HOUSING AUTHORITY
OF THE COUNTY OF CONTRA COSTA
(A Component Unit of the County of Contra Costa)
BASIC FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015
(Including Auditors' Report Thereon)

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
BASIC FINANCIAL STATEMENTS
MARCH 31, 2015

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Harn & Dolan

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the
County of Contra Costa
Martinez, California

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the County of Contra Costa, component unit of the County of Contra Costa, California (the Authority), as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We did not audit the financial statements of the aggregate discretely presented component units reported in the financial statements.

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 did not audit the financial statements of HACCC Casa Del Rio, Inc, a California Nonprofit Public Benefit Corporation and CDR Senior Housing Associates, a California Limited Partnership, which represent 15.6%, -4.2% and 0.5%, respectively, of the primary government's assets, net position, and revenue. We did not audit the financial statements of DeAnza Housing Corporation, a California Nonprofit Public Benefit Corporation and DeAnza Gardens L.P. a California Limited Partnership, which are combined and reported as discretely presented component units titled Component Units in the fund financial statements. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units and blended component units - Casa Del Rio Housing is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 misstatements 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.

Opinions
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of March 31, 2015, and 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 and schedule of funding progress for OPEB on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors 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 Housing Authority of the County of Contra Costa, California's basic financial statements. The schedule of relevant statistics is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying Financial Data Schedules (CA 011) are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. Finally, the accompanying Schedule of Completed Capital Fund Program Project is presented for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Financial Data Schedules, and Schedule of Completed Capital Fund Program Project 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 Untied States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of relevant statistics has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the Housing Authority of the County of Contra Costa, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Harn & Dolan

November 20, 2015

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2015

The management of the Housing Authority of the County of Contra Costa (the Authority) would like to provide the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2015.

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

FINANCIAL HIGHLIGHTS

- Net position decreased by $3,735,252 (or 21.2%) during 2015 (see Table 1) as a result of current year activities.
- Unrestricted net position (see Table 2) increased $337,151 (or 5.4%) as a result of current year activities.
- Total revenue increased by $7.0 million (or 7.5%) as a result of current year activities.
- Total expenditures increased $5.7 million (or 5.8%) as a result of current year activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three parts as follows: (1) **Fund Financial Statements**, (2) **Notes to the Basic Financial Statements**, and (3) **Supplementary Information**.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements presentation is similar to the traditional government financial statements. The statements are the Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Fund Net Position, and the Statement of Cash Flows. The focus is now on Major Funds, rather than fund types. The Authority's funds consist exclusively of Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the funds administered by the Authority are provided by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control. GASB's 34 and 37 require individual enterprise funds to be reported as major funds if total assets, liabilities, revenue, or expenses of that individual fund exceed 10% or corresponding element total of the Authority as a whole. In the past, the Authority reported four major funds and an aggregate column for non-major funds. Beginning April 1, 2006, the Authority reported all of its activities in one major fund titled "Housing". The Authority's mission is to provide affordable housing within the County of Contra Costa, regardless of grant or program. Therefore, we believe that reporting all activity in one fund is consistent with this mission and simpler for the readers of the Authority's report.

The Authority's activity includes:

<u>Public Housing</u> – Under the Public Housing Program, (also titled as 'Low Rent-Aided Housing') the Authority rents units that it owns to very low & low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD. The ACC provides Operating Subsidy and Capital improvement Grant

funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income or at a flat rate below market rate.

Public Housing Capital Fund Grant - HUD provides grants for the modernization of the Public Housing Program units. The modernization is accounted for by each grant, which is merged as a part of the Public Housing Program totals.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, (hereunder titled as ‘Voucher’ Program) the Authority administers the program under an Annual Contributions Contract (ACC) with HUD. The ACC provides funding to the Authority to provide tenant based rental assistance to program participants. The rental assistance payment is structured so as the rental payment that the participant is obligated to pay is 30% to 40% of household income. This is a major federal program.

Casa Del Rio, Associates - Casa Del Rio, Senior Housing Associates (CDR) was formed as a limited partnership on April 12, 1994, for the purpose of developing, owning and operating an 82-unit affordable housing rental complex (the project) located in Antioch, California. The Project qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Service Code. Such projects are regulated under terms of a Regulatory Agreement, including rent charges, operating methods and other matters. This limited partnership is considered to be a blended component unit of the Authority. The most recent audits were for the fiscal year ended December 31, 2014. These reports can be obtained from the Authority using the information on page 11.

Casa Del Rio, Incorporated - The general partner of the Casa Del Rio Partnership is HACCC Casa Del Rio, Inc., a California public benefit corporation. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority, which was the developer of the Project, and is consider a blended component unit of the Housing Authority. These component units receive separate audit reports performed on a calendar year basis. The most recent audits were for the fiscal year ended December 31, 2014. These reports can be obtained from the Authority using the information on page 11.

Shelter Plus Care Program – is designed to provide rental assistance and supportive services to homeless and disabled individuals and their families. It is cooperatively administered by the County Health Services Department and the Housing Authority of Contra Costa County, and has the capacity to serve roughly 200 households. Participants receive rental assistance and supportive services funded by the U.S. Department of Housing and Urban Development.

CDBG Rental Rehabilitation Program (RRP) - Under the RRP, the Authority executes annual funding contract with various governmental entities to fund the operations of a program that assists rental property owners with rehabilitation of housing units to help assure a supply of affordable rental apartments and homes for its Section 8/Voucher users and other low-income households. Technical assistance in determining repairs is provided by Authority staff and below-market-rate loans are made to cover part of rehabilitation costs. Program administrative costs are shared by the funding providers and the Authority.

Rental Rehabilitation Program (RRP) - Under the RRP, the Authority operates a program that assists rental property owners with rehabilitation of housing units to help assure a supply of affordable rental apartments and homes for its Section 8/Voucher users and other low-income households. Technical assistance in determining repairs is provided by Authority staff and below-market-rate loans are made to cover part of rehabilitation costs. Funds from this program are to supplement the CDBG RRP for loans or administration.

Management Fund & County Programs – This program is often referred to as the “State and Local Fund”. The fund represents non-HUD resources developed from a variety of activities, including developer fees, management fees, program cost reimbursement, and other local and non local activities.

Central Office Cost Center - The COCC fund earns revenue from fees and services provided to various federal programs. The funds earned are considered non-HUD funds and go to cover the overhead and support services provided to the various federal programs.

Discretely Presented Component Unit:

DeAnza Gardens L.P. (DeAnza)– DeAnza was formed as a limited partnership on December 10, 2001 for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family affordable rental housing complex located in Contra Costa County.

The project was built on land owned by and leased from the Housing Authority of the County of Contra Costa (the Authority). Under the terms of the lease, title to the improvements reverts to the lesser at the end of the 75-year lease. The Project qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Service Code. Such projects are regulated under terms of a Regulatory Agreement, including rent charges, operating methods and other matters.

DeAnza Corporation, Inc. The general partner of DeAnza Gardens L.P. is DeAnza Corporation Inc., a California public benefit corporation. The officers and Board members of the corporation are separate and apart from the Housing Authority. The only Board member position in the corporation that represents the Housing Authority is the Executive Director, who serves as one of the five board positions of the corporation. The Housing Authority has been designated as the managing general partner.

The DeAnza entities, under HUD REAC’s direction, are to be considered by the Authority as other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority’s financial statements to be misleading or incomplete. As such, the Authority considers these two entities to be discretely presented component units. These component units receive separate audit reports performed on a calendar year basis. The most recent audits were for the calender year ended December 31, 2014. These reports can be obtained from the Authority using the information on page 11.

Also included in the Basic Financial statements are:

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

Supplementary Information. Certain information is required to be included in this report by various federal agencies. This information is included after the notes to the financial statements under the title supplementary information.

(Continued)

TABLE 1

STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position, for the primary government, compared to prior year. The Authority is engaged only in Business-Type Activities.

	March 31, 2015	March 31, 2014	Increase (Decrease)	%
Current assets	$ 8,088,222	$ 7,379,749	708,473	9.60%
Restricted assets	1,165,642	3,838,856	(2,673,214)	69.64%
Capital assets, net of depreciation	14,091,150	15,684,971	(1,593,821)	10.16%
Other noncurrent assets	3,513,657	3,289,009	224,648	6.83%
Total assets	$ 26,858,671	$ 30,192,585	$ (3,333,914)	11.04%
Current liabilities	2,062,908	1,699,091	363,817	21.41%
Payable from restricted assets	684,783	686,256	(1,473)	0.21%
Long term liabilities	10,242,231	10,203,237	38,994	0.38%
Total liabilities	12,989,922	12,588,584	401,338	3.19%
Net position:				
Net investment in capital assets	6,828,538	8,248,266	(1,419,728)	17.21%
Restricted	499,925	3,152,600	(2,652,675)	84.14%
Unrestricted	6,540,286	6,203,135	337,151	5.44%
Total net position	13,868,749	17,604,001	(3,735,252)	21.22%
Total liabilities and net position	$ 26,858,671	$ 30,192,585	$ (3,333,914)	11.04%

Major Factors Affecting the Statement of Net Position

The major factor for the reduction to Net Assets was a direct result of HUD changing their funding procedures. Commencing with the calendar year 2005, Public Housing Authorities (PHAs) received full disbursement of their HAP allocations. It was the responsibility of the PHAs to maintain any excess HAP disbursements in their Net Restricted Assets account, for use only for future HAP needs to assist additional families up to the number of units under contract. PHAs accumulated significant amounts in their Net Restricted Asset accounts. Beginning in 2008, at Congressional direction, HUD began recapturing this excess HAP by offsetting the annual allocations with the excess HAP held by PHA's. This change has reduced the Authority's Restricted Assets from a high of 13 million dollars in 2009 to our current level of $499,925. HUD now retains the excess HAP allocations and the Authorities no longer recognize these excess funds.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2015

(Continued)

Table 2 below presents details on the change in Unrestricted Net Position.

TABLE 2
CHANGE OF UNRESTRICTED NET POSITION

	2015	2014
Net gain (loss) before contributions	$ (4,237,801)	$ (5,765,103)
Adjustments:		
Depreciation which does not effect unrestricted net position	2,222,068	2,419,744
Loss on disposal of equipment	-	6,427
Expenses paid from restricted accounts	10,450	104,055
Interest expensed, but not paid	78,787	78,787
Interest earned on restricted accounts	(1,090)	(2,148)
Restricted income	(46,501)	(64,162)
Use of excess HAP funding - Housing Choice Voucher	2,739,446	2,474,946
Net gain (loss) in unrestricted net position due to operations	765,359	(747,454)
Other receipt (use) of unrestricted net position		
Capital additions not covered by capital grant or restricted reserves	(125,698)	(18,125)
Debt retired	(252,880)	(240,741)
Casa Del Rio - funding of restricted reserves for current year	(49,630)	(81,963)
Changes to unrestricted net position	337,151	(1,088,283)
Beginning unrestricted net position balance	6,203,135	7,291,418
Ending unrestricted net position balance	$ 6,540,286	$ 6,203,135

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer change in financial well-being.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2015

(Continued)

TABLE 3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	Actual March 31, 2015	Budget March 31, 2015	Actual March 31, 2014	Budget March 31, 2014
Operating revenue:				
Rental and other	$ 8,299,107	$ 8,106,633	$ 7,909,519	$ 5,340,376
Non-operating revenue:				
Federal grants and subsidies	90,964,347	87,027,167	84,201,426	85,770,274
Capital contributions	502,549	800,864	754,928	1,608,961
Sale (disposal) of real property	-	-	(6,427)	-
Other revenue	202,234	607,300	133,160	3,474,600
Total revenues	99,968,237	96,541,964	92,992,606	96,194,211
Operating expenses:				
Administration	11,687,261	12,687,943	11,300,777	12,189,942
Tenant services	435,404	371,928	411,126	353,467
Utilities	1,778,806	2,070,651	1,774,442	1,825,983
Maintenance	4,242,994	4,707,259	4,002,231	4,135,260
General	1,169,321	1,050,701	1,401,472	1,566,021
Housing assistance payments	81,913,236	77,087,819	76,426,454	80,143,300
Depreciation	2,222,068	2,129,024	2,419,744	1,808,985
Non-operating expenses:				
Debt-service interest	251,257	252,000	263,395	225,526
Loan amortization	3,142	3,142	3,140	3,142
Total expenses	103,703,489	100,360,467	98,002,781	102,251,626
Changes in net position	(3,735,252)	(3,818,503)	(5,010,175)	(6,057,415)
Net position, beginning of the year	17,604,001	14,744,682	22,614,176	20,727,177
Net position, end of the year	$ 13,868,749	$ 10,926,179	$ 17,604,001	$ 14,669,762

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

The budget to actual schedule above includes interfund activity. The actual activity reported above includes interfund revenue and expenses of $3,068,128, which will therefore differ from amounts reported in the Statement of Revenue, Expenses, and Changes in Fund Net Position - Proprietary Funds. See also Note 1.E.

The major factor affecting the Statement of Revenue, Expenses, and Changes in Net Assets is related to a change in the funding procedures currently employed by HUD, which is outlined in the Statement of Net Assets section above. Now that Restricted Reserves have been recaptured by HUD, the Change in Net Position will become more stable in the future.

(Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $14.1 million invested, see also Note 6 to the basic financial statements.

TABLE 4
CAPITAL ASSETS

	March 31, 2015	March 31, 2014	Change
Land	$ 1,825,993	$ 1,825,993	$ -
Buildings	97,242,741	96,430,183	812,558
Equipment	2,480,089	2,436,074	44,015
Accumulated Depreciation	(88,027,449)	(85,805,381)	(2,222,068)
Construction In Progress	569,776	798,102	(228,326)
Total	$ 14,091,150	$ 15,684,971	$ (1,593,821)

The following reconciliation summarizes the change in Capital Assets.

