 3,189,477	\$ 412,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,601,521

The accompanying notes are an integral part of these financial statements

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018**

	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	Continuum of Care	Mod Rehab	PACH	Ocean Avenue	Choice	Park Terrace	Business Activities	Interfund Elimination	Total
Net position:												
Net investment in capital assets	\$ -	\$ -	\$ 5,732,449	\$ -	\$ -	\$ 6,640,995	\$ 555,166	\$ -	\$ 350,586	\$ 170,000	\$ -	\$ 13,449,196
Restricted	12,571,116	169,526	-	-	-	2,363,408	-	-	-	-	-	15,104,050
Unrestricted	<u>53,476</u>	<u>(7,388,105)</u>	<u>3,234,505</u>	<u>-</u>	<u>-</u>	<u>5,670,668</u>	<u>192,229</u>	<u>-</u>	<u>1,135,147</u>	<u>(8,080)</u>	<u>-</u>	<u>2,889,840</u>
Total net position	<u>\$ 12,624,592</u>	<u>\$ (7,218,579)</u>	<u>\$ 8,966,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,675,071</u>	<u>\$ 747,395</u>	<u>\$ -</u>	<u>\$ 1,485,733</u>	<u>\$ 161,920</u>	<u>\$ -</u>	<u>\$ 31,443,086</u>

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, 2018

	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	Continuum of Care	Mod Rehab	PACH	Ocean Avenue	Choice	Park Terrace	Business Activities	Total
Operating Revenues											
Rental revenue - tenant	\$ -	\$ -	\$ 143,000	\$ -	\$ -	\$ 4,845,616	\$ 64,260	\$ -	\$ 151,821	\$ 12,600	\$ 5,217,297
Other revenue	-	-	-	-	-	10,263	299	-	-	-	10,562
HUD PHA grants	295	123,284,967	-	-	831,139	-	-	-	-	-	124,116,401
Housing assistance payments-Portability-in	-	6,494,322	-	-	-	-	-	-	-	-	6,494,322
Other Operating Revenue	-	410,502	1,083,046	-	-	13	41	-	-	-	1,493,602
Total operating revenues	295	130,189,791	1,226,046	-	831,139	4,855,892	64,600	-	151,821	12,600	137,332,184
Operating Expenses											
Administration	1,460	7,209,981	938,958	89,968	89,604	1,231,476	30,267	52,773	73,060	2,040	9,719,587
Tenant services	-	-	-	-	-	5,190	-	-	-	-	5,190
Utilities	-	-	48,265	-	-	191,445	7,009	-	87	-	246,806
Ordinary maintenance and operations	-	-	355,952	-	-	974,569	18,924	-	70,043	26,588	1,446,076
General expenses	-	506,643	71,113	-	-	51,833	1,957	-	686	-	632,232
Depreciation	-	-	1,048,643	-	-	805,848	43,383	-	36,787	-	1,934,661
Housing assistance payments-Portability-in	-	6,494,322	-	-	-	-	-	-	-	-	6,494,322
Housing assistance payments	-	116,246,639	-	-	742,478	-	-	-	-	-	116,989,117
Other expenses	-	-	-	2,011,461	-	-	-	482,314	-	-	2,493,775
Total operating expenses	1,460	130,457,585	2,462,931	2,101,429	832,082	3,260,361	101,540	535,087	180,663	28,628	139,961,766
Operating (loss)/gain	(1,165)	(267,794)	(1,236,885)	(2,101,429)	(943)	1,595,531	(36,940)	(535,087)	(28,842)	(16,028)	(2,629,582)
Non-Operating Revenues and Expenses											
Other revenue (expenses)	-	28,937	-	-	-	831	-	-	-	-	29,768
Other government grant	-	-	-	2,101,429	-	-	-	535,087	-	-	2,636,516
Investment income	330,000	(23)	50,689	-	943	66,037	1,688	-	10,550	-	459,884
Total non-operating revenues & expenses	330,000	28,914	50,689	2,101,429	943	66,868	1,688	535,087	10,550	-	3,126,168
Income/(loss) before transfers and special items	328,835	(238,880)	(1,186,196)	-	-	1,662,399	(35,252)	-	(18,292)	(16,028)	496,586
Change in net position	328,835	(238,880)	(1,186,196)	-	-	1,662,399	(35,252)	-	(18,292)	(16,028)	496,586
Net position at the beginning of the year	12,295,757	(6,425,208)	10,243,416	-	-	13,012,672	782,647	-	1,504,025	177,948	31,591,257
Prior period adjustments	-	(554,491)	(90,266)	-	-	-	-	-	-	-	(644,757)
Net position at the beginning of the year, as restated	12,295,757	(6,979,699)	10,153,150	-	-	13,012,672	782,647	-	1,504,025	177,948	30,946,500
Net position at the end of the year	\$ 12,624,592	\$ (7,218,579)	\$ 8,966,954	\$ -	\$ -	\$ 14,675,071	\$ 747,395	\$ -	\$ 1,485,733	\$ 161,920	\$ 31,443,086

