

**HOUSING AUTHORITY  
OF THE COUNTY OF CONTRA COSTA  
(A Component Unit of the County of Contra Costa)  
BASIC FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016  
(Including Auditors' Report Thereon)**

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

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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, 2016, 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 15.3%, -13.9% 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, 2016, 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.

### **Emphasis of Matter**

As discussed in Notes 1.T. and 11, the Authority implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, as of April 1, 2015. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, schedule of proportionate share of the net pension liability on page 59 and schedule of funding progress for OPEB on page 59 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 United 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 17, 2016, 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.



November 17, 2016

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**MARCH 31, 2016**

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, 2016.

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 \$8,180,427 (or 58.98%) during 2016 (see Table 1)
  - Due to initial recognition of net pension liability \$ (8,622,685)
  - Due to normal operations 442,258
  - Total net pension decrease \$ (8,180,427)
- Unrestricted net position decreased by \$6,971,219 (or 106.59%) during 2016 (see Table 1).
  - Due to initial recognition of net pension liability \$ (8,622,685)
  - Due to normal operations 1,651,466
  - Total net pension decrease \$ (6,971,219)
- Total revenue increased by \$8.2 million (or 8.4%) as a result of current year activities (see Table 3).
- Total expenditures increased \$3.4 million (or 3.4%) as a result of current year activities (see Table 3).

**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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2016**

**(Continued)**

The Authority's activity includes:

Public Housing – 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.

Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation - is a U.S. Department of Housing and Urban Development funded rehabilitation program that provides project based rental assistance based on Housing Voucher methodology in determining subsidized rent and program compliance.

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, 2015. 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, 2015. 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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2016**

**(Continued)**

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. This fund administers the pension and benefit programs for the agency.

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. HUD is currently preparing rule changes that will restrict these funds to use in Federal programs only.

**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



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2016**

**(Continued)**

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 calendar year ended December 31, 2015. 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.

**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.

	<u>March 31, 2016</u>	<u>March 31, 2015</u>	<u>Increase (Decrease)</u>	<u>%</u>
Current assets	\$ 9,394,876	\$ 8,088,222	1,306,654	16.16%
Restricted assets	1,342,600	1,165,642	176,958	15.18%
Capital assets, net of depreciation	12,433,904	14,091,150	(1,657,246)	11.76%
Other noncurrent assets	<u>3,458,413</u>	<u>3,513,657</u>	<u>(55,244)</u>	1.57%
Total assets	<u>26,629,793</u>	<u>26,858,671</u>	<u>(228,878)</u>	0.85%
Deferred outflows of resources	<u>2,165,706</u>	<u>-</u>	<u>2,165,706</u>	
Current liabilities	1,910,672	2,062,908	(152,236)	7.38%
Payable from restricted assets	633,674	684,783	(51,109)	7.46%
Long term liabilities	<u>20,562,831</u>	<u>10,242,231</u>	<u>10,320,600</u>	100.77%
Total liabilities	<u>23,107,177</u>	<u>12,989,922</u>	<u>10,117,255</u>	77.89%
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	
Net position:				
Net investment in capital assets	5,391,407	6,828,538	(1,437,131)	21.05%
Restricted	727,848	499,925	227,923	45.59%
Unrestricted	<u>(430,933)</u>	<u>6,540,286</u>	<u>(6,971,219)</u>	106.59%
Total net position	<u>\$ 5,688,322</u>	<u>\$ 13,868,749</u>	<u>\$ (8,180,427)</u>	58.98%

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2016**

**(Continued)**

Major Factors Affecting the Statement of Net Position

The major factor affecting net assets this fiscal year was the recognition of \$8,652,807 (see note 11 to the basic financial statements) of accumulated pension liability required to be reported under the Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions. This recognition overshadowed an operational increase in net assets in the amount of \$929,724.

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

**TABLE 2  
CHANGE OF UNRESTRICTED NET POSITION BY PROGRAM**

	Beginning Balance <u>04/01/2015</u>	Change of Unrestricted Position this Report Period	Ending Balance <u>03/31/2016</u>
Housing Choice Voucher Program	\$ 3,058,938	\$ 1,004,565	\$ 4,063,503
Public Housing (including Capital Fund)	803,586	295,967	1,099,553
Central Office Cost Center	400,442	254,235	654,677
Casa Del Rio (blended component unit)	87,924	(81,861)	6,063
Housing Assistance Section 8 Mod Rehab	-	4,890	4,890
CDBG Loan	-	16	16
Other State and Local	<u>2,189,396</u>	<u>(8,449,031)</u>	<u>(6,259,635)</u>
Authority totals	<u>\$ 6,540,286</u>	<u>\$ (6,971,219)</u>	<u>\$ (430,933)</u>