TABLE 5
CHANGE IN CAPITAL ASSETS

	2015	2014
Capital assets - beginning of year	$ 15,684,971	$ 17,338,090
Additions:		
Capital Fund Grant	502,549	754,928
Improvements to dwelling units	81,683	(2,100)
Equipment - computer upgrades	44,015	20,224
Deletions at a loss	-	(6,427)
Depreciation	(2,222,068)	(2,419,744)
Capital assets - end of year	$ 14,091,150	$ 15,684,971

Notes Payable Outstanding

As of year-end, the Authority had $5,616,296 of notes payable outstanding, see Note 7 to the basic financial statements.

ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for funding operations; therefore, the Authority is affected more by the federal budget than by state or local economic conditions. The Authority's budgets and subsidy funding requests are approved by HUD.

It should be noted that HUD has instituted a major change in the funding process for the Housing Choice Voucher Program. This change will have a major impact on the restricted reserves reported by the Authority. HUD will no longer be advancing HAP funds based on the Annual Contributions Contract, but will be advancing funds based on the need of the Authority from a quarterly review process. This change will greatly reduce restricted reserves held by the Authority and impact the cash flow of the program.

FINANCIAL CONTACT

The individual to be contacted regarding this report, and the reports of the Authority's component units, is John Hunter, Director of Finance of the Housing Authority of the County of Contra Costa, at (925) 957-8014. Specific requests may be submitted to John Hunter, Director of Finance, Housing Authority of the County of Contra Costa, P.O. Box 2759, 3133 Estudillo Street, Martinez, CA 94553.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
MARCH 31, 2015

	Primary Government Housing	Component Units
ASSETS		
Current assets		
Cash and investments (Note 2 and 14)	$ 7,249,671	$ 31,879
Due from other agencies	521,175	-
Due from related parties - DeAnza (Note 14)	23,984	-
Tenant accounts receivable	100,528	12,599
Allowance for doubtful accounts	(35,209)	(1,203)
Miscellaneous accounts receivable	-	16,964
Allowance for doubtful accounts	-	(5,149)
Interest receivable	15,504	4,131
Notes receivable - short term (Note 4)	10,535	-
Prepaid expenses	202,034	21,379
Total current assets	8,088,222	80,600
Restricted assets:		
Restricted cash (Note 2 and 3 and 14)	1,165,642	1,440,270
Capital assets (Note 5 and 14):		
Land	1,825,993	1,150,712
On site improvements	-	4,028,709
Buildings	97,242,741	29,714,010
Furniture and equipment	2,480,089	488,321
Construction in progress	569,776	-
Accumulated depreciation	(88,027,449)	(10,658,108)
Total capital assets	14,091,150	24,723,644
Other noncurrent assets:		
Long-term notes receivable (Note 4)	473,966	-
Long-term notes receivable - DeAnza (Note 4 and 14)	1,000,000	-
Interest receivable on long-term notes (Note 4)	121,641	-
Due from related parties - DeAnza (Note 14)	1,789,739	-
Other long-term assets	97,203	-
Loan costs (net of amortization of $63,035 and $300,646)	31,108	90,815
Total other noncurrent assets	3,513,657	90,815
Total assets	$ 26,858,671	$ 26,335,329

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
MARCH 31, 2015

(Continued)

	Primary Government Housing	Component Units
LIABILITIES		
Current liabilities:		
Accounts payable	$ 765,798	$ 116,398
Due to related parties - Authority (Note 14)	-	977
Due to other agencies	95,358	-
Accrued salaries and related costs	461,088	-
Accrued interest (Note 14)	-	48,207
Unearned revenue (Note 8)	220,775	4,124
Current portion of compensated absences (Note 1.I.)	254,599	-
Current portion of long-term debt (Note 6 and 14)	265,290	202,811
Total current liabilities	2,062,908	372,517
Payable from restricted assets:		
Tenant security deposits	368,075	156,066
Family self sufficiency escrows	316,708	-
Total payable from restricted assets	684,783	156,066
Other noncurrent liabilities:		
Long-term portion of compensated absences (Note 1.I.)	107,082	-
Long-term debt (Note 6 and 14)	5,351,006	8,562,088
Long-term debt - Authority (Note 14)	-	1,000,000
Other noncurrent liabilities (Note 9 and 14)	4,784,143	22,144
Due to related parties - Authority (Note 14)	-	1,782,641
Total noncurrent liabilities	10,242,231	11,366,873
Total liabilities	12,989,922	11,895,456
NET POSITION (Note 10)		
Net investment in capital assets	6,828,538	15,910,538
Restricted net position	499,925	1,433,794
Unrestricted net position	6,540,286	(2,904,459)
Total net position	13,868,749	14,439,873
Total liabilities and net position	$ 26,858,671	$ 26,335,329

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	Primary Government Housing	Component Units
Operating revenue:		
Rents and other tenant revenue	$ 3,911,789	$ 1,969,406
Other	1,319,190	-
Total operating revenue	5,230,979	1,969,406
Operating expenses:		
Administration	8,627,668	473,509
Tenant services	435,404	-
Utilities	1,778,806	237,230
Maintenance	4,242,994	424,167
General	1,169,321	109,022
Housing assistance payments	81,904,701	-
Depreciation (Note 5 and 14)	2,222,068	1,017,334
Total operating expenses	100,380,962	2,261,262
Operating income (loss)	(95,149,983)	(291,856)
Nonoperating revenue (expenses):		
Grants	90,964,347	-
Restricted interest	1,090	6,041
Unrestricted interest	84,564	-
Mortgage interest	15,532	-
Mortgage interest forgiven	(13,912)	-
Interest on notes receivable with related party (Note 4 and 14)	30,000	(30,000)
Related party fees (Note 14)	84,960	(84,960)
Amortization - loan fees	(3,142)	(28,738)
Debt service - interest (Note 6 and 14)	(251,257)	(584,296)
Net gain before contributions and transfers	(4,237,801)	(1,013,809)
Capital contributions	502,549	-
Change in net position	(3,735,252)	(1,013,809)
Net position - beginning of year	17,604,001	15,453,682
Net position - end of year	$ 13,868,749	$ 14,439,873

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	Primary Government Housing
Cash flows from operating activities:	
Tenant receipts	$ 3,796,257
Other receipts	1,329,415
Payroll and benefit expenditures	(8,668,356)
Administration expenditures	(1,699,203)
Tenant services expenditures	(160,579)
Utilities expenditures	(1,777,608)
Maintenance expenditures	(2,549,215)
General expenditures	(751,592)
Housing assistance payment expenditures	(81,912,023)
Net cash used by operating activities	(92,392,904)
Cash flows from noncapital financing activities:	
Operating grants received	90,637,373
Funds returned to granting agency	(29,620)
Related parties transactions	(10,262)
Repayment of notes receivable	11,581
Notes receivable issued	(10,618)
Interest received on notes receivable	3,923
Net cash provided by noncapital financing activities	90,602,377
Cash flows from capital financing activities:	
Grants received to acquire capital assets	502,549
Acquisition of capital assets	(628,247)
Principal paid on debt	(252,880)
Interest paid on debt	(172,470)
Net cash used by capital financing activities	(551,048)
Cash flows from investing activities:	
Interest receipts	80,575
Interest on restricted cash	1,153
Net cash provided by investing activities	81,728
Net increase to cash	(2,259,847)
Cash at beginning of year	10,675,160
Cash at end of year	$ 8,415,313
Cash and investments	$ 7,249,671
Restricted cash	1,165,642
Total cash at year end	$ 8,415,313

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

(Continued)

	Primary Government Housing
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (95,149,983)
Adjustments to reconcile operating loss to Net cash used by operating activities:	
Depreciation expense	2,222,068
(Increase) Decrease in:	
A/R other governments	(24,007)
Tenants accounts receivable	17,241
Other accounts receivable	10,139
Prepaid expenses	38,560
Other long-term assets	(47,679)
Increase (Decrease) in:	
Accounts payable	254,072
Due to other agencies	(76,593)
Tenant security deposits	11,462
Accrued salaries	244,785
Unearned revenues	(23,087)
FSS escrows	16,685
Compensated absences	(5,931)
Noncurrent liabilities	(130)
Post retirement benefits	119,494
Net cash used by operating activities	$ (92,392,904)

Noncash transactions:

- Interest of $78,787 was accrued as payable to RHCP. The payments on this loan are deferred, unless the project generates surplus cash.
- Interest of $30,000 was accrued as receivable from DeAnza Gardens L.P. No payments were received with regards to this loan.
- Lease fees of $72,000 were accrued as receivable from DeAnza Gardens L.P. These fees are deferred.
- Interest on the Rental Rehabilitation loans of $1,620 was accrued as revenue, while none was received. The interest on these loans is due at maturity.
- Interest on the CDBG loans of $3,923 was received. Interest is due only at maturity. Interest is due back to the granting agency and therefore, not reported as income to the program.

The accompanying notes are an integral part of this statement.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of The Housing Authority of the County of Contra Costa (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority's more significant accounting policies:

A. <u>Organization</u>

The Authority was established pursuant to the State Health and Safety Code in 1941. The Authority is a public entity organized under the laws of the State of California's Health and Safety Code to provide housing assistance to low and moderate income families at rents they can afford. Eligibility is determined by family composition and income in areas served by the Authority. To accomplish this purpose, the Authority has entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development (HUD) to operate assisted housing programs.

The governing board of the Authority is the County Board of Supervisors. The Authority is a legally separate entity from the County, maintaining separate accounting records, staff, and administration facilities. In addition, there is no financial benefit/burden relationship between the County and the Authority and the County has limited or no opportunity to impose its will upon the Authority because the Authority is governed by rules and regulations imposed by the Federal government through the U.S. Department of Housing and Urban Development. The County defines the Authority as a discretely presented component unit in its Comprehensive Annual Financial Report (CAFR). A copy of this report may be obtained by contacting the Office of the Auditor-Controller, 625 Court Street, Martinez, California 94553.

B. <u>Financial Reporting Entity</u>

The Authority's combined financial statements include the accounts of all the Authority's operations. The criteria used in determining the scope of the financial reporting entity is based on provisions of Governmental Accounting Standards No. 61, *The Financial Reporting Entity*. The financial statements of the Authority include the financial activity of the Authority and any component units. The decision to include a potential component unit in the reporting entity was made based on the significance of their operational or financial nature and significance of their relationship with the Authority, including consideration of organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the aforementioned criteria, the Authority has blended

Note 1 (continued)

and discretely presented component units. The blended component units, although legally separate entities, are, in substance, part of the Authority's operations. Discretely presented component units are reported in a separate column in the fund financial statements to emphasize that they are legally separate from the government. The component units are as follows:

Blended Component Units. HACCC Casa Del Rio, Inc (A California Nonprofit Public Benefit Corporation) and CDR Senior Housing Associates (A California Limited Partnership) . HACCC Casa Del Rio, Inc. is the general partner of CDR Senior Housing Associates. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority. The partnership was formed in 1994 to develop and operate an 82-unit affordable housing rental complex located in Antioch, California, which is currently known as Casa Del Rio Senior Housing.

Casa Del Rio Senior Housing was placed into service in 1995. Pursuant to the Indemnification Agreement dated July 1, 1994, by and among the Authority, HACCC Casa Del Rio, Inc., CDR Senior Housing Associates, and MHIFED I Limited Partnership, the Authority could possibly be liable for unpaid taxes, interest and penalties, cost to contest, operating deficiency and expenses of enforcement as identified in the Agreement and for a sponsor's operating guaranty to provide sufficient staff or equipment to the general partner, as needed and remedies against sponsor for default under the Amended HCD Agreement. Casa Del Rio Senior Housing participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2054.

Since HACCC Casa Del Rio, Inc and CDR Senior Housing Associates have the potential to impose a financial burden on the Authority, these entities have been included in the Authority's financial statements as blended component units. See also Note 15.

Discretely Presented Component Units. DeAnza Housing Corporation (A California Nonprofit Public Benefit Corporation) and DeAnza Gardens, L.P. (A California Limited Partnership). The Authority is the General Partner and DeAnza Housing Corporation is the managing general partner of DeAnza Gardens, L.P. The partnership was formed for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family rental housing units and the provision of low-income housing through the construction, renovation, rehabilitation, operation, and leasing of an affordable housing development located in Contra Costa County, which is currently known as DeAnza Gardens.

DeAnza Gardens was placed into service during 2005. It was built on land owned by and leased from the Authority. Under the terms of the lease, title to the improvements revert to

Note 1 (continued)

the Authority at the end of the 75-year lease. Financing for construction was obtained through notes from the Authority, Bank of America, and DeAnza Housing Corporation. DeAnza Gardens participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2078.

Since DeAnza Housing Corporation and DeAnza Gardens L.P. are other organizations for which the nature and significance of their relationship with the Authority are such that exclusion from the financial statements would cause the Authority's financial statements to be misleading or incomplete, these entities have been included in the Authority's financial statements as discretely presented component units. See also Note 15.

Complete audited financial statements are issued separately for each of the individual component units listed above and may be obtained from the Housing Authority of the County of Contra Costa, 3133 Estudillo Street, P.O. Box 2759, Martinez, California 94553.

C. <u>Basis of Presentation</u>

Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Authority's activities are strictly business-type. The Authority has no fiduciary funds.

Fund Financial Statements:

Fund financial statements of the Authority are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses/expenditures as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. A fund is considered major if it is the primary operating fund of the Authority or if total assets, liabilities, revenue, or expenses/expenditures 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, titled *Housing*. As such, the Authority has no non-major funds.

PROPRIETARY FUND TYPES

<u>Enterprise Funds</u> - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of

Note 1 (continued)

providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used when the governing body has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Authority's funds are operated as enterprise funds.

D. Measurement Focus and Basis of Accounting

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 economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred. Under this basis of accounting and measurement focus, the Authority applies all GASB pronouncements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. The principal operating expenses of the Authority's enterprise funds are employee salaries and benefits, housing assistance payments, utilities, and the costs to maintain the owned units. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When the Authority incurs an expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first and then unrestricted resources as needed.

E. Interfund Transactions

Statement of Net Position:

Short-term amounts due between funds are classified as "Due from/to other funds". As of March 31, 2015, the amounts due between the various proprietary funds totaled $950,715.