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, 2018**

	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	Continuum of Care	Mod Rehab	PACH	Ocean Avenue	Choice	Park Terrace	Business Activities	Total
Cash flows from operating activities:											
Cash Collected from:											
Dwelling rental	\$ -	\$ -	\$ 143,000	\$ -	\$ -	\$ 4,845,616	\$ 64,260	\$ -	\$ 151,821	\$ 12,600	\$ 5,217,297
Security deposit	-	-	-	-	-	3,612	-	-	-	-	5,004
Other operating revenue	-	8,189	1,074,357	(397,488)	410	12,517	(302)	-	(5,499)	5	692,189
HUD PHA grants received	295	123,288,813	-	-	838,404	-	102	(914)	-	-	124,126,700
Housing assistance payments- Portability-in	-	6,494,322	-	-	-	-	-	-	-	-	6,494,322
Cash paid for:											
Housing assistance payments	-	(116,246,639)	-	-	(683,133)	-	-	-	-	-	(116,929,772)
Housing assistance payments- Portability-in	-	(6,494,322)	-	-	-	-	-	-	-	-	(6,494,322)
Security Deposit	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	(1,460)	(7,715,348)	(1,020,011)	(86,503)	(89,071)	(1,173,977)	(33,800)	(51,505)	(48,049)	(2,040)	(10,221,764)
Tenant services	-	-	-	-	-	(5,190)	-	-	-	-	(5,190)
Utility expenses	-	-	(48,265)	-	-	(191,445)	(7,009)	-	(87)	-	(246,806)
Maintenance expenses	-	-	(355,952)	-	-	(974,569)	(18,924)	-	(70,043)	(11,458)	(1,430,946)
General expenses	-	431,341	55,064	-	-	(51,833)	(1,957)	-	(686)	-	431,929
Other expenses	-	-	-	(2,011,461)	-	-	-	(482,314)	-	-	(2,493,775)
Net cash (used)/provided by operating activities	<u>(1,165)</u>	<u>(233,644)</u>	<u>(151,807)</u>	<u>(2,495,452)</u>	<u>66,610</u>	<u>2,464,731</u>	<u>2,370</u>	<u>(534,733)</u>	<u>28,849</u>	<u>(893)</u>	<u>(855,134)</u>
Cash flows from noncapital & related financing activities:											
Other revenue received	-	28,914	50,689	2,101,429	943	66,868	-	535,087	-	-	2,783,930
Interfund payments	(117)	1,380,950	-	394,023	-	-	-	-	1,389	5,768	1,782,013
Interfund receipts	<u>(455)</u>	<u>(523,805)</u>	<u>(17,405)</u>	<u>-</u>	<u>(67,553)</u>	<u>(1,161,761)</u>	<u>(6,360)</u>	<u>(354)</u>	<u>554</u>	<u>(4,875)</u>	<u>(1,782,014)</u>
Net cash (used)/provided by noncapital financing activities	<u>(572)</u>	<u>886,059</u>	<u>33,284</u>	<u>2,495,452</u>	<u>(66,610)</u>	<u>(1,094,893)</u>	<u>(6,360)</u>	<u>534,733</u>	<u>1,943</u>	<u>893</u>	<u>2,783,929</u>
Cash flows from capital and related financing activities:											
Acquisition of capital assets, net	-	-	(130,883)	-	-	(1,443,328)	-	-	(35,290)	-	(1,609,501)
Proceeds from disposition of capital assets, net	-	-	-	-	-	-	-	-	-	-	-
Net cash (used)/provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(130,883)</u>	<u>-</u>	<u>-</u>	<u>(1,443,328)</u>	<u>-</u>	<u>-</u>	<u>(35,290)</u>	<u>-</u>	<u>(1,609,501)</u>
Cash flows from investing activities:											
Proceeds from investment maturities	-	501,856	549,350	-	-	-	-	-	-	-	1,051,206
Purchase of investments	-	-	-	-	-	(83,911)	(4,094)	-	(4,338)	-	(92,343)
Interest received from investments less accrued interest	-	-	-	-	-	-	1,688	-	10,550	-	12,238
Net cash provided/(used) by investing activities	<u>-</u>	<u>501,856</u>	<u>549,350</u>	<u>-</u>	<u>-</u>	<u>(83,911)</u>	<u>(2,406)</u>	<u>-</u>	<u>6,212</u>	<u>-</u>	<u>971,101</u>
Net increase/(decrease) in cash & cash equivalents	(1,737)	1,154,271	299,944	-	-	(157,401)	(6,396)	-	1,714	-	1,290,395
Cash & cash equivalents at the beginning of the year	<u>54,758</u>	<u>1,602,282</u>	<u>77,388</u>	<u>-</u>	<u>-</u>	<u>3,177,657</u>	<u>11,872</u>	<u>-</u>	<u>7,779</u>	<u>-</u>	<u>4,931,736</u>
Cash & cash equivalents at the end of the year	<u>\$ 53,021</u>	<u>\$ 2,756,553</u>	<u>\$ 377,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,020,256</u>	<u>\$ 5,476</u>	<u>\$ -</u>	<u>\$ 9,493</u>	<u>\$ -</u>	<u>\$ 6,222,131</u>