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 of each of the program areas. The major change in the unrestricted net position this period was recognition of \$8,652,807 of accumulated pension liability reported under GASB.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2016**

(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 <u>March 31, 2016</u>	Budget <u>March 31, 2016</u>	Actual <u>March 31, 2015</u>	Budget <u>March 31, 2015</u>
Operating revenue:				
Rental and other	\$ 5,553,837	\$ 4,857,689	\$ 5,230,979	\$ 5,038,503
Non-operating revenue:				
Federal grants and subsidies	98,995,429	93,837,509	90,964,347	87,027,167
Capital contributions	306,752	800,664	502,549	800,864
Other revenue	<u>223,519</u>	<u>1,583,239</u>	<u>202,234</u>	<u>607,300</u>
Total revenues	<u>105,079,537</u>	<u>101,079,101</u>	<u>96,900,109</u>	<u>93,473,834</u>
Operating expenses:				
Administration	8,036,311	9,060,709	8,627,668	9,628,348
Tenant services	498,416	378,781	435,404	371,928
Utilities	1,875,060	2,124,989	1,778,806	2,070,651
Maintenance	4,123,891	3,554,343	4,242,994	4,707,259
General	1,270,001	1,454,982	1,169,321	1,050,701
Housing assistance payments	85,978,059	82,656,425	81,904,701	77,079,284
Depreciation	2,050,894	3,239,401	2,222,068	2,129,024
Non-operating expenses:				
Debt-service interest	235,480	987,931	251,257	252,000
Capital Expenses	-	1,015,708	-	-
Loan amortization and fees	<u>4,244</u>	<u>-</u>	<u>3,142</u>	<u>3,142</u>
Total expenses	<u>104,072,356</u>	<u>104,473,269</u>	<u>100,635,361</u>	<u>97,292,337</u>
Changes in net position	1,007,181	(3,394,168)	(3,735,252)	(3,818,503)
Net position, beginning of the year	13,868,749	13,868,749	17,604,001	17,604,001
Prior period adjustment	<u>(9,187,608)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of the year	<u>\$ 5,688,322</u>	<u>\$ 10,474,581</u>	<u>\$ 13,868,749</u>	<u>\$ 13,785,498</u>

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

The major factor affecting the Statement of Revenue, Expenses, and Changes in Net Position is related to a change in the implementation of GASB 68, recognizing unfunded pension liabilities which is reported as a prior period adjustment. The budgeted amounts reported have been adjusted to eliminate interfund activities to compare the actual operating results to the budget. (see Note 1.E.)

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2016**

(Continued)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the Authority had \$12.4 million invested, see also Note 5 to the basic financial statements.

**TABLE 4  
CAPITAL ASSETS**

	<u>March 31, 2016</u>	<u>March 31, 2015</u>	<u>Change</u>
Land	\$ 1,825,993	\$ 1,825,993	\$ -
Buildings	97,860,387	97,242,741	617,646
Equipment	2,621,168	2,480,089	141,079
Accumulated Depreciation	(90,078,351)	(88,027,449)	(2,050,902)
Construction In Progress	<u>204,707</u>	<u>569,776</u>	<u>(365,069)</u>
Total	<u>\$ 12,433,904</u>	<u>\$ 14,091,150</u>	<u>\$ (1,657,246)</u>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

	<u>2016</u>	<u>2015</u>
Capital assets - beginning of year	\$ 14,091,150	\$ 15,684,971
Additions:		
Capital Fund Grant	306,752	502,549
Improvements to dwelling units	-	81,683
Equipment - computer upgrades	86,896	44,015
Depreciation	<u>(2,050,894)</u>	<u>(2,222,068)</u>
Capital assets - end of year	<u>\$ 12,433,904</u>	<u>\$ 14,091,150</u>

**Notes Payable Outstanding**

As of year-end, the Authority had \$5,317,394 of notes payable outstanding, see Note 6 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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
MANAGEMENT DISCUSSION AND ANALYSIS  
MARCH 31, 2016**

**(Continued)**

**FINANCIAL CONTACT**

The individual to be contacted regarding this report, and the reports of the Authority's component units, is the Director of Finance of the Housing Authority of the County of Contra Costa, at (925) 957-8014. Specific requests may be submitted to the 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, 2016**