Operating advances made to the blended component units, HACCC Casa Del Rio, Inc and CDR Senior Housing Associates totaled $294,967 as of March 31, 2015. The interfund

Note 1 (continued)

balance as of December 31, 2014, was $271,482 and was reported as non-current related party payable by the other auditors. The Statement of Net Position - Proprietary Funds, reported as of March 31, 2015, shows $271,482 as both a noncurrent asset and as a noncurrent liability. The difference of $23,485, due to the timing differences in fiscal year end, is shown as "other" noncurrent assets (see also Note 14).

A long-term note due from the Management Enterprise Fund to the blended component unit, HACCC Casa Del Rio, Inc in the amount of $185,000 is reported as long-term notes receivable and long-term debt. See also Notes 4 and 6.

These interfund assets and liabilities have been eliminated from the Statement of Net Position - Proprietary Funds. For further detail, please see the Financial Data Schedule found in the Supplementary Information section of this report.

Statement of Revenues, Expenses, and Changes in Fund Net Position:

Participants of the Housing Choice Voucher Program have decided to occupy units owned by the Authority's blended component unit. Housing assistance payments made by the Housing Choice Voucher and Shelter Plus Care Programs to Casa Del Rio Senior Housing (CDR) totaled $8,535 for the fiscal year ended March 31, 2015.

The Authority recognized $52,452 in management fee revenue earned from CDR during the current fiscal year. Management fees expensed to CDR for its fiscal year ended December 31, 2014 were $48,941. The difference of $3,511 is due to the differing fiscal year ends of these two funds and is not significant to either fund.

The Authority utilizes a Central Office Enterprise Fund to account for administrative costs that are not charged to its Public Housing and Housing Choice Voucher Enterprise Funds. The Housing Choice Voucher Enterprise Fund paid management fees and bookkeeping fees in the amount of $1,251,768 and $566,715, respectively. The Public Housing Enterprise Fund paid property management, bookkeeping, and asset management fees in the amount of $977,564, $93,397, and $65,160, respectively. The Shelter Plus Care Enterprise Fund was allocated a portion of the Central Office overhead costs in the amount of $56,048. These costs, totaling $3,010,652, are reported as other revenue in the Central Office Enterprise Fund and administrative expenses of the Public Housing, Housing Choice Voucher, and Shelter Plus Care Enterprise Funds.

The Authority is required by HUD to pay HAP on behalf of other authorities with Housing Choice Voucher Program participants residing within Contra Costa County. The Authority is reimbursed for this HAP from the initiating housing authority. HUD requires this HAP

Note 1 (continued)

to be reported as an expense when paid to the landlord and as income when reimbursed from the initiating housing authority. For the current fiscal year, the Authority received reimbursement of $934,719 in HAP paid on behalf of other housing authorities. This amount is therefore reported as revenue and expense of the Housing Choice Voucher Enterprise Fund.

CDR Inc earns interest of $13,912 on its loan with the Authority of $185,000. CDR Inc has agreed to give the interest back to the Authority as a charitable contribution. This interest revenue and expense are reported within the blended component unit enterprise fund.

Interfund transfers of $12,538 were made between the Authority's two loan programs to cover operating costs. The Rental Rehabilitation Enterprise Fund transferred funds to the CDBG Rental Rehabilitation Enterprise Fund.

Interfund transfers of $138,853 were made from the Housing Choice Voucher Enterprise Fund to the Moderate Rehabilitation and Shelter Plus Care Enterprise Funds to cover direct operating costs due to grant funding shortages.

Intrafund operating transfers of $469,378 were made within the Public Housing Enterprise Fund. This represents the use of Capital Fund grants for Public Housing operating costs.

Interfund revenues and expenses of $3,068,128 have been eliminated from the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. This amount includes the interfund HAP, management fees, bookkeeping fees, and asset management fees. The transfers net to zero and are not reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. For further detail, please see the Financial Data Schedule found in the Supplementary Information section of this report.

The elimination of this interfund activity is a change from the prior year's treatment of the same activity. The prior year financial statements included this interfund activity on separate lines to emphasize the nature of the activity.

F. Cash and Investments

Cash includes amounts in demand deposits and saving accounts. Investments are reported in the accompanying statement at market value. All of the Authority's investments can be converted to cash in a relatively short amount of time. Therefore, all cash and investments are used in the Statement of Cash Flows.

Note 1 (continued)

Changes in fair value that occur during a fiscal year are recognized as *interest income* reported for that fiscal year. *Interest income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The Authority pools cash and investments of all programs. Each program's share in this pool is displayed in the accompanying Financial Data Schedule as *cash and investments*. Interest income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

G. Accounts Receivable

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

H. Capital Assets

Capital assets, which include property, plant and equipment, acquired for Proprietary Funds are capitalized in the respective funds to which they apply. The Authority has an established capitalization policy, which requires all acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets to be capitalized. Property and equipment are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest expense incurred during the development period is capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets used by Proprietary Funds is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. Capital assets are being depreciated using the straight-line basis over the useful lives of the assets. The useful lives are generally 27.5 years for buildings, 10 years for modernization, 5 years for vehicles, furniture and equipment, and 3 years for computer equipment. Salvage value on all depreciable equipment is assumed to be insignificant and therefore valued at $0.

I. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from

Note 1 (continued)

service with the Authority. All vacation pay is accrued when incurred and allocated to the appropriate proprietary fund. Total liability for the Authority is $361,681 based on year-end hourly rates. Of this amount $254,599 is considered by the Authority to be a current liability.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The Authority does not have any deferred outflows of resources as of March 31, 2015.

In addition to liabilities, the Statement of Financial Position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of March 31, 2015.

K. Net Position

Net position represents the differences between assets and liabilities. Net position consists of net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowing used for acquisition, construction, or improvement of those assets (excluding interfund borrowing and including accrued interest). Net position is reported as restricted when there are limitations imposed on its use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

L. Income Taxes

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

M. Budgets and Budgetary Accounting

The Board of Commissioners adopts an operating budget effective April 1 annually. This budget may be revised by the Board of Commissioners during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption.

(Continued)

Note 1 (continued)

N. 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.

O. Encumbrances

Encumbrance accounting is not employed by the Authority.

P. Grant Restrictions

The Authority has received loans and grants from the U.S. Department of Housing and Urban Development. The grants require that only individuals and families that meet various income, age and employment standards be housed or aided.

Q. Cost Allocation Procedures

Cost allocation procedures are divided into one of the following three methods, 1) Direct Costs, 2) Indirect Costs, 3) Fee for Service.

Direct Allocation Method: this method is used when the cost being incurred directly benefits a specific "program, region, development, project or site". Allocation at the regional, development, project or site level shall be allocated by using the ratio of number of bedrooms managed (zero bedroom units will count as 1). Allocation at the Program level will be based on a common factor within the program area, such as units within a grant, grant award amounts, or other reasonable factors where allowed.

Indirect Allocation Method: this method is used when the cost being incurred is for a common or joint objective and therefore does not directly benefit a specific "program, region, development, project or site". These costs will be allocated using a ration from direct salary allocation plan consistent with OMB Circular A-87. The direct salary allocation plan will be established annually as a part of the annual budget process.

Fee for Service Method: this method is used when an employee performs work outside of their budgeted allocation. The fee for service method will reduce the allocations of salary and benefits from the program that the position was originally budgeted for. This method should be documented on a time reporting process, either by way of time card or activity log or both.

Note 1 (continued)

R. Loan Costs

The Authority has implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities.* The Statement requires that debt issuance costs be reported as expenses when incurred since they no longer meet the definition of an asset. The component units are nonprofit public benefit corporations and limited partnerships and they follow the guidance of the Financial Accounting Standards Board for their financial reporting. Certain recognition criteria and presentation features are different from GASB. For instance, these entities report debt issuance costs as an asset amortized over time. No modifications have been made to the audited financial information as presented. The unamortized value of the loan costs does not have a material effect on the Authority's net position. Net loan costs of $31,108 are reported as other noncurrent assets of the primary government, for the blended component units, and $90,815 as other noncurrent assets of the component units, for the discretely presented component units.

S. New GASB Pronouncements

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No 27*, is effective for financial statements for periods beginning after June 15, 2014. This statement improves financial reporting for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Management has updated Note 12, Retirement Plan, to comply with GASB Statement No. 68. The Authority has not recorded the unfunded liability to the books of accounts due to the timing outlined in the GASB release. Management anticipates that the full implementation of this Statement will have a material impact on the financial statements beginning next year.

(Continued)

Note 2 - CASH AND INVESTMENT

Cash and investments as of March 31, 2015 are classified in the accompanying financial statement as follows:

Statement of net position:	
Cash and investments	$ 7,249,671
Restricted cash	1,165,642
Total Cash & Investments	$ 8,415,313

Demand deposits	$ 2,329,116
Investments	5,584,322
Cash held by other agencies	499,925
Cash on hand	1,950
Total Cash & Investments	$ 8,415,313

Investments Authorized by the Authority's Investment Policy

Investments authorized by the Authority are empowered by the HUD Notice 99-48 and its own investment policy to invest HUD funds in the following:

- United States Treasury Bills, Notes and Bonds;
- Obligations issued by Agencies or Instrumentalities of the U.S. Government;
- State or Municipal Depository Funds, such as the Local Agency Investment Fund (LAIF) or pooled cash investment funds managed by County treasurers;
- Insured Demand and Savings Deposits, provided that deposits in excess of the insured amounts must be 100% collateralized by federal securities;
- Insured Money Market Deposit Accounts;
- Insured SUPER NOW accounts, provided that deposits in excess of the insured amount must be 100% collateralized by federal securities;
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations, limited to no more than 30% of surplus funds;
- Repurchase/Reverse Repurchase Agreements of any securities authorized by this section; securities purchased under purchase agreements shall be no less than 102% of market value;
- Sweep Accounts that are 100% collateralized by federal securities;
- Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (Money Market Mutual Funds); Funds must carry the highest rating of at least two national rating agencies and are limited to not more than 20% of surplus funds;
- Funds held under the terms of a Trust Indenture or other contract or agreement including the HUD/PHA Annual Contributions Contract, may be invested according to the provisions of those indentures or contracts; and
- Any other investment security authorized under the provisions of HUD Notice PIH 97-41.

Note 2 (continued)

The Authority is empowered by the California Government Code (CGC) Sections 5922 and 53601 et seq and its own investment policy to invest non-HUD funds in the following:

- Bonds issued by the local entity with a maximum maturity of five years;
- United States Treasury Bills, Notes and Bonds;
- Registered state warrants or treasury notes or bonds issued by the State of California;
- Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurer, other local agencies or Joint Powers Agencies;
- Obligations issued by Agencies or Instrumentalities of the U.S. Government;
- Bankers Acceptances with a term not to exceed 270 days, limited to 40% of surplus funds; no more than 30% of surplus funds can be invested in Bankers Acceptances of any single commercial bank;
- Prime Commercial Paper with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service or Standard & Poor's Corp., limited to 15% of surplus funds; provided that if the average total maturity of all commercial papers does not exceed 31 days up to 30% of surplus funds can be invested in commercial papers.
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations, limited to not more than 30% of surplus funds;
- Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section, securities purchased under these agreements shall be no less than 102% of market value. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- Medium term notes (not to exceed two years) of U.S. corporations rated "AAA" or better by Moody's or Standard & Poor's limited to not more than 30% of surplus funds;
- Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (Money Market Mutual Funds), limited to not more than 15% of surplus funds;
- Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements;
- Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations;
- Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment least-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years, securities in this category must be rated AA or better by a national rating service and are limited to not more than 30% of surplus funds;
- Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

Note 2 (continued)

Disclosure Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market rates. See the table shown later in this note titled "Investment Disclosure" for the maturity dates for each of the Authority's investments.

Disclosures related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See the table shown later in this note titled "Investment Disclosure" for the ratings assigned to the issuer for each of the Authority's investments.

Concentration of Credit Risk

See the table shown later in this note titled "Investment Disclosure" to determine how the Authority's investments are concentrated. These investments are owned by the following programs:

Housing Choice Voucher Program	$ 2,281,044	40.85%
Public Housing Program	1,760,861	31.53%
Other State and Local Programs	1,135,093	20.33%
Central Office Cost Center	151,460	2.71%
Rental Rehabilitation Loan Program	148,575	2.66%
Casa Del Rio (blended component unit)	107,289	1.92%
Total investments	$ 5,584,322	

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires California banks and savings and loan associations to secure the Authority's deposits not covered by federal deposit insurance by pledging mortgages or government securities as collateral. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Such collateral must be held in the pledging bank's trust department in a separate depository in an account for the Authority.

Note 2 (continued)

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (broker-dealer, etc) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. 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 pools (such as LAIF).

The Authority has executed a "General Depository Agreement" with WestAmerica Bank dated October 24, 2005. This agreement states that "any portion of PHA funds not insured by a Federal insurance organization shall be fully (100%) and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD."

The Authority's exposure to custodial credit risk is as follows:

Demand deposits with banks, fully insured by FDIC	$ 250,000
Demand deposits with banks covered by depository agreements	2,061,010
Cash held by investment companies	18,106
Deposits held by CHFA	499,925
Total demand deposits and cash held by other agencies	$ 2,829,041

(Continued)

Note 2 (continued)

See the table below for information regarding the investments.