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, 2018**

	Low Rent Public Housing	Housing Choice Vouchers	Housing Development Fund	Continuum of Care	Mod Rehab	PACH	Ocean Avenue	Choice	Park Terrace	Business Activities	Total
Reconciliation of operating income (loss) to net cash used by operating activities:											
Operating gain (loss)	\$ (1,165)	\$ (267,794)	\$ (1,236,885)	\$ (2,101,429)	\$ (943)	\$ 1,595,531	\$ (36,940)	\$ (535,087)	\$ (28,842)	\$ (16,028)	\$ (2,629,582)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:											
Depreciation expense	-	-	1,048,643	-	-	805,848	43,383	-	36,787	-	1,934,661
(Gain)/Loss from disposition of Capital Assets and special items	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in accounts receivable - HUD	-	3,846	-	-	7,265	-	-	-	-	-	11,111
(Increase)/Decrease in accounts receivable - other project	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in accounts receivable - other	-	(402,313)	(8,689)	(397,488)	410	2,241	(642)	-	(5,499)	5	(811,975)
(Increase)/Decrease in accounts receivable - other government	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in accounts receivable - tenants	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in prepaid expenses	-	(36,564)	(5,350)	-	-	(49,538)	-	-	-	-	(91,452)
(Increase)/Decrease in inter program due from	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in deferred outflow of resources	-	85,689	14,563	-	-	-	-	-	-	-	100,252
Increase/(Decrease) in deferred inflow of resources	-	2,330,475	380,932	-	-	-	-	-	-	-	2,711,407
Increase/(Decrease) in accounts payable	-	141,779	21,563	3,465	533	182,439	8	1,268	29,443	15,130	395,628
Increase/(Decrease) in wages/payroll taxes payable	-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in accounts payable - HUD	-	-	-	-	59,345	-	-	-	-	-	59,345
Increase/(Decrease) in inter program- due to	-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in accounts payable- other project	-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in accrued compensated absences	-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in accrued compensated absences- noncurrent	-	8,837	1,403	-	-	-	-	-	-	-	10,240
Increase/(Decrease) in deferred revenue	-	-	-	-	-	-	102	(914)	-	-	(812)
Increase/(Decrease) in FSS escrow	-	354,537	-	-	-	-	-	-	-	-	354,537
Increase/(Decrease) in FSS escrow-non current	-	(135,154)	-	-	-	-	-	-	-	-	(135,154)
Increase/(Decrease) in other current liabilities	-	(8,332)	369	-	-	-	-	-	-	-	(7,963)
Increase/(Decrease) in accrued liabilities	-	(81,727)	(4,174)	-	-	(75,402)	(3,541)	-	(4,432)	-	(169,276)
Increase/(Decrease) in accrued pension liability	-	(1,779,129)	(291,286)	-	-	-	-	-	-	-	(2,070,415)
Increase/(Decrease) in accrued OPEB liability	-	(447,794)	(72,896)	-	-	-	-	-	-	-	(520,690)
Increase/(Decrease) in tenant security deposit	-	-	-	-	-	3,612	-	-	1,392	-	5,004
Net cash (used)/provided by operating activities	<u>\$ (1,165)</u>	<u>\$ (233,644)</u>	<u>\$ (151,807)</u>	<u>\$ (2,495,452)</u>	<u>\$ 66,610</u>	<u>\$ 2,464,731</u>	<u>\$ 2,370</u>	<u>\$ (534,733)</u>	<u>\$ 28,849</u>	<u>\$ (893)</u>	<u>\$ (855,134)</u>