	<u>Primary Government Housing</u>	<u>Component Units</u>
<b><u>ASSETS</u></b>		
Current assets		
Cash and investments (Note 2 and 14)	\$ 8,820,559	\$ 105,107
Due from other agencies	151,178	-
Due from related parties - DeAnza (Note 14)	75,954	-
Tenant accounts receivable	184,452	18,946
Allowance for doubtful accounts	(75,982)	(1,613)
Miscellaneous accounts receivable	-	21,117
Allowance for doubtful accounts	-	(4,018)
Interest receivable	15,651	3,524
Notes receivable - short term (Note 4)	13,576	-
Prepaid expenses	<u>209,488</u>	<u>21,573</u>
Total current assets	<u>9,394,876</u>	<u>164,636</u>
Restricted assets:		
Restricted cash (Note 2 and 3 and 14)	<u>1,342,600</u>	<u>1,424,661</u>
Capital assets (Note 5 and 14):		
Land	1,825,993	1,150,712
On site improvements	-	4,028,709
Buildings	97,860,387	29,714,010
Furniture and equipment	2,621,168	488,321
Construction in progress	204,707	-
Accumulated depreciation	<u>(90,078,351)</u>	<u>(11,675,442)</u>
Total capital assets	<u>12,433,904</u>	<u>23,706,310</u>
Other noncurrent assets:		
Long-term notes receivable (Note 4)	376,466	-
Long-term notes receivable - DeAnza (Note 4 and 14)	1,000,000	-
Interest receivable on long-term notes (Note 4)	94,476	-
Due from related parties - DeAnza (Note 14)	1,898,723	-
Other long-term assets	60,784	-
Loan costs (net of amortization of \$66,179 and \$311,998)	<u>27,964</u>	<u>79,463</u>
Total other noncurrent assets	<u>3,458,413</u>	<u>79,463</u>
Total assets	<u>26,629,793</u>	<u>25,375,070</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Pension (Note 11)	<u>2,165,706</u>	<u>-</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**MARCH 31, 2016**  
(Continued)

	<u>Primary Government Housing</u>	<u>Component Units</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 559,068	\$ 62,482
Due to related parties - Authority (Note 14)	-	32,444
Due to other agencies	372,591	-
Accrued salaries and related costs	214,721	-
Accrued interest (Note 14)	-	48,207
Payable from restricted assets:		
Tenant security deposits	366,342	159,232
Unearned revenue (Note 8)	206,776	4,067
Current portion of compensated absences (Note 1.I.)	260,975	-
Current portion of long-term debt (Note 6 and 14)	<u>296,541</u>	<u>216,609</u>
Total current liabilities	<u>2,277,014</u>	<u>523,041</u>
Other noncurrent liabilities:		
Long-term debt (Note 6 and 14)	5,020,853	8,345,478
Long-term debt - Authority (Note 14)	-	1,000,000
Long-term portion of compensated absences (Note 1.I.)	103,273	-
Payable from restricted assets:		
Family self sufficiency escrows	267,332	-
Other noncurrent liabilities (Note 9 and 14)	2,255,175	17,019
Due to related parties - Authority (Note 14)	-	1,912,659
Net pension liability (Note 11)	10,788,391	-
Other post employment benefit liability (Note 12)	<u>2,395,139</u>	<u>-</u>
Total noncurrent liabilities	<u>20,830,163</u>	<u>11,275,156</u>
Total liabilities	<u>23,107,177</u>	<u>11,798,197</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
	<u>-</u>	<u>-</u>
<b><u>NET POSITION</u></b> (Note 10)		
Net investment in capital assets	5,391,407	15,096,016
Restricted net position	727,848	1,410,036
Unrestricted net position	<u>(430,933)</u>	<u>(2,929,179)</u>
Total net position	<u>\$ 5,688,322</u>	<u>\$ 13,576,873</u>

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, 2016**

	<u>Primary Government Housing</u>	<u>Component Units</u>
<b>Operating revenue:</b>		
Rents and other tenant revenue	\$ 4,238,040	\$ 2,058,630
Other	<u>1,315,797</u>	<u>10,598</u>
Total operating revenue	<u>5,553,837</u>	<u>2,069,228</u>
<b>Operating expenses:</b>		
Administration	8,036,311	416,738
Tenant services	498,416	-
Utilities	1,875,060	242,611
Maintenance	4,123,891	468,587
General	1,270,001	108,979
Housing assistance payments	85,978,059	-
Depreciation (Note 5 and 14)	<u>2,050,894</u>	<u>1,017,334</u>
Total operating expenses	<u>103,832,632</u>	<u>2,254,249</u>
Operating income (loss)	(98,278,795)	(185,021)
<b>Nonoperating revenue (expenses):</b>		
Grants	98,995,429	-
Restricted interest	1,337	20,754
Unrestricted interest	105,598	-
Mortgage interest	15,538	-
Mortgage interest forgiven	(13,914)	-
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	(4,244)	(11,352)
Debt service - interest (Note 6 and 14)	<u>(235,480)</u>	<u>(572,421)</u>
Net gain before contributions and transfers	700,429	(863,000)
Capital contributions	<u>306,752</u>	<u>-</u>
Change in net position	<u>1,007,181</u>	<u>(863,000)</u>
Net position - beginning of year, as originally stated	13,868,749	14,439,873
Prior period adjustment (Note 11.D.)	<u>(9,187,608)</u>	<u>-</u>
Net position - beginning of year, restated	<u>4,681,141</u>	<u>14,439,873</u>
Net position - end of year	<u>\$ 5,688,322</u>	<u>\$ 13,576,873</u>