Investment Disclosure - March 31, 2015

Investment Type	Issuer	Book Value	Market Value	Maturity	Rate
Government Security	LAIF	$ 1,432,619	$ 1,433,169	N/A	
	Interest on LAIF	919	919	N/A	
Certif. Of Deposit	Goldman Sachs Bank	107,000	107,289	1/16/2018	253
Certif. Of Deposit	Mid First Bank OKH	105,000	105,917	1/30/2018	300
Certif. Of Deposit	Choice Bank	100,000	100,756	3/08/2018	205
Certif. Of Deposit	Goldman Sachs Bank	149,000	148,575	3/27/2018	253
Certif. Of Deposit	C I T Bank	105,000	105,231	4/24/2018	295
Certif. Of Deposit	American Express Cent	168,000	168,364	4/25/2018	300
Certif. Of Deposit	JP Morgan Chase	200,000	200,342	4/30/2018	199
Certif. Of Deposit	G E Capital Bank	110,000	108,889	5/03/2018	292
Certif. Of Deposit	G E Capital Bank	102,000	101,421	6/14/2018	300
Certif. Of Deposit	Sandhills Bank	100,000	101,597	7/26/2018	146
Certif. Of Deposit	Sallie Mae Bank	100,000	101,629	10/23/2018	300
Certif. Of Deposit	Bank of Baroda	125,000	126,755	10/29/2018	150
Certif. Of Deposit	Sallie Mae Bank	100,000	102,131	10/30/2018	300
Certif. Of Deposit	G E Retail Bank	100,000	101,511	12/06/2018	300
Certif. Of Deposit	BMW Bank of No. America	150,000	151,460	5/16/2019	300
Certif. Of Deposit	Northwest Bank	110,000	110,893	7/18/2019	222
Certif. Of Deposit	Barclays Bank	100,000	100,741	7/23/2019	300
Certif. Of Deposit	American Express FSB	110,000	110,777	8/14/2019	300
Certif. Of Deposit	American Express FSB	110,000	110,777	8/14/2019	300
Certif. Of Deposit	Discover Bank	127,000	127,616	10/01/2019	300
Certif. Of Deposit	Goldman Sachs Bank	100,000	100,811	10/29/2019	289
Certif. Of Deposit	Capital One Bank	120,000	120,946	11/05/2019	300
Certif. Of Deposit	Capital One Bank	100,000	100,788	11/05/2019	300
Certif. Of Deposit	Kansas State Bank	200,000	201,250	12/19/2019	287
Certif. Of Deposit	Sychrony Bank	100,000	99,811	3/20/2020	200
Gov't Agency	Federal Home Loan Mtg Corp	100,000	99,839	8/01/2019	AAA
Gov't Agency	Federal Home Loan Mtg Corp	200,000	199,968	8/02/2019	AAA
Gov't Agency	Federal Home Loan Mtg Corp	535,000	534,914	8/22/2019	AAA
Gov't Agency	Federal Home Loan Mtg Corp	150,000	148,752	10/02/2019	AAA
Gov't Agency	Fannie Mae	150,000	151,035	1/21/2020	AAA
Total Investments		$ 5,566,538	5,584,873		
Investments reported below market value			(550)		
Total Investments reported			$ 5,584,323		

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each government agency may invest up to $30,000,000 in each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to

Note 2 (continued)

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 March 31, 2015, an account was maintained in the name of the Housing Authority of the County of Contra Costa for $1,432,619. The total cost value of investment in LAIF was $1,432,619. The total fair value of investments in LAIF was $1,433,169. The fair value total includes an unrealized gain on investments of $550. The unrealized gain was based on a fair value adjustment factor of 1.000383728 that was calculated by the State of California Treasurer's Office. The unrealized gain was not recorded by the Authority and is considered immaterial. Of the $1,432,619 invested in LAIF, $1,433,538 is recorded as assets of the Authority. The difference includes $919 of interest receivable from LAIF as of March 31, 2015, shown by the Authority as investments.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At March 31, 2015, the fair value of the State of California Pooled Money Investment Account (PMIA), including accrued interest, was $62,552,682,673. The PMIA portfolio had no securities in the form of structured notes and asset-backed securities totaling $1,005,984,000. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Boards on an annual basis. LAIF's and the Authority's exposure to credit, market, or legal risk is not available.

During 2002, California Government code was added to the LAIF's enabling legislation stating that "the right of a city, county...special district...to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year." In addition, it has been determined that the State of California cannot declare bankruptcy under Federal regulations. This allows other government code stating that "money placed with the State Treasurer for deposit in the LAIF shall not be subject to ...transfer or loan...or impound or seizure by any state official or state agency" to stand.

(Continued)

Note 3 - RESTRICTED CASH

Restricted cash consists of funds for replacement and operating reserves required by the lender and funds being held by the Authority on behalf of its clients. The balances are as follows:

Tenant security deposits - Public Housing	$ 330,072
Family Self Sufficiency Program participant's escrow funds	316,708
Blended component unit - Casa Del Rio:	
Funds held by CHFA:	
Replacement reserve	253,982
Operating reserve	227,892
Hazard and earthquake insurance impounds	18,051
Tenant security deposits	18,937
Total restricted cash	$ 1,165,642

The funds held by the California Housing Finance Agency (CHFA) can only be used for major repairs or insurance, upon receipt of prior written approval from CHFA. These amounts are also reported as restricted net position (see also Note 10).

The amounts held by the Authorities for program participants of the FSS program and for tenant security deposits are reported as payable from restricted assets.

Please see the prior note to determine interest rates and credit risks for the above restricted cash.

Note 4 - NOTES RECEIVABLE

A schedule of changes in notes receivable is as follows:

	Balance 3/31/14	Loans Issued	Loans Repaid	Balance 3/31/15	Long-term Portion	Short-term Portion
CDBG Loan Program	$ 420,444	$ -	$ (508)	$ 419,936	$ 419,936	$ -
Rental Rehab. Program	54,030	-	-	54,030	54,030	-
Employee computer loans	10,990	10,618	(11,073)	10,535	-	10,535
DeAnza Gardens LP	1,000,000	-	-	1,000,000	1,000,000	-
	1,485,464	10,618	(11,581)	1,484,501	1,473,966	10,535
Interfund:						
CDR from mgmt fund	185,000	-	-	185,000	185,000	-
Totals	$ 1,670,464	$ 10,618	$ (11,581)	$ 1,669,501	$ 1,658,966	$ 10,535

Interest on these loans is a follows:

	Balance 3/31/14	Interest Accrued	Interest Repaid	Balance 3/31/15	Long-term Portion	Short-term Portion
CDBG Loan Program	$ 100,588	$ 12,450	$ (3,923)	$ 109,115	$ 109,115	$ -
Rental Rehab. Program	10,906	1,620	-	12,526	12,526	-
DeAnza Gardens LP	390,107	30,000	-	420,107	420,107	-
Totals	$ 501,601	$ 44,070	$ (3,923)	$ 541,748	$ 541,748	$ -

Note 4 (continued)

The Authority has made deferred payment loans to individuals and organizations under the County's Community Development Block Grant (CDBG) and Rental Rehabilitation (RR) Programs. These loans are secured by deeds of trust in the name of the County of Contra Costa or the City of Antioch. These programs are revolving loan programs administered by the Authority. Any repayments of outstanding loans, or interest on the loans, must be used for new loans or program administration as authorized by the County or the City of Antioch. These loans typically earn 3% interest per annum. These notes receivable, along with all of the accrued interest, are offset by an equal amount shown in other noncurrent liabilities (See Note 10).

The Authority administers an employee loan program whereby employees can borrow funds for the purpose of purchasing a computer to be used at home. These loans accrue no interest. Payments are made through the payroll system.

Pursuant to a demand note dated June 30, 1994, the Authority may be liable to HACCC Casa Del Rio, Inc for $185,000. Although the note is due upon demand, the maturity date is December 31, 2059. The note will be called prior to maturity only in the event that there are operating deficits and there is insufficient cash available to cover expenses.

The Authority has also issued a note to the DeAnza Gardens, L.P., which is a discretely presented component unit of the Authority (see Note 1.B.). The note bears simple interest at the rate 3% per annum, payments are due commencing on October 1, 2005, but are payable only to the extent of the previous years' excess/distributable cash, and is due June 2043. No payments, of interest or principal, have been received on this loan.

Not shown on the previous schedule, the DeAnza Housing Corporation issued a note in the amount of $1,000,000 bearing simple interest at 6.8%, to be paid in full June 2043. This second note is an intra-fund transaction. DeAnza Gardens L.P. owes the DeAnza Housing Corporation. This loan has been eliminated from the discretely presented component unit column of the Statement of Net Position. Since this loan does not effect the Authority, it is not shown in the table on the prior page.

(Continued)

Note 5 - CAPITAL ASSETS

Capital asset activity for the year ending March 31, 2015.

	March 31, 2014	Additions	Transfers	Deletions	March 31, 2015
Capital assets, not being depreciated:					
Land	$ 1,825,993	$ -	$ -	$ -	$ 1,825,993
Construction in progress	798,102	528,673	(756,999)	-	569,776
Total	2,642,095	528,673	(756,999)	-	2,395,769
Capital assets depreciated:					
Buildings and improvements	96,430,183	55,559	756,999	-	97,242,741
Equipment	2,436,074	44,015	-	-	2,480,089
Total capital assets being depreciated	98,866,257	99,574	756,999	-	99,722,830
Total capital assets	101,490,352	628,247	-	-	102,118,599
Accumulated depreciation:					
Buildings and improvements	(83,562,125)	(2,117,346)	-	-	(85,679,471)
Equipment	(2,243,256)	(104,722)	-	-	(2,347,978)
Total accumulated depreciation	(85,805,381)	(2,222,068)	-	-	(88,027,449)
Total capital assets depreciated, net	13,060,876	(2,122,494)	756,999	-	11,695,381
Total capital assets, net	$ 15,684,971	$ (1,593,821)	$ -	$ -	$ 14,091,150

The changes by project are as follows:

	March 31, 2014	Additions	Transfers	Deletions	March 31, 2015
TOTAL CAPITAL ASSETS:					
Public Housing	$ 89,924,929	$ 553,892	$ -	$ -	$ 90,478,821
Housing Choice Voucher	4,119,864	16,617	-	-	4,136,481
Section 8 Moderate Rehab	168,778	-	-	-	168,778
Shelter Plus Care	2,412	-	(2,412)	-	-
CDBG Loan	3,937	-	-	-	3,937
Management Fund	75,115	-	-	-	75,115
Central Office Cost Center	142,386	2,180	2,412	-	146,978
Blended Component Units:					
Casa Del Rio	7,052,931	55,558	-	-	7,108,489
Total capital assets	101,490,352	628,247	-	-	102,118,599

(Continued)

Note 5 (continued)

	March 31, 2014	Additions	Transfers	Deletions	March 31, 2015
DEPRECIATION:					
Public Housing	(80,399,901)	(1,868,060)	-	-	(82,267,961)
Housing Choice Voucher	(1,577,422)	(148,290)	-	-	(1,725,712)
Section 8 Moderate Rehab	(168,778)	-	-	-	(168,778)
Shelter Plus Care	(2,142)	-	2,142	-	-
CDBG Loan	(3,467)	(445)	-	-	(3,912)
Management Fund	(75,114)	-	-	-	(75,114)
Central Office Cost Center	(121,291)	(20,507)	(2,142)	-	(143,940)
Blended Component Units:					
Casa Del Rio	(3,457,266)	(184,766)	-	-	(3,642,032)
Total depreciation	(85,805,381)	(2,222,068)	-	-	(88,027,449)
Net	$ 15,684,971	$ (1,593,821)	$ -	$ -	$ 14,091,150

Note 6 - LONG TERM DEBT

The following is a schedule of the changes in long-term debt for the current fiscal year:

	Balance 3/31/2014	Loans Issued	Payments	Balance 3/31/2015	Short-term Portion	Long-term Portion	Interest Payable
Energy equipment lease	$ 396,117	$ -	$ (153,926)	$ 242,191	$ 160,650	$ 81,541	$ -
Office building mortgage	2,464,485	-	(76,111)	2,388,374	79,950	2,308,424	-
Blended component units:							
Casa Del Rio:							
CHFA	381,956	-	(22,843)	359,113	24,690	334,423	-
RHCP	2,626,618	-	-	2,626,618	-	2,626,618	1,646,316
	5,869,176	-	(252,880)	5,616,296	265,290	5,351,006	1,646,316
Interfund:							
Mgmt Fund to CDR	185,000	-	-	185,000	-	185,000	-
Totals	$ 6,054,176	$ -	$ (252,880)	$ 5,801,296	$ 265,290	$ 5,536,006	$ 1,646,316

Following is a schedule of debt payment requirements to maturity for the mortgages noted above that require payments:

	Energy Lease Loan		Office Building		CHFA		
Year ending	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	$ 160,650	$ 7,386	$ 79,950	$ 125,538	$ 24,690	$ 27,141	$ 425,355
2017	81,541	1,018	2,308,424	101,628	26,686	25,145	2,544,442
2018	-	-	-	-	28,843	22,988	51,831
2019	-	-	-	-	31,175	20,656	51,831
2020	-	-	-	-	33,696	18,135	51,831
2021-2025	-	-	-	-	214,023	45,132	259,155
	$ 242,191	$ 8,404	$ 2,388,374	$ 227,166	$ 359,113	$ 159,197	$ 3,384,445

(Continued)

Note 6 (continued)

On April 8, 2003, the Authority entered into an energy services agreement with EUA Citizens Conservation Services, Inc. (Citizens). Citizens prepared an energy audit which generated a report and plan of action. Citizens proposed installing certain energy saving equipment in the housing units of the Public Housing Program. The Authority agreed to pay for the purchase and installation of this equipment in an amount not to exceed $1,570,465. Citizens guarantees the Authority a specific level of cost savings due to the installation of the equipment for a period of twelve years. The costs savings is guaranteed by Citizens to exceed the Authority's debt service on the financing associated with the purchase and installation of this equipment. At the end of the twelve year period the title to the equipment will pass to the Authority. The $1,570,465 to fund this equipment lease and installation activity was borrowed from WestAmerica Bank. The loan is due in monthly installments of $14,003. The Authority began making these monthly payments during the fiscal year ended March 31, 2005. The payments will continue through September 2016. Interest accrues on this loan at a rate of 4.330% per annum. Interest in the amount of $14,109 was paid and expensed during the year.

During December 2006, the Authority purchased an office building to house the staff of their Housing Choice Voucher Program. To facilitate this purchase, the Authority borrowed $2,847,500 from WestAmerica Bank on December 15, 2006. Originally, the interest on this loan was 6.75% per annum. The interest rate decreased to 6% in 2012 and 5.25% in 2013. Currently, the loan requires a monthly payment of $17,124. A balloon payment of $2,247,471 will be due on January 1, 2017, when the note becomes due. Interest in the amount of $129,374 was paid and expensed during the year.