The accompanying notes are an integral part of these financial statements

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS**

Reporting Date for Employer under GASB 68 as of June 30,	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.423 %	\$ 5,418,947	\$ 4,112,203	131.78 %	85.92 %
2015	0.428 %	\$ 7,455,335	\$ 4,002,650	186.26 %	81.06 %
2016	0.455 %	\$ 9,644,104	\$ 4,272,082	225.75 %	76.89 %
2017	0.460 %	\$ 10,314,924	\$ 4,354,275	236.89 %	76.88 %
2018	0.409 %	\$ 8,244,509	\$ 4,299,288	191.76 %	81.93 %

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
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS**

Reporting Date for Employer under GASB 68 as of June 30,	Contractually required contribution	Contributions in relations to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered – employee payroll
2014	\$ -	\$ -	\$ -	\$ 4,112,203	- %
2015	\$ -	\$ -	\$ -	\$ 4,002,650	- %
2016	\$ -	\$ -	\$ -	\$ 4,272,082	- %
2017	\$ 1,152,380	\$ 1,152,380	\$ -	\$ 4,354,275	26.47 %
2018	\$ 1,115,522	\$ 1,115,522	\$ -	\$ 4,299,288	25.95 %

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

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development:			
Low Rent Public Housing	14.850		\$ 295
Section 8 - Moderate Rehabilitation	14.856		831,139
PIH Family Self-Sufficiency Program (Housing Choice Vouchers)	14.896		276,759
Housing Choice Vouchers	14.871		<u>123,008,208</u>
Total Department of Housing and Urban Development			<u>124,116,401</u>
Total Expenditures of Federal Awards			<u>\$ 124,116,401</u>

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, 2018. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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 when 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.

Note 4: Indirect Cost

The Authority neither had an indirect cost rate nor used the de minimis 10% of Modified Total Direct Costs (MTDC).



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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 and the aggregate remaining fund information of the Housing Authority of the County of Alameda (the Authority) as of and for the year ended June 30, 2018, 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 07, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 07, 2019



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 the Uniform Guidance, 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Patel & Associates, LLP

Oakland, California
March 07, 2019

**HOUSING AUTHORITY OF THE COUNTY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I - 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 200.516 of the Uniform Guidance?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher
14.856	Section 8 - Moderate Rehabilitation

Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
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, 2018**

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, 2018**

No matters were reported.

ATTACHMENT B



Plan to End Homelessness

Alameda County, CA



Executive Summary

Our Goal

Right now, in Alameda County, approximately 5,600 people experience homelessness on any given night. Over the next five years we aim to reduce that number to less than 2,200 people. If we achieve this goal no one will have to sleep outside.

This strategic update to the *EveryOne Home Plan to End Homelessness* asks for all of us to act with renewed urgency in our efforts. Every year, more than 12,000 people experience an episode of homelessness in Alameda County. The number has increased dramatically in recent years, and most are unsheltered. For some homelessness may only last a few weeks, but, for more than half it will last a year or longer.

Our current housing crisis response system cannot meet the growing need. For every 2 people who become homeless for the first time in Alameda County, only one person returns to a permanent home. Service providers help at least 1,500 people return to permanent housing every year, yet there are 3,000 people becoming homeless for the first time. At this rate, homelessness could increase by 1,500 people per year.