**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, 2016**

**Primary Government**  
**Housing**

**Cash flows from operating activities:**

Tenant receipts	\$ 4,102,408
Other receipts	1,307,666
Payroll and benefit expenditures	(9,407,783)
Administration expenditures	(1,697,459)
Tenant services expenditures	(117,394)
Utilities expenditures	(1,872,590)
Maintenance expenditures	(2,571,471)
General expenditures	(736,921)
Housing assistance payment expenditures	(86,251,884)
Net cash used by operating activities	<u>(97,245,428)</u>

**Cash flows from noncapital financing activities:**

Operating grants received	99,356,010
Funds returned to granting agency	(14,400)
Related parties transactions	(46,222)
Repayment of notes receivable	104,310
Notes receivable issued	(9,851)
Interest received on notes receivable	40,230
Net cash provided by noncapital financing activities	<u>99,430,077</u>

**Cash flows from capital financing activities:**

Grants received to acquire capital assets	306,752
Acquisition of capital assets	(393,648)
Principal paid on debt	(298,902)
Interest paid on debt	(156,693)
Loan fees paid	(1,100)
Net cash used by capital financing activities	<u>(543,591)</u>

**Cash flows from investing activities:**

Interest receipts	105,366
Interest on restricted cash	<u>1,422</u>
Net cash provided by investing activities	<u>106,788</u>
Net increase to cash	1,747,846
Cash at beginning of year	<u>8,415,313</u>
Cash at end of year	<u><u>\$ 10,163,159</u></u>

Cash and investments	\$ 8,820,559
Restricted cash	<u>1,342,600</u>
Total cash at year end	<u><u>\$ 10,163,159</u></u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2016**

(Continued)

	<u><b>Primary Government</b></u> <u><b>Housing</b></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (98,278,795)
Adjustments to reconcile operating loss to Net cash used by operating activities:	
Depreciation expense	2,050,894
Prior period adjustment	(9,187,608)
(Increase) Decrease in:	
A/R other governments	10,333
Tenants accounts receivable	(43,151)
Prepaid expenses	(7,454)
Other long-term assets	36,646
Deferred outflows of resources	(2,165,706)
Increase (Decrease) in:	
Accounts payable	(206,730)
Due to other agencies	150,017
Tenant security deposits	(1,734)
Accrued salaries	(246,367)
Unearned revenues	(9,406)
FSS escrows	(49,376)
Compensated absences	2,567
Noncurrent liabilities	(87,768)
Post retirement benefits	(181)
Net pension liability	<u>10,788,391</u>
Net cash used by operating activities	<u><u>\$ (97,245,428)</u></u>

**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 \$1,624 was accrued as revenue, while none was received. The interest on these loans is due at maturity.

**The accompanying notes are an integral part of this statement.**

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**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. Organization**

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. Financial Reporting Entity**

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

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**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

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**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. Basis of Presentation**

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**

**Enterprise Funds** - 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

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**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, 2016, the amounts due between the various proprietary funds totaled \$291,763.

Operating advances made to the blended component units, HACCC Casa Del Rio, Inc and CDR Senior Housing Associates totaled \$394,178 as of March 31, 2016. The interfund

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 1 (continued)**

balance as of December 31, 2015, was \$370,464 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, 2016, shows \$370,464 as both a noncurrent asset and as a noncurrent liability. The difference of \$23,714, 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 \$9,755 for the fiscal year ended March 31, 2016. CDR also paid the Authority \$52,452 during the current fiscal year for management fees.

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 \$1,383,229 and \$573,396, respectively. The Public Housing Enterprise Fund paid property management, bookkeeping, and asset management fees in the amount of \$1,045,031, \$93,640, and \$78,559, respectively. The Shelter Plus Care Enterprise Fund was allocated costs of \$57,325 in lieu of fees. These costs, totaling \$3,231,180, 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.

Beginning in the current fiscal year, the Authority created a fund to account for the pension transactions required by GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No.27". Actual payments made to the Authority's pension plan administrator, the Contra Costa County Employees' Retirement Association (CCCERA), have been expensed to the Authority's programs based on payroll allocations effective at the time of payment. The newly established enterprise fund, accounted for within the State and Local Enterprise Fund, holds the deferred outflows of resources generated when the payments are made. The GASB 68 required accounts are

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 1 (continued)**

adjusted annually at