The California Housing Finance Agency note, received through the State of California, is dated November 14, 1994. The original amount borrowed was $600,000. The loan carries a simple interest rate of 7.8% per annum. Principal and interest are payable in monthly installments of $4,319. The note is due in full December 2024. Interest in the amount of $28,987 was paid and expensed during the calendar year ended December 31, 2014.

The Rental Housing Construction Program note, received through the State of California, is dated January 15, 1993. The original amount borrowed was $2,626,618. The loan accrues interest at a rate of 3% per annum. Payments are required on this loan only to the extent that the Casa Del Rio project has surplus cash. This note and interest on the note are due June 5, 2054. No principal or interest payments were made on this loan during the year ended December 31, 2014. Interest was expensed in the amount of $78,787. The amount of deferred interest accrued as payable as of the end of the fiscal year was $1,646,316. The entire amount is considered to be long-term and is shown as other noncurrent liabilities. See also Note 9.

(Continued)

Note 6 (continued)

Pursuant to a demand note dated June 30, 1994, the Authority may be liable to HACCC Casa Del Rio, Inc for $185,000. Although the note is due upon demand, the maturity date is December 31, 2059. The note will be called prior to maturity only in the event that there are operating deficits and there is insufficient cash available to cover expenses.

Note 7 - PAYMENT IN LIEU OF TAXES

In connection with the Public Housing Program, the Authority is obligated to make annual payments in lieu of property taxes based on the lesser of 25% of the assessable value of owned housing, times the current tax rate; or 10% of the dwelling rents, net of utilities expense. At March 31, 2015, $90,962 was expensed for payment in lieu of taxes. Approximately 75% is payable as of March 31, 2015 and is shown as *Due to Other Agencies*.

Note 8 - UNEARNED REVENUE

Unearned revenue consists of:

Prepaid rent - Public Housing	$ 13,731	
Casa Del Rio	62	$ 13,793
Revolving loan funds held for future expenditures:		
Rental Rehabilitation		194,523
FSS grant proceeds received, but not yet earned		5,806
Prepaid portability payments from other agencies		6,653
		$ 220,775

Note 9 - OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities consist of:

Loan liability:		
CDBG:		
Notes receivable (See also Note 4)	$ 419,936	
Interest on notes receivable (See also Note 4)	109,115	$ 529,051
Rental Rehabilitation:		
Notes receivable (See also Note 4)	54,030	
Interest on notes receivable (See also Note 4)	12,526	66,556
Housing Choice Voucher Program		146,899
Long term portion of the interest payable on the RHCP loan - a liability of the blended component unit, Casa Del Rio (See also Note 6)		1,646,316
Post retirement benefits payable (See also Note 12)		2,395,321
		$ 4,784,143

(Continued)

Note 10 - NET POSITION

A. Net investment in capital assets

Net investment in capital assets consists of the following:

Capital assets, net of depreciation (see Note 5)	$	14,091,150
Long term debt (omitting interfund balances) (see Note 6)		(5,616,296)
Accrued interest on long term debt (see Note 6 & 9)		(1,646,316)
Net investment in capital assets	$	6,828,538

B. Restricted Net Position

Net position is reported as restricted when constraints placed on the net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Authority has reported $499,925 as restricted net position. This restricted net position is associated with the Casa Del Rio Senior Housing, represents replacement and operating reserves required by CHFA, is being held by CHFA, and is fully funded. See also Note 3.

In 2012, HUD implemented cash management procedures which mitigated the accumulation of excess HAP in Net Restricted Asset accounts by PHAs. These procedures based the payment of HAP on actual need reported by PHAs in the Voucher Management System (VMS). Any excess allocation will now be held by HUD until PHAs demonstrate need for the disbursement of the funds. The change in the Authority's Net Restricted Asset account for the Housing Choice Voucher Program is as follows:

Balance as of March 31, 2014	$	2,692,898
Use of excess HAP funding		(2,739,446)
FSS forfeitures, including associated interest		46,501
Interest		47
Balance as of March 31, 2015	$	-

Note 11 - RETIREMENT PLAN

A. Plan Description

The Authority participates in a cost-sharing multiple-employer defined benefit retirement plan that is administered by the Contra Costa County Employees' Retirement Association (CCERA) under the County's Employee's Retirement Law of 1937 (1937 Act) and the Public Employee's Pension Act of 2013 (PEPRA).

(Continued)

Note 11 (continued)

All full-time employees of the Authority participate in this plan. The plan provides death, disability and service retirement benefits, in accordance with the 1937 Act. Annual cost-of-living adjustments (COLA) to retirement benefits can be granted by the Retirement Board as provided by State statutes. Benefits are based on the employee's highest level of annual salary, years of service and age at the time of retirement. The Authority's retirement plan had 153 participants at March 31, 2015. Employer contributions are vested (1) after 10 years of service and employee attain age 50 or (2) 30 years of service regardless of age or (3) at mandatory age regardless of the amount of service.

B. Funding Information

Employees contribute to the retirement system through biweekly payroll deductions. The rate of contribution for employees is determined by numerous factors at the time of entrance into the system. Employee contributions and interest thereon may be withdrawn only at termination of employment or at retirement.

Information on contributions for the last six years is as follows:

Fiscal Year Ended	Payroll Subject to Contribution	Employer Contribution	As a Percentage of Payroll	Employee Contribution	As a Percentage of Payroll
3/31/2010	$ 5,345,205	$ 1,760,494	32.94%	$ 371,528	6.95%
3/31/2011	$ 5,227,243	$ 1,806,368	34.56%	$ 370,477	7.09%
3/31/2012	$ 5,057,120	$ 1,916,003	37.89%	$ 322,557	6.38%
3/31/2013	$ 4,922,992	$ 1,821,886	37.01%	$ 367,216	7.46%
3/31/2014	$ 4,647,605	$ 1,761,687	37.91%	$ 330,230	7.11%
3/31/2015	$ 4,755,988	$ 2,239,997	47.10%	$ 366,222	7.70%

The most recent actuarial report dated December 31, 2014 by CCERA reflects that the Housing Authority has Allocated Value of Assets in the amount of $43,323,543, or .0066% of CCERA's total Assets. The report does not specify the balance of unfunded liability associated with the Authority. The total unfunded liability of the entire plan was reported to be $1,469,942,112. Using the ratio of the Allocated Value of Assets of .0066% of total liabilities would put the Housing Authority's estimated unfunded liability at $9,701,618. See also Note 1.S.

The ten-year trend analysis and other disclosures required by U.S. generally accepted accounting principles are described in the financial statements of the Contra Costa County Employees' Retirement Association (CCCERA). CCCERA is a component unit of the County of Contra Costa and is reported as a pension trust fund in their basic financial statements. Complete audited financial statements may be obtained from the administrative offices of CCCERA 1355 Willow Way, Suite 221, Concord, CA 94520.

(Continued)

Note 12 - POST EMPLOYMENT HEALTHCARE PLAN

Plan Description: Contra Costa County Housing Authority (CCCHA) provides a defined benefit health care program to its retired employees and their dependents. Benefits include coverage in the Kaiser health and dental plans administered by CCCHA. Benefit provisions are established and amended through negotiations between CCCHA and the respective unions and employee groups. CCCHA does not issue a publicly available financial report for the retiree health care program.

Eligibility: CCCHA retirees are eligible for membership in the plans upon retirement (drawing a pension from Contra Costa County Employee Retirement Association (CCCERA) or CalPers). No provision currently exists for members in deferred retirement status.

Retirees and beneficiaries receiving benefits	59
Active plan members	76
Total	135

Funding Policy: The contribution requirements of program members and CCCHA are determined by negotiations between CCCHA and the respective unions and employee groups. The required employer contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015 CCCHA contributed $259,871 to the plan to cover the annual pay-as-you-go cost. There is currently no requirement for employees to contribute to the plan.

Annual Other Post Employment Benefit (OPEB) Cost and Net OPEB Obligation: The CCCHA's annual OPEB costs (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Interest on net OPEB obligation is based on the actuarial interest rate of 4.5% and is computed on the unfunded amount.

The most current actuarial report calculated these amounts for the fiscal year ended March 31, 2015. The following table shows the components of the CCCHA's annual OPEB cost for the past three years, the amount actually contributed to the plan, and changes in the CCCHA's net OPEB obligation.

(Continued)

Note 12 (continued)

	3/31/2015	3/31/2014	3/31/2013
Present value of the Actuarial Accrued Liability	$ 5,016,892	$ 5,365,137	$ 5,224,097
Normal costs	$ 183,002	$ 190,278	$ 190,278
Amortization of UAAL	192,785	221,311	215,493
Interest on net OPEB obligation at beginning of year	91,033	96,656	90,572
ARC adjustment for current fiscal year	(87,455)	(88,601)	(83,024)
Annual OPEB cost/Annual Required Contribution	379,365	419,644	413,319
Contributions made	(259,871)	(291,724)	(278,133)
Increase in net OPEB obligation	119,494	127,920	135,185
Net OPEB obligation - Beginning of year	2,275,827	2,147,907	2,012,722
Net OPEB obligation - End of year	$ 2,395,321	$ 2,275,827	$ 2,147,907

The CCCHA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Pay-as-you-go Employer Contributions	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
3/31/2011	$ 414,017	$ 247,213	59.71%	$ 1,831,697
3/31/2012	$ 433,041	$ 252,016	58.2%	$ 2,012,721
3/31/2013	$ 413,319	$ 278,133	67.3%	$ 2,147,907
3/31/2014	$ 419,644	$ 291,724	69.52%	$ 2,275,827
3/31/2015	$ 379,367	$ 259,724	68.46%	$ 2,395,321

Funding Status and Funding Progress: The most recent actuarial valuation dated April 1, 2014, reflects a accrued liability for benefits of $5.0 million, therefore, unfunded actuarial accrued liability as a percentage of covered payroll is 105.61%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 53, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Note 12 (continued)

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

The funding method used was the Entry Age Normal Cost method and assuming an open 30-year amortization of the Unfunded Actuarial Liability using the level percent of payroll amortization method. The valuation results are based on a 4.5% discount rate assuming that the CCCHA continues pay-as-you-go funding of its post-employment benefit program.

Note 13 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Mass Mutual Financial Group. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

A total of $2,770,563 is being held by Mass Mutual Financial Group on behalf of the Authority's employees. These funds are not recorded as assets of the Authority since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of the Authority's general creditors.

(Continued)

Note 14 - RELATED PARTIES

Casa Del Rio Housing - Blended Component Unit

Organization:

Casa Del Rio Housing is made up of HACCC Casa Del Rio, Inc (A California Nonprofit Public Benefit Corporation) and CDR Senior Housing Associates (A California Limited Partnership). HACCC Casa Del Rio, Inc. is the general partner of CDR Senior Housing Associates. The officers and Board members of HACCC Casa Del Rio, Inc. are employees of the Authority. The partnership was formed in 1994 to develop and operate an 82-unit affordable housing rental complex located in Antioch, California, which is currently known as Casa Del Rio Senior Housing.

Pursuant to the Indemnification Agreement dated July 1, 1994, by and among the Authority, HACCC Casa Del Rio, Inc., CDR Senior Housing Associates, and MHIFED I Limited Partnership, the Authority could possibly be liable for unpaid taxes, interest and penalties, cost to contest, operating deficiency and expenses of enforcement as identified in the Agreement.

Pursuant to the Operating Deficit Guaranty Agreement dated July 1, 1994, by the Authority to and for the benefit of MHIFED I Limited Partnership, the Authority can possibly be liable for operating deficit and expenses of enforcement as identified in the Agreement.

Pursuant to the Indemnity Agreement, dated July 1, 1994, by the Authority to and for the benefit of CDR Senior Housing Associates and MHIFED I Limited Partnership, the Authority can possibly be liable for any costs, expenses, and liabilities arising out of claims made by FPI (FPI Real Estate Group, FPI Mortgage Co. and FPI Management, Inc.) under the Development Agreement.

Pursuant to the Demand Note dated June 30, 1994, from the Authority to HACCC Casa Del Rio, Inc., the Authority can possibly be liable to HACCC Casa Del Rio, Inc. for $185,000. Although the note is due upon demand the maturity date is December 31, 2059, the note will be called prior to maturity only in the event that there are operating deficits and there is not sufficient cash available to cover expenses. This note is recorded as both an interfund note receivable and note payable (see Notes 4 and 6).

Pursuant to the Assignment and Assumption Agreement, the Authority can possibly be liable for any and all claims relating to the Assignment and Assumption Agreement arising prior to the date of the Assignment and Assumption Agreement.

Pursuant to the Department of Housing and Community Development Rental Housing Construction Program First Amendment to the Regulatory Agreement (the "Amended HCD

(Continued)

Note 14 (continued)

Agreement") dated November 14, 1994, by and among the Department of Housing and Community Development, CDR Senior Housing Associates, and the Authority; the Authority can possibly be liable for a sponsor's operating guaranty to provide sufficient staff or equipment to the general partner, as needed and remedies against sponsor for default under the Amended HCD Agreement.

Since HACCC Casa Del Rio, Inc (CDR Inc) and CDR Senior Housing Associates (CDR Associates) have the potential to impose a financial burden on the Authority, these entities have been included in the Authority's financial statements as a blended component unit. The fiscal year end of these blended component units is December 31. Audits were conducted on these entities as of December 31, 2014, by Linquist, Von Husen, & Joyce, LLP. The opinions were not modified. These audit reports may be obtained by contacting the Authority at the address on page 11. The Authority reports the balances for these blended component units as of December 31, 2014, which differs from that of the Authority's fiscal year end of March 31, 2015. The balances at each fiscal year end do not differ materially. Modification were made to the audited financial statements to conform with the reporting categories of the Authority. Specifically, net assets reported in the audit were converted to the three categories of net position in conformity with the Authority's reporting practices.