Homelessness is a stark symptom of inequality and visible evidence of structural discrimination. African-Americans are 11% of the population of Alameda County however they represent 49% of the people experiencing homelessness. Communities of color, low-income households, people with disabilities, LGBTQ individuals, and

survivors of violence and trauma, all experience homelessness at higher rates and face greater barriers to housing stability. Our response must redress, not perpetuate those inequalities.

To tackle these problems we need to aggressively pursue strategies that prevent people from becoming homeless, expand affordable housing, offer critical interventions that ensure the safety and dignity of people living without housing, and urgently reduce homelessness in our most impacted and vulnerable communities.

Homes end homelessness. While this plan supports short-term interventions—such as shelter, safe parking, outreach, and hygiene stations—the goal is not more shelter, it is fewer people needing shelter. Above all, this plan calls for ending homelessness by preventing it before it starts and expanding permanent, affordable housing.

Our goal is ambitious. We will not change the trajectory of homelessness with the current pace and scale of our response. It will take bold, coordinated action and significant investment to reduce the number of people becoming homeless and increase the number of people returning home.

THE PROBLEM

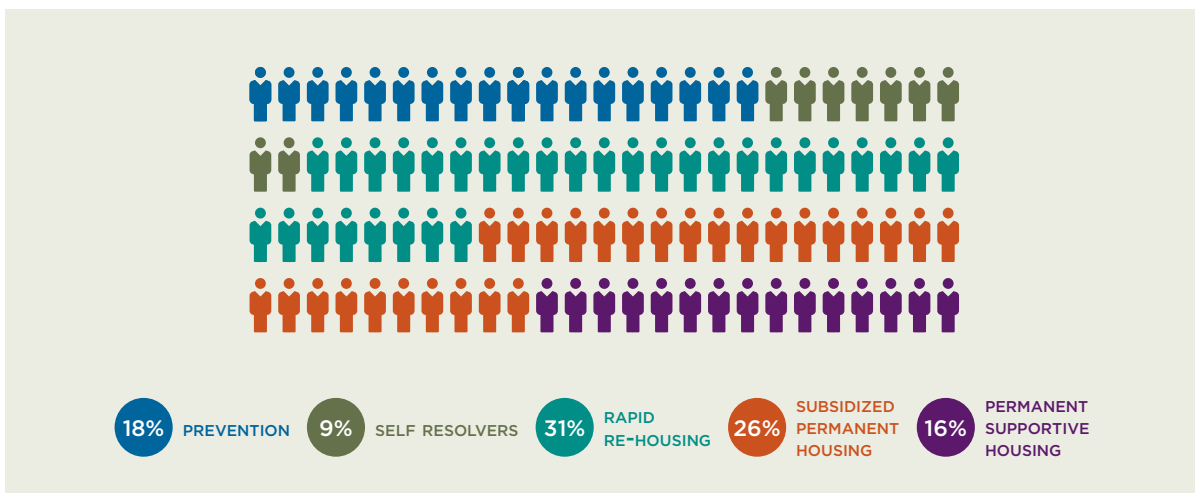
For every 2 people who become homeless for the first time in Alameda County, only one person returns to permanent housing. If these rates continue, homelessness will increase by 1,500 people per year.



Sources: HUD System Performance Measures, 2017; Point in Time Count, 2017; HMIS Annual Performance Report Data, 2017. Values have been rounded to the nearest hundred.

THE SOLUTIONS

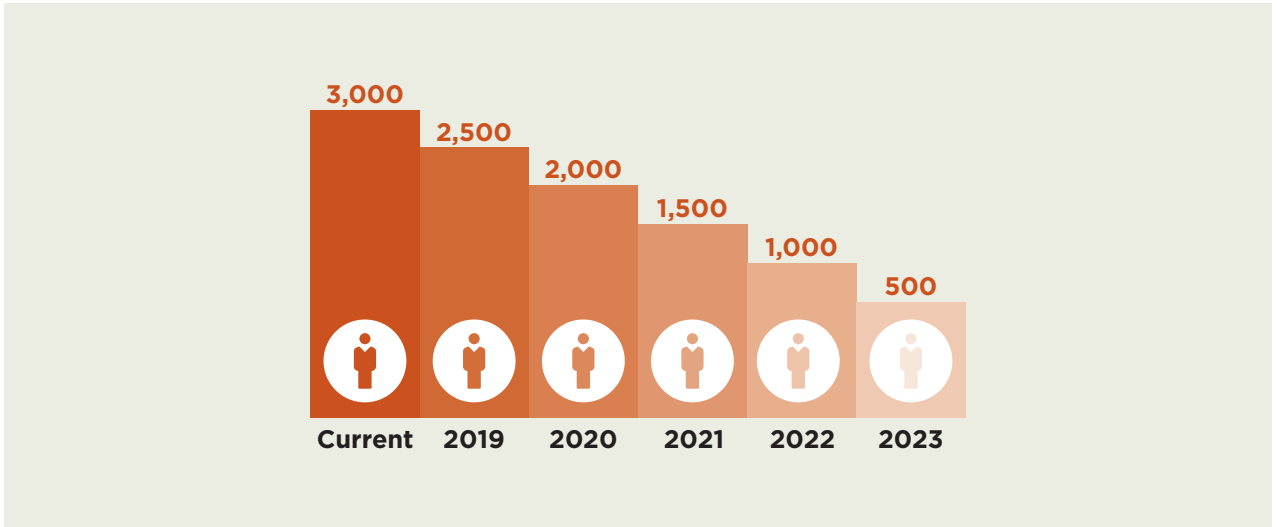
We know what works to end homelessness. This plan answers the question of what it will take to bring these solutions to scale. It outlines effective housing interventions and determines how much we will need of each to achieve our goal.



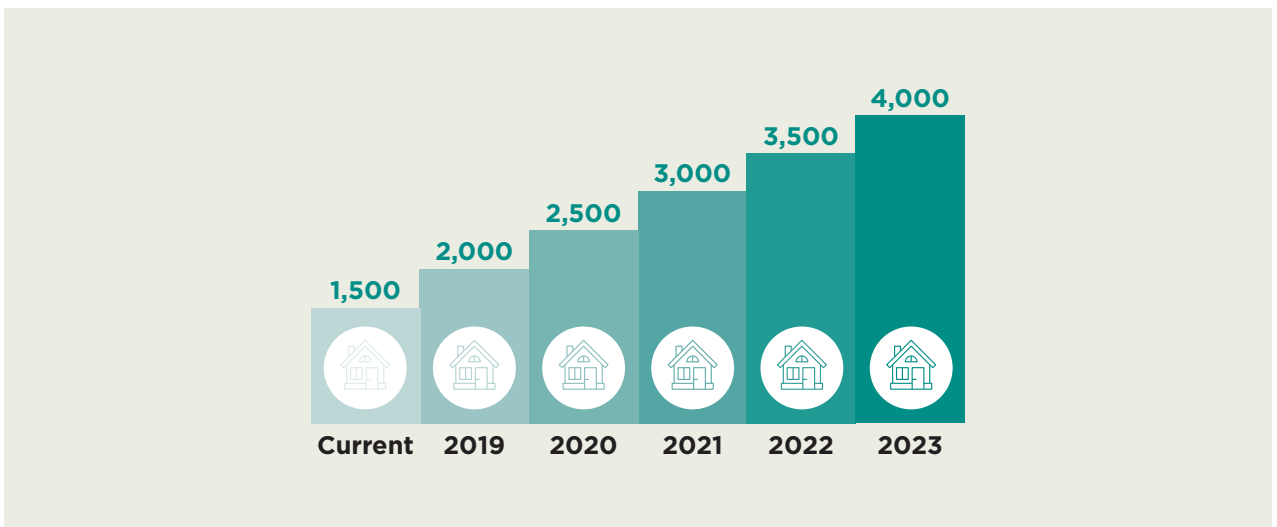
Sources: Alameda County Point-In-Time Count, 2017; HMIS Annual Performance Reports, 2017.

OUR FIVE-YEAR TARGETS

- 1 Every year for the next five years, reduce the number of people becoming homeless by 500, until 500 or fewer people become homeless in 2023.










- 2 Every year for the next five years, increase the number of people returning to permanent homes by 500, until 4,000 or more people move out of homelessness in 2023.



REACHING OUR GOALS: OUR COMMUNITIES

By targeting our efforts, it is possible to end homelessness for highly impacted and vulnerable communities in Alameda County. This requires focusing on the racial disparities and structural inequalities that lead to homelessness and a commitment to delivering equitable results.