Condensed Financial Statements:

The condensed financial statements for HACCC Casa Del Rio, Inc. and subsidiary as of and for the year ended December 31, 2014, are as follows:

STATEMENT OF NET POSITION

Current assets	$ 172,640
Restricted assets	518,862
Property and equipment	3,466,457
Other non-current assets	216,108
Total assets	$ 4,374,067
Current liabilities	$ 34,965
Payable from restricted assets	38,004
Long term liabilities	4,878,839
Total liabilities	4,951,808
Net investment in capital assets	(1,165,590)
Restricted net position	499,925
Unrestricted net position	87,924
Total net position	(577,741)
Total liabilities and net position	$ 4,374,067

(Continued)

Note 14 (continued)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Rental revenue	$ 510,057
Interest and other revenue	6,075
Total revenue	516,132
Administrative expenses	195,954
Utility expenses	81,466
Maintenance expenses	135,205
General expenses	47,858
Depreciation	184,766
Total expenses	645,249
Operating income (loss)	(129,117)
Debt service interest	(107,774)
Amortization	(3,142)
Change in net position	(240,033)
Net position at the beginning of the year - 1/1/2014	(337,708)
Net position at the end of the year - 12/31/2014	$ (577,741)

STATEMENT OF CASH FLOWS

Net cash provided (used) by:	
Operating activities	$ 93,816
Noncapital financing activities	(55,489)
Capital financing activities	(107,388)
Investing activities	1,106
Net change in cash	(67,955)
Cash at the beginning of the year - 1/1/2014	713,620
Cash at the end of the year - 12/31/2014	$ 645,665

Interfund accounting issues:

Operating advances made by the Authority were $294,967 as of March 31, 2015. The interfund balance as of December 31, 2014 was $271,482 and was reported as non-current related party payable by the other auditors. The Statement of Net Position - Proprietary Funds, reported as of March 31, 2015, shows $271,482 as both a noncurrent asset and as a noncurrent liability. The difference of $23,485, due to the timing differences of the fiscal year ends, is shown as "other" noncurrent assets.

During the fiscal year ended December 31, 2014, CDR Associates paid management fees to the Authority in the amount of $52,452. Some of the Casa Del Rio Senior Housing tenants (2 as of December 31, 2014) are also participants in the Authority's Housing Choice Voucher or Shelter

Note 14 (continued)

Plus Care Programs. The rent for these tenants is subsidized by HUD through the Authority. During the twelve months ended March 31, 2015, the Authority's Housing Choice Voucher and Shelter Plus Care Programs paid a total of $8,535 in HAP payments to CDR Associates.

CDR Inc earns interest of $13,912 on its loan with the Authority of $185,000. CDR Inc has agreed to give the interest back to the Authority as a charitable contribution. This interest revenue and expense are reported within the blended component unit enterprise fund.

Intrafund accounting issues:

The intrafund amounts which have been eliminated as of March 31, 2015, from the Casa Del Rio Blended Component Unit Enterprise Fund for inclusion into the Fund Financial Statements include:

- $116,530 receivable/payable between CDR Inc and CDR Associates
- $876,165 investment in partnership recorded as an liability of CDR Inc and net position of CDR Associates.
- $15,000 managements fees reported as revenue to CDR Inc and expenses of CDR Associates.

Deficit Net Position

These blended component units combined, have a deficit net position $577,741.

<u>DeAnza - Discretely Presented Component Units</u>

Organization:

The discretely presented component units are DeAnza Housing Corporation (A California Nonprofit Public Benefit Corporation) and DeAnza Gardens, L.P. (A California Limited Partnership). The Authority is the General Partner and DeAnza Housing Corporation is the managing general partner of DeAnza Gardens, L.P. The partnership was formed for the purpose of acquisition, ownership, maintenance, and operation of 180 multi-family rental housing units and the provision of low-income housing through the construction, renovation, rehabilitation, operation, and leasing of an affordable housing development located in Contra Costa County, which is currently known as DeAnza Gardens.

DeAnza Housing Corporation (DeAnza Corp) and DeAnza Gardens L.P. (DeAnza L.P.) have been reported as discretely presented component units of the Authority. The fiscal year end of these discretely presented component units is December 31. Audits were conducted on these entities as of December 31, 2014, by Linquist, Von Husen, & Joyce, LLP. The opinions were not modified. These audit reports may be obtained by contacting the Authority at the address on page 11. The Authority reports the balances for these discretely presented component units as of December 31,

(Continued)

Note 14 (continued)

2014, which differs from that of the Authority's fiscal year end of March 31, 2015. The balances at each fiscal year end do not differ materially. Modifications were made to the audited financial statements to conform with the reporting categories of the Authority. Specifically, net assets reported in the audit were converted to the three categories of net position in conformity with the Authority's reporting practices.

Inter-agency accounting issues:

The amounts shown as due to related parties consist of the following:

	Primary Gov't Assets 3/31/2015	Component Unit Liabilities 12/31/2014
Due to the Authority:		
Short-term for operations	$ 23,984	$ 977
Long-term:		
Interest on note	$ 420,107	$ 412,607
Land lease	852,000	834,000
Long-term for operations	517,632	536,034
	$ 1,789,739	$ 1,782,641
Due to Boston Capital - long-term		$ 22,144

The Authority's Housing Choice Voucher Enterprise Fund loaned $1 million to DeAnza Gardens L.P. The note bears simple interest at the rate 3% per annum, payments are due commencing on October 1, 2008, but are payable only to the extent of the previous years' excess/distributable cash, and is due June 2043. Interest of $30,000 was expensed during the fiscal year ended December 31, 2014. No interest has been paid to the Authority. The Authority's Housing Choice Voucher Enterprise Fund reported $420,107 due from related parties and revenue of $30,000. See Note 4.

DeAnza Gardens was built on land owned by the Authority's Public Housing Program Enterprise Fund. Based on an agreement between DeAnza Gardens L.P. and the Authority, the land is leased for $72,000 per year, payable from excess/distributable cash. Unpaid lease amounts are carried forward without interest. The Authority's Public Housing Program Enterprise Fund reported $852,000 due from related party for this lease, with $72,000 reported in the current fiscal year as fees charged to a related party (nonoperating revenue).

During the fiscal year ended December 31, 2014, DeAnza Gardens L.P. paid management fees to the Authority in the amount of $12,960. Nonoperating revenue of $12,960 is reported in the Authority's Statement of Revenues, Expenses, and Changes in Fund Net Position for the year ended March 31, 2015. Some of the DeAnza Gardens tenants (6 as of December 2014) are also

Note 14 (continued)

clients of the Authority's Housing Choice Voucher or Shelter Plus Care Program. The rent for these tenants is subsidized by HUD through the Authority. During the twelve months ended March 31, 2015, the Authority's Housing Choice Voucher Program paid $61,692 in HAP payments to DeAnza Gardens L.P..

Intrafund accounting issues:

The intrafund amounts which have been eliminated when reporting these entities in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position are:

- $1,000,000 long-term note held by DeAnza Corp from DeAnza L.P.
- $782,280 of interest on the long-term note held by DeAnza Corp from DeAnza L.P.
- $238,619 receivable recognized by DeAnza Corp from DeAnza L.P.
- $25,049 receivable recognized by DeAnza L.P from DeAnza Corp.
- $613 deficit investment in partnership reported by DeAnza Corp is offset by net position in DeAnza L.P.
- $52,223 managements fees reported as revenue to DeAnza Corp and expenses of DeAnza L.P.
- $68,000 interest revenue on the long-term debt is recognized by DeAnza Corp and expensed by DeAnza L.P.

Cash and investments:

	Unrestricted	Restricted
Demand deposits (FDIC insured up to $250,000)	$ 31,379	$ 6,476
Cash held by investment companies	-	384
Investments	-	1,004,440
Held by mortgagor	-	428,970
Cash on hand	500	-
	$ 31,879	$ 1,440,270

The demand deposits are with WestAmerica bank. The total on deposit did not exceed the amount covered by FDIC as of December 31, 2014. FDIC coverage is $250,000 for 2014. Cash and investments of $1,004,824 are held by Cantella & Co., Inc. The investments consist of six marketable certificates of deposit with face values ranging from $108,000 to $230,000.

Restricted cash consists of replacement and operating reserves required by the lender and reported as restricted net assets totaling $1,433,794. Cash has also been restricted for security deposits in the amount of $6,476. The excess of the security deposit liability of $156,066, over the cash balance represents cash held as an investment in the operating reserve account.

(Continued)

Note 14 (continued)

Capital assets:

DeAnza Gardens was completed and placed into service during the fiscal year ended December 31, 2004. DeAnza Gardens L.P.'s property and equipment are summarized as follows:

	12/31/2014	12/31/2013
Building and improvements	$ 29,505,562	$ 29,446,662
Land improvements	1,150,712	1,150,712
Off-site improvements	208,448	208,448
On-site improvements	4,028,709	4,028,709
Furniture and fixtures	488,321	488,321
	35,381,752	35,322,852
Less accumulated depreciation	(10,658,108)	(9,640,774)
	$ 24,723,644	$ 25,682,078

Property and equipment are being depreciated on the straight-line method over the estimated useful life of the assets. The useful lives of the assets are estimated to be forty years for buildings and off-site improvements, fifteen years for on-site improvements and seven years for furniture and fixtures.

Long-term debt:

Permanent financing was obtained for the costs of the DeAnza Gardens' construction during 2005. The note is held by California Community Reinvestment Corporation. The original amount of the loan was $10,115,373. This loan requires monthly payments of $64,603, beginning November 1, 2005, earns interest at a rate of 6.6% per annum, and is due in full October 2023. Activity on the loan is as follows:

Balance 12/31/2013	Payments	Balance 12/31/2014	S/T Portion	L/T Portion	Interest Payable
$ 8,954,791	$ (189,892)	$ 8,764,899	$ 202,811	$ 8,562,088	$ 48,207

Interest expense for the fiscal year ended December 31, 2014	$ 584,296

Deficit Unrestricted Net Position

While DeAnza Gardens has a positive net position in total, its unrestricted net position is in deficit as of December 31, 2014. The majority of the entity's assets are either invested in capital assets or restricted, leaving the unrestricted net position in deficit by $2,904,459. This deficit is an increase over the prior year's deficit of $2,667,290.

Note 15 - CONTINGENT LIABILITIES

A. Grants

The Authority has received funds from various federal, state 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 amount, 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.

B. Line of Credit

On January 14, 2015, the Authority renewed an agreement with WestAmerica Bank for a $1 million line of credit. The interest rate is variable, but will not exceed the amount allowed by law. The initial rate for this line of credit was 5.25%. It is the Authority's intention to use this line of credit to cover any shortage in cash flow, if any, that may arise over the term of the loan. No amounts were drawn on this line of credit during the current fiscal year.

C. Litigation

The Authority is involved in various matters of litigation. It is the Authority's opinion that these matters of litigation will not have a material effect, if any, on the financial position of the Authority.

Note 16 - ECONOMIC DEPENDENCE

The Authority receives a significant portion of its revenue from the U.S. Department of Housing and Urban Development. See the Schedule of Expenditures of Federal Awards, shown as supplemental information, for the HUD programs that the Authority administers. These programs are currently on-going. However, they are dependent on the Federal budgeting processes, and therefore, funding will vary from year to year.

Note 18 - RISK MANAGEMENT

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

Condensed CHWCA audited financial information for the year ended December 31, 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
Total assets	$ 24,496,334	$ 23,971,319
Total liabilities	(16,484,222)	(16,767,281)
Net position	$ 8,012,112	$ 7,204,038
Total revenues	$ 4,702,889	$ 4,347,888
Total expenses	(3,894,815)	(4,072,510)
Net change in net position	$ 808,074	$ 275,378

CHWCA had no long-term debt outstanding at December 31, 2014. 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. Premiums paid for the calendar year ended December 31, 2014 were $215,507. CHWCA issues a separate comprehensive annual financial report. Copies of this report may be obtained by contacting Bickmore Risk Services, 6371 Auburn Boulevard, Suite B, Citrus Heights, California, 95621.

Property and Liability Insurance: The Authority carries insurance for its various operations with the Housing Authority Insurance Services (HAI), the Housing Authority Risk Retention Group (HARRG), and Employment Risk Management Authority (ERMA). The property insurance limits vary by property covered, with a deductible of $25,000 per occurrence. The commercial liability limit of coverage is $5,000,000 aggregate for the policy year. The deductible is $25,000 per occurrence. The liability insurance covers bodily injury and property damage liability ($5 million limit), mold liability ($250,000 limit), and employee benefits administration liability ($1 million limit, with a deductible of $1,000 per employee). The automobile insurance limits are $4 million for liability, $1 million for non-owned hired autos, and $1 million for uninsured motorists. Employment liability insurance coverage through ERMA is $1 million with a $50,000 deductible per occurrence. Premiums paid for this coverage were approximately $260,000 for the policy year beginning June 1, 2014.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
REQUIRED SUPPLEMENTARY INFORMATION
AS OF MARCH 31, 2015

Schedule of Funding Progress for OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Status	Covered Payroll	UAAL as a Percentage of Covered Payroll
3/31/2008	$ -	$ 16,457,000	$ 16,457,000	0%	$ 5,279,413	311.72%
3/31/2009	$ -	$ 8,236,801	$ 8,236,801	0%	$ 5,345,205	154.10%
3/31/2010	$ -	$ 8,236,801	$ 8,236,801	0%	$ 5,133,982	160.44%
3/31/2011	$ -	$ 4,931,685	$ 4,931,685	0%	$ 5,832,771	84.55%
3/31/2012	$ -	$ 5,105,240	$ 5,105,240	0%	$ 5,057,120	100.95%
3/31/2013	$ -	$ 5,224,097	$ 5,224,097	0%	$ 5,352,272	97.61%
3/31/2014	$ -	$ 5,365,137	$ 5,365,137	0%	$ 5,768,742	93.00%
3/31/2015	$ -	$ 5,016,892	$ 5,016,892	0%	$ 4,750,311	105.61%

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015

Federal Grantor	CFDA Number	Expenditures	
Department of Housing and Urban Development (HUD):			
Direct Programs:			
Shelter Plus Care	14.238	$ 3,417,806	*
Public and Indian Housing	14.850	5,418,199	*
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	238,630	
Housing Choice Voucher Program	14.871	83,755,382	*
Public Housing - Capital Fund Program	14.872	1,106,298	
Family Self Sufficiency Program Coordinators	14.896	62,618	
Subtotal federal expenditures, Dept of HUD		93,998,933	
Total expenditures of federal awards		$ 93,998,933	

* Major program.

The accompanying Independent Auditors' Report and notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015

1. The schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the County of Contra Costa, California, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Expenditures are reported as follows:

   Shelter Plus Care Program - expenditures reported agree with the HUD grants earned for the year.

   Public and Indian Housing Program - expenditures reported consist only of the operating subsidy amount received from HUD for the fiscal year ended March 31, 2015.

   Moderate Rehabilitation Program - expenditures reported consist of operating expenses to the extent that federal grants were received towards these expenditures and/or that prior year funding is available for expenditure. These amounts differed from the actual annual contributions received from HUD.

   Housing Choice Voucher Program - expenditures reported consist of operating expenses, including capital transactions and omitting depreciation, to the extent that federal grants were received towards these expenditures and/or that prior year funding was available for expenditure. These amounts differed from the actual annual contributions received from HUD. The expenditures were determined as follows:

	HAP	Admin	Total
Operating expenses	$ 78,586,417	$ 6,066,942	$ 84,653,359
Adjustments:			
Depreciation	-	(148,289)	(148,289)
HAP reimbursed by other housing authorities	(934,719)	-	(934,719)
Transfers to other programs	-	138,853	138,853
Capital additions	-	16,617	16,617
Debt retired	-	76,111	76,111
Total Expenditures	$ 77,651,698	$ **6,150,234**	$ 83,801,932
Federal grants earned	$ 74,912,252	$ 6,326,678	$ 81,238,930
Prior funding available for expenditure	2,692,896	2,579,450	5,272,346
Federal awards available for expenditure	$ **77,605,148**	$ 8,906,128	$ 86,511,276
Federal awards expended	$ **77,605,148**	$ **6,150,234**	$ **83,755,382**

   Public Housing Capital Fund Program - expenditures reported agree with the revenue and actual expenditures (expenses, plus capital expenditures, less depreciation expense) for the current fiscal year.

   Family Self Sufficiency Program Coordinators - expenditures reported agree with the revenue and actual expenditures for the current fiscal year.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
BALANCE SHEET
AS OF MARCH 31, 2015

	Public Housing (including Capital Fund)	Community Development Block Grant	Housing Choice Voucher Program	Discretely Presented Component Unit - De Anza	Blended Component Unit - Casa Del Rio
CFDA Number	**14.850/14.872**	**14.218**	**14.871**		
111 Cash - Unrestricted	$23,047	$31,964	$1,534,761	$31,879	$19,513
113 Cash - Other Restricted			$43,620	$1,433,794	$499,925
114 Cash - Tenant Security Deposits	$330,072			$6,476	$18,937
100 Total Cash	$353,119	$31,964	$1,578,381	$1,472,149	$538,375
121 Accounts Receivable - PHA Projects			$24,007		
122 Accounts Receivable - HUD Other Projects	$73,628		$355,819		
125 Accounts Receivable - Miscellaneous	$0			$16,964	
126 Accounts Receivable - Tenants	$89,614			$12,599	$10,918
126.1 Allowance for Doubtful Accounts -Tenants	-$32,720			-$1,203	-$2,489
126.2 Allowance for Doubtful Accounts - Other	$0		$0	-$5,149	
127 Notes, Loans, & Mortgages Receivable - Current					
129 Accrued Interest Receivable	$2,410		$8,136	$4,131	
120 Total Receivables, Net of Allowances for Doubtful Accounts	$132,932	$0	$387,962	$27,342	$8,429
131 Investments - Unrestricted	$1,760,859		$2,007,957		$107,290
132 Investments - Restricted			$273,088		
142 Prepaid Expenses and Other Assets	$87,967		$2,380	$21,380	$37,408
144 Inter Program Due From		$3,177			
150 Total Current Assets	$2,334,877	$35,141	$4,249,768	$1,520,871	$691,502
161 Land	$1,026,405		$330,791	$1,150,712	$468,797
162 Buildings	$87,538,985		$3,168,053	$29,714,010	$6,461,287
164 Furniture, Equipment & Machinery - Administration	$1,343,655	$3,937	$637,637	$488,321	$178,405
166 Accumulated Depreciation	-$82,267,961	-$3,912	-$1,725,712	-$10,658,108	-$3,642,032
167 Construction in Progress	$569,775				
168 Infrastructure				$4,028,709	
160 Total Capital Assets, Net of Accumulated Depreciation	$8,210,859	$25	$2,410,769	$24,723,644	$3,466,457
171 Notes, Loans and Mortgages Receivable - Non-Current		$419,936	$1,000,000		$185,000
174 Other Assets	$925,716	$109,115	$420,107	$90,815	$31,108
180 Total Non-Current Assets	$9,136,575	$529,076	$3,830,876	$24,814,459	$3,682,565
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	$11,471,452	$564,217	$8,080,644	$26,335,330	$4,374,067

Shelter Plus Care Program	Rental Rehab Loan Program	Other State & Local	PIH Family Self-Sufficiency Program	Section 8 Moderate Rehab	Centra Office Cost Center	Subtotal	Eliminations	Total
14.238			**14.896**	**14.856**				
$43,040	$60,912	$200,057	$5,806	$17,310	$2,024	$1,970,313		$1,970,313
				$0		$1,977,339		$1,977,339
				$0		$355,485		$355,485
$43,040	$60,912	$200,057	$5,806	$17,310	$2,024	$4,303,137	$0	$4,303,137
				$0		$24,007		$24,007
$19,022				$0	$48,698	$497,167		$497,167
		$23,984		$0		$40,948		$40,948
				$0		$113,131		$113,131
				$0		-$36,412		-$36,412
$0		$0		$0	$0	-$5,149		-$5,149
		$10,535		$0		$10,535		$10,535
	$19	$3,884		$0	$1,054	$19,634		$19,634
$19,022	$19	$38,403	$0	$0	$49,752	$663,861	$0	$663,861
	$148,576	$1,135,094		$0	$151,459	$5,311,235		$5,311,235
				$0		$273,088		$273,088
		$801		$801	$72,676	$223,413		$223,413
		$266,738		$3,040	$677,760	$950,715	-$950,715	$0
$62,062	$209,507	$1,641,093	$5,806	$21,151	$953,671	$11,725,449	-$950,715	$10,774,734
				$0		$2,976,705		$2,976,705
		$74,415		$0		$126,956,750		$126,956,750
		$699		$168,779	$146,978	$2,968,411		$2,968,411
		-$75,114		-$168,779	-$143,940	-$98,685,558		-$98,685,558
				$0		$569,775		$569,775
				$0		$4,028,709		$4,028,709
$0	$0	$0	$0	$0	$3,038	$38,814,792	$0	$38,814,792
	$54,030			$0		$1,658,966	-$185,000	$1,473,966
	$12,527	$812,599		$0		$2,401,987	-$271,482	$2,130,505
$0	$66,557	$812,599	$0	$0	$3,038	$42,875,745	-$456,482	$42,419,263
				$0				
$62,062	$276,064	$2,453,692	$5,806	$21,151	$956,709	$54,601,194	-$1,407,197	$53,193,997

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
BALANCE SHEET
AS OF MARCH 31, 2015
(Continued)

	Public Housing (including Capital Fund)	Community Development Block Grant	Housing Choice Voucher Program	Discretely Presented Component Unit - De Anza	Blended Component Unit - Casa Del Rio
CFDA Number	**14.850/14.872**	**14.218**	**14.871**		
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	$169,921		$413,012	$116,398	$10,213
321 Accrued Wage/Payroll Taxes Payable	$152,345	$655	$140,123		
322 Accrued Compensated Absences - Current Portion	$86,985	$782	$78,798		
325 Accrued Interest Payable				$48,207	
331 Accounts Payable - HUD PHA Programs					
333 Accounts Payable - Other Government	$68,442	$12,924			
341 Tenant Security Deposits	$330,072			$156,066	$38,004
342 Unearned Revenue	$13,731		$6,652	$4,124	$62
343 Current Portion of Long-term Debt - Capital Projects	$160,650		$79,950	$202,811	$24,690
345 Other Current Liabilities				$977	
346 Accrued Liabilities - Other	$130,644				
347 Inter Program - Due To	$302,938		$627,948		
310 Total Current Liabilities	$1,415,728	$14,361	$1,346,483	$528,583	$72,969
351 Long-term Debt, Net of Current - Capital Projects	$81,542		$2,308,424	$8,562,088	$2,961,041
352 Long-term Debt, Net of Current - Operating Borrowings				$1,000,000	
353 Non-current Liabilities - Other			$463,606	$1,804,785	$1,917,798
354 Accrued Compensated Absences - Non Current	$45,678	$111	$41,121		
355 Loan Liability - Non Current		$529,051			
357 Accrued Pension and OPEB Liabilities	$1,156,249	$20,669	$839,675		
350 Total Non-Current Liabilities	$1,283,469	$549,831	$3,652,826	$11,366,873	$4,878,839
300 Total Liabilities	$2,699,197	$564,192	$4,999,309	$11,895,456	$4,951,808
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	$7,968,667	$25	$22,395	$15,910,538	-$1,165,590
511.4 Restricted Net Position			$0	$1,433,794	$499,925
512.4 Unrestricted Net Position	$803,588	$0	$3,058,940	-$2,904,458	$87,924
513 Total Equity - Net Assets / Position	$8,772,255	$25	$3,081,335	$14,439,874	-$577,741
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$11,471,452	$564,217	$8,080,644	$26,335,330	$4,374,067

Shelter Plus Care Program	Rental Rehab Loan Program	Other State & Local	PIH Family Self-Sufficiency Program	Section 8 Moderate Rehab	Centra Office Cost Center	Subtotal	Eliminations	Total
14.238			**14.896**	**14.856**				
				$0				
$14,131		$7,837		$1,753	$18,284	$751,549		$751,549
$4,180	$1,205	$33,612		$1,646	$127,321	$461,087		$461,087
$1,440	$1,438	$933		$975	$83,248	$254,599		$254,599
				$0		$48,207		$48,207
				$13,993		$13,993		$13,993
				$0		$81,366		$81,366
				$0		$524,142		$524,142
	$194,524		$5,806	$0		$224,899		$224,899
				$0		$468,101		$468,101
				$0		$977		$977
				$0		$130,644		$130,644
$7,710	$12,119			$0		$950,715	-$950,715	$0
$27,461	$209,286	$42,382	$5,806	$18,367	$228,853	$3,910,279	-$950,715	$2,959,564
				$0		$13,913,095		$13,913,095
		$185,000		$0		$1,185,000	-$185,000	$1,000,000
				$0		$4,186,189	-$271,482	$3,914,707
$75	$206	$214		$215	$19,459	$107,079		$107,079
	$66,557			$0		$595,608		$595,608
$34,526	$15	$36,700		$2,569	$304,918	$2,395,321		$2,395,321
$34,601	$66,778	$221,914	$0	$2,784	$324,377	$22,382,292	-$456,482	$21,925,810
$62,062	$276,064	$264,296	$5,806	$21,151	$553,230	$26,292,571	-$1,407,197	$24,885,374
				$0				
				$0	$3,038	$22,739,073		$22,739,073
				$0		$1,933,719		$1,933,719
$0	$0	$2,189,396	$0	$0	$400,441	$3,635,831		$3,635,831
$0	$0	$2,189,396	$0	$0	$403,479	$28,308,623	$0	$28,308,623
$62,062	$276,064	$2,453,692	$5,806	$21,151	$956,709	$54,601,194	-$1,407,197	$53,193,997

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
PROFIT AND LOSS SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2015

	Public Houisng (Including Capital Fund)	Community Development Block Grants	Housing Choice Voucher Program	Discretely Presented Component Unit - De Anza	Blended Component Unit - Casa Del Rio
CDFA Number	**14.850/14.872**	**14.218**	**14.871**		
70300 Net Tenant Rental Revenue	$3,314,279			$1,862,042	$510,056
70400 Tenant Revenue - Other	$91,035			$107,362	$4,952
70500 Total Tenant Revenue	$3,405,314	$0	$0	$1,969,404	$515,008
70600 HUD PHA Operating Grants	$6,021,948		$81,238,930		
70610 Capital Grants	$502,549				
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70700 Total Fee Revenue					
70800 Other Government Grants	$35,197				
71100 Investment Income - Unrestricted	$18,187		$60,884		$79
71200 Mortgage Interest Income					
71500 Other Revenue	$136,287		$1,223,381		
72000 Investment Income - Restricted			$47	$6,041	$1,043
70000 Total Revenue	$10,119,482	$0	$82,523,242	$1,975,445	$516,130
91100 Administrative Salaries	$847,003	$4,978	$1,712,655	$193,486	$82,254
91200 Auditing Fees	$20,393	$466	$14,141	$17,700	$17,950
91300 Management Fee	$977,563		$1,251,768		$48,941
91310 Book-keeping Fee	$93,400		$566,715		
91500 Employee Benefit contributions - Administrative	$619,158	$1,191	$976,907	$64,159	$11,105
91600 Office Expenses	$289,436	$5,191	$646,333	$178,841	$35,701
91700 Legal Expense	$138,612		$152,839	$12,656	
91800 Travel	$2,112	$4	$598	$2,344	
91900 Other	$28,493		$80,341	$17,280	
91000 Total Operating - Administrative	$3,016,170	$11,830	$5,402,297	$486,466	$195,951
92000 Asset Management Fee	$65,160				
92100 Tenant Services - Salaries	$123,062		$35,555		
92200 Relocation Costs	$463				
92300 Employee Benefit Contributions - Tenant Services	$16,162		$23,950		
92400 Tenant Services - Other	$47,823				
92500 Total Tenant Services	$187,510	$0	$59,505	$0	$0
93100 Water	$519,151		$5,518	$131,903	$15,315
93200 Electricity	$498,418		$29,843	$21,128	$33,806
93300 Gas	$116,949		$2,293	$6,309	$1,904
93600 Sewer	$494,488		$2,728		$30,441
93800 Other Utilities Expense				$77,890	
93000 Total Utilities	$1,629,006	$0	$40,382	$237,230	$81,466
94100 Ordinary Maintenance and Operations - Labor	$1,072,846		$300	$75,564	$43,661
94200 Ordinary Maintenance and Operations - Materials and Other	$478,852		$12,300	$66,503	$18,981
94300 Ordinary Maintenance and Operations Contracts	$1,276,374		$26,191	$149,875	$67,309
94500 Employee Benefit Contributions - Ordinary Maintenance	$622,129		$80	$48,739	
94000 Total Maintenance	$3,450,201	$0	$38,871	$340,681	$129,951

Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	PIH Family Self-Sufficiency Program	Section 8 Moderate Rehab Program	Central Office Cost Center	Subtotal	Eliminations	Total
14.238			**14.896**	**14.856**				
				$0		$5,686,377	-$8,535	$5,677,842
				$0		$203,349		$203,349
$0	$0	$0	$0	$0	$0	$5,889,726	-$8,535	$5,881,191
$3,417,806			$62,618	$187,848		$90,929,150		$90,929,150
				$0		$502,549		$502,549
				$0	$2,285,379	$2,285,379	-$2,285,379	$0
				$0	$65,160	$65,160	-$65,160	$0
				$0	$660,115	$660,115	-$660,115	$0
				$0	$3,010,654	$3,010,654	-$3,010,654	$0
				$0		$35,197		$35,197
	$3,055	$24,898		$43	$7,418	$114,564		$114,564
	$1,620			$0		$1,620		$1,620
	$18,508	$70,365		$0	$4,545	$1,453,086	-$48,941	$1,404,145
				$0		$7,131		$7,131
$3,417,806	$23,183	$95,263	$62,618	$187,891	$3,022,617	$101,943,677	-$3,068,130	$98,875,547
$139,025	$7,830			$49,259	$1,283,525	$4,320,015		$4,320,015
				$1,000	$2,000	$73,650		$73,650
				$0		$2,278,272	-$2,278,272	$0
				$0		$660,115	-$660,115	$0
$42,585	$1,417	$711		$32,191	$929,248	$2,678,672		$2,678,672
$15,597		$47,694		$3,436	$298,762	$1,520,991		$1,520,991
		$1,023		$486	$48,580	$354,196		$354,196
$37				$7	$725	$5,827		$5,827
$56,047				$377	$34,298	$216,836	-$56,048	$160,788
$253,291	$9,247	$49,428	$0	$86,756	$2,597,138	$12,108,574	-$2,994,435	$9,114,139
				$0		$65,160	-$65,160	$0
			$34,641	$0		$193,258		$193,258
				$0		$463		$463
			$27,372	$0	$166	$67,650		$67,650
$125,711		$500		$0		$174,034		$174,034
$125,711	$0	$500	$62,013	$0	$166	$435,405	$0	$435,405
				$0		$671,887		$671,887
				$276	$25,004	$608,475		$608,475
				$29	$2,642	$130,126		$130,126
				$0		$527,657		$527,657
				$0		$77,890		$77,890
$0	$0	$0	$0	$305	$27,646	$2,016,035	$0	$2,016,035
				$0	$53	$1,192,424		$1,192,424
		-$3,874		$277	$27,434	$600,473		$600,473
				$0		$1,519,749		$1,519,749
				$0	$55	$671,003		$671,003
$0	$0	-$3,874	$0	$277	$27,542	$3,983,649	$0	$3,983,649

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
PROFIT AND LOSS SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2015
(Continued)

	Public Houisng (Including Capital Fund)	Community Development Block Grants	Housing Choice Voucher Program	Discretely Presented Component Unit - De Anza	Blended Component Unit - Casa Del Rio
CDFA Number	**14.850/14.872**	**14.218**	**14.871**		
95100 Protective Services - Labor	$0			$70,501	
95200 Protective Services - Other Contract Costs	$522,123				
95300 Protective Services - Other	$51,377	$11	$13,790	$12,985	$5,255
95000 Total Protective Services	$573,500	$11	$13,790	$83,486	$5,255
96110 Property Insurance	$202,466	$15	$9,908	$55,796	$42,808
96120 Liability Insurance	$1,895	$326	$58		
96130 Workmen's Compensation	$108,973	$4	$30,925	$23,577	
96140 All Other Insurance		$16			
96100 Total insurance Premiums	$313,334	$361	$40,891	$79,373	$42,808
96200 Other General Expenses	$282		$61,420	$72,000	
96210 Compensated Absences	$152,779	$758	$132,121		
96300 Payments in Lieu of Taxes	$90,961			$24,221	$3,734
96400 Bad debt - Tenant Rents	$73,399			$5,428	$1,316
96000 Total Other General Expenses	$317,421	$758	$193,541	$101,649	$5,050
96710 Interest of Mortgage (or Bonds) Payable	$14,107		$129,374	$614,296	$107,774
96730 Amortization of Bond Issue Costs				$28,738	$3,140
96700 Total Interest Expense and Amortization Cost	$14,107	$0	$129,374	$643,034	$110,914
96900 Total Operating Expenses	$9,566,409	$12,960	$5,918,651	$1,971,919	$571,395
97000 Excess of Operating Revenue over Operating Expenses	$553,073	-$12,960	$76,604,591	$3,526	-$55,265
97300 Housing Assistance Payments			$77,651,698		
97350 HAP Portability-In			$934,719		
97400 Depreciation Expense	$1,868,058	$445	$148,290	$1,017,334	$184,768
90000 Total Expenses	$11,434,467	$13,405	$84,653,358	$2,989,253	$756,163
10010 Operating Transfer In	$469,378	$12,538			
10020 Operating transfer Out	-$469,378		-$138,852		
10091 Inter Project Excess Cash Transfer In	$322,708				
10092 Inter Project Excess Cash Transfer Out	-$322,708				
10100 Total Other financing Sources (Uses)	$0	$12,538	-$138,852	$0	$0
10000 Excess (Deficiency) of Total Rev Over (Under) Total Expenses	-$1,314,985	-$867	-$2,268,968	-$1,013,808	-$240,033
11020 Required Annual Debt Principal Payments	$160,650	$0	$79,950	$189,982	$24,690
11030 Beginning Equity	$10,087,240	$892	$5,350,303	$15,453,682	-$337,708
11040 Prior Period Adjustments/Equity Transfers/Correction of Errors	$0		$0		
11170 Administrative Fee Equity			$3,081,335		
11180 Housing Assistance Payments Equity			$0		
11190 Unit Months Available	13932		76440	2160	960
11210 Number of Unit Months Leased	12453		75562	2142	944
11270 Excess Cash	$45,182				
11620 Building Purchases	$502,549				

Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	PIH Family Self-Sufficiency Program	Section 8 Moderate Rehab Program	Central Office Cost Center	Subtotal	Eliminations	Total
14.238			**14.896**	**14.856**				
				$0		$70,501		$70,501
				$0		$522,123		$522,123
				$83	$7,393	$90,894		$90,894
$0	$0	$0	$0	$83	$7,393	$683,518	$0	$683,518
				$54	$4,710	$315,757		$315,757
				$871	$75,448	$78,598		$78,598
$1,539	$5		$605	$1,096	$26,424	$193,148		$193,148
				$54	$4,801	$4,871		$4,871
$1,539	$5	$0	$605	$2,075	$111,383	$592,374	$0	$592,374
		$2,531		$0		$136,233		$136,233
$3,556	$1,393			$1,637	$130,420	$422,664		$422,664
				$0		$118,916		$118,916
				$0		$80,143		$80,143
$3,556	$1,393	$2,531	$0	$1,637	$130,420	$757,956	$0	$757,956
		$0		$0		$865,551		$865,551
				$0		$31,878		$31,878
$0	$0	$0	$0	$0	$0	$897,429	$0	$897,429
$384,097	$10,645	$48,585	$62,618	$91,133	$2,901,688	$21,540,100	-$3,059,595	$18,480,505
$3,033,709	$12,538	$46,678	$0	$96,758	$120,929	$80,403,577	-$8,535	$80,395,042
$3,176,596				$150,223		$80,978,517	-$8,535	$80,969,982
				$0		$934,719		$934,719
				$0	$20,506	$3,239,401		$3,239,401
$3,560,693	$10,645	$48,585	$62,618	$241,356	$2,922,194	$106,692,737	-$3,068,130	$103,624,607
$136,125				$2,727		$620,768	-$620,768	$0
	-$12,538			$0		-$620,768	$620,768	$0
				$0		$322,708	-$322,708	$0
				$0		-$322,708	$322,708	$0
$136,125	-$12,538	$0	$0	$2,727	$0	$0	$0	$0
-$6,762	$0	$46,678	$0	-$50,738	$100,423	-$4,749,060	$0	-$4,749,060
$0	$0	$0	$0	$0	$0	$455,272		$455,272
$6,762	$0	$2,142,718	$0	$50,738	$303,056	$33,057,683		$33,057,683
				$0	$0	$0		$0
				$0		$3,081,335		$3,081,335
				$0		$0		$0
2892				336		96720		96720
2892				296		94289		94289
				$0		$45,182		$45,182
				$0	$0	$502,549		$502,549

The accompanying Independent Auditors' Report and Notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF RELEVANT STATISTICS
FOR THE YEAR ENDED MARCH 31, 2015

Fiscal year ended March 31	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Number of employees	79	90	99	89	99	90	107	111	103	103
Number of clients served:										
Public Housing	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168
Housing Choice Voucher	6,297	6,287	6,359	6,400	6,359	6,234	6,400	6,394	6,206	6,206
Shelter plus Care	241	241	241	241	241	303	280	281	274	274
Section 8 Moderate Rehab	25	25	26	26	26	25	25	25	23	23
Section 8 Voucher	0	0	5	5	5	4	4	4	5	5
Component Units										
Casa Del Rio Senior Hsg	82	82	82	82	82	82	82	82	82	82
DeAnza Gardens	180	180	180	180	180	180	180	180	180	180
Total	7,993	7,983	8,061	8,099	8,061	7,997	8,139	8,134	7,938	7,938
Capital Asset Information:										
Total units	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430
Total buildings	636	636	636	636	636	636	636	636	636	374
Total vehicles	46	46	46	46	46	49	49	49	49	49

By project:	Units	Bldg	Last change	Units	Bldg
11001 Martinez	50	28			
11002 Bay Point	-	1	2002	83	43
11003 Antioch	36	19			
11004 Brentwood	44	24			
11005 Pittsburgh	171	57			
11006 Richmond	71	30			
11008 Oakley	30	16			
11009a Richmond	81	44			
11009b Richmond	56	28			
11010 Rodeo	248	63			
11011 Martinez	50	1			
11012 Oakley	40	13			
11013 Bay Point	50	14			
11015 Antioch	100	4			
45001 San Pablo	100	31			
45002 San Pablo	41	1			
Total PHA	1,168	374			
Component units:					
Casa Del Rio Senior Hsg	82	1			
DeAnza Gardens	180	22	2005	180	22

The accompanying Independent Auditors' Report and notes are an integral part of this schedule.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF COMPLETED CAPITAL FUND PROGRAM PROJECT
ANNUAL CONTRIBUTIONS CONTRACT SF-182
MARCH 31, 2015

CA39P01150112

Funds approved	$	1,608,961
Funds expended		1,608,961
Excess of funds approved	$	-
Funds advanced	$	1,608,961
Funds expended		1,608,961
Excess of funds advanced	$	-

The accompanying Independent Auditors' Report and notes are an integral part of this statement.

Harn & Dolan

Certified Public Accountants
2423 Stirrup Court
Walnut Creek, California 94596-6526
(925) 280-1693 Fax (925) 938-4829

INDEPENDENT AUDITORS' 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*

To the Board of Commissioners
Housing Authority of the
County of Contra Costa
Martinez, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the County of Contra Costa, California, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the County of Contra Costa, California's basic financial statements, and have issued our report thereon dated November 20, 2015. Our report includes a reference to other auditors who audited the financial statements of the blended component units and discretely presented component units, as described in our report on the Housing Authority of the County of Contra Costa, California's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the County of Contra Costa, California's internal control over financial reporting (internal control) to determine the auditing 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 Housing Authority of the County of Contra Costa, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Contra Costa, California's internal control.

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

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

Purpose of this Report

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

Harn & Dolan

November 20, 2015

Harn & Dolan

Certified Public Accountants
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Walnut Creek, California 94596-6526
(925) 280-1693 Fax (925) 938-4829

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

To the Board of Commissioners
Housing Authority of the
County of Contra Costa
Martinez, California

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the County of Contra Costa, California's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the County of Contra Costa, California's major federal programs for the year ended March 31, 2015. The Housing Authority of the County of Contra Costa, California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the County of Contra Costa, California's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the County of Contra Costa, California's compliance with those requirements and performing such other procedures as we consider 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 on the Housing Authority of the County of Contra Costa, California's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the County of Contra Costa, California 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 March 31, 2015.

Report on Internal Control Over Compliance

Management of the Housing Authority of the County of Contra Costa, California 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, we considered the Housing Authority of the County of Contra Costa, California's internal control over compliance with the types of compliance 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Contra Costa, California'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal programs 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 the 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 the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.

Harn & Dolan

November 20, 2015

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATUS OF PRIOR AUDIT FINDINGS
MARCH 31, 2015

The audit report for the fiscal year ended March 31, 2014, contained no audit findings.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Is a "going concern" explanatory paragraph included in the audit report?	no
Internal control over financial reporting:	
Significant deficiencies identified?	no
Any significant deficiency reported as a material weakness?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Does the auditor's report include a statements that the auditee's financial statements include departments, agencies, or other organizational units expending $500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit?	no
Dollar threshold used to distinguish between Type A and Type B programs	$ 2,819,968
Auditee qualified as low-risk auditee?	yes
Identification of major programs:	
Shelter Plus Care	14.238
Public and Indian Housing	14.850
Housing Choice Voucher Program	14.871
Type of auditors' report issued on compliance for major programs:	unmodified
Did the audit disclose any audit findings which the auditor is required to report under OMB A-133, paragraph 510(a)	no
Internal control over major programs:	
Significant deficiencies identified?	no
Any significant deficiency reported as a material weaknesses?	none reported
Are any known questioned costs reported?	no
Were prior audit findings related to direct funding shown in the Summary of Prior Audit Findings?	no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings

None