-  End unsheltered family homelessness by December 2019 and all family homelessness by the end of 2023
-  End chronic homelessness among veterans by March 2020 and all veteran homelessness by December 2021
-  End chronic homelessness among older adults by December 2020
-  Reduce chronic homelessness among persons with serious mental illness by 30% by December 2021
-  Reduce all chronic homelessness by 50% by 2023
-  Develop an action plan for youth in 2019
-  Ensure safe access to permanent housing for people experiencing domestic violence, human trafficking, and sexual assault

PROPOSED STRATEGIES

This plan embraces four broad strategies that, together, will bring the necessary capacity, investment, partnership, and collective impact to achieve our goal.



Expand Capacity

Our system needs to significantly expand capacity in several areas. To prevent homelessness, we must expand to be able to assist 2,500 individuals and families per year with temporary financial assistance and legal support. To house more people, we must add 2,800 units of permanent supportive housing and another 4,000 subsidized permanent housing units dedicated to extremely low-income people experiencing homelessness. We must also expand street outreach and other services to the unsheltered, which includes stabilizing existing shelters and increasing the number of shelter beds. This is important in the first years of the plan, until more permanent housing is available.



Increase Investment

Expanding capacity requires shifting or identifying new sources of financial investment from all levels of government. The plan estimates an additional \$228 million per year is needed to achieve and sustain the results envisioned. A dedicated local funding stream would support a scaled response, keeping people in their homes and creating opportunities for deeply affordable housing. Advocacy with state and federal policymakers for additional resources is ongoing, but it must not hold up or take the place of local investment.



Build Stronger Partnerships

Engaging the leadership and expertise of people experiencing homelessness in governance, policy, planning, and service delivery is essential to our success. This strategy includes expanding employment opportunities and career development within our system as well as ensuring that decision making bodies include those most impacted by the choices being made.








Align Public Policies

Local policymakers can advance policies to reduce homelessness, such as protecting renters, increasing affordable housing for homeless and extremely low-income households, protecting the dignity, health and safety of those forced to live on the streets, and counteracting the disparate racial impacts of housing policies.















PROPOSED ACTIONS

We will reach our goal if everyone in Alameda County agrees to take bold action, whenever and wherever possible. This plan outlines a range of actions that can be tailored to local communities. Actions that address major barriers to housing, are designed with a racial equity lens, and honor the dignity and safety of all community residents, especially those living without housing, will have the greatest impact.













Prevent People from Becoming Homeless:

-  Adopt policies to keep renters in their homes
-   Increase the availability of flexible temporary financial assistance
-   Increase connection to income and benefits

Protect the Dignity of People Experiencing Homelessness:

-   Repeal or stop enforcing policies that criminalize homelessness
-   Develop a humane and consistent response to the needs of unsheltered people
-  Evaluate access to and outcomes of the Housing Crisis Response System
-  Engage the leadership of people experiencing homelessness
-   Provide services for health and sanitation
-   Expand language accessibility to the Housing Crisis Response System
-   Expand, coordinate, and enhance street outreach
-   Stabilize existing shelter capacity and provide additional shelter/safe spaces

Expand Housing Opportunities:

-  Use land for housing efficiently
-  Meet Inclusionary Zoning policies and Housing Plan targets
-  Expedite the development of affordable housing
-  Establish a dedicated revenue stream for housing operations and services
-  Prioritize the most vulnerable for affordable housing
-   Expand landlord partners
-  Increase permanent supportive housing
-   Increase stock of and accessibility to alternative housing opportunities
-   Expand supportive services to help people stay housed

CAPACITY



INVESTMENT



PARTNERSHIPS



POLICY



About the 2018 Strategic Update

This document is a strategic update to the *EveryOne Home Plan to End Homelessness* which was first published in 2007. The update was produced through a year-long community process that included 25 key stakeholder interviews, six focus groups attended by 70 people currently homeless in the county, multiple community forums with over 200 participants, and a review of best practices and plans from communities with similar homeless populations and housing markets. It is informed by data from countywide Point-In-Time Homeless Counts, homeless housing and services inventories, and the Homeless Management Information System (HMIS). The EveryOne Home Leadership Board wishes to thank all who contributed to the update and who are now working to make its vision a reality in our community.

About EveryOne Home

EveryOne Home is leading the collective effort to end homelessness in Alameda County. We're building momentum, using data to improve our efforts, and aligning resources for long-term solutions.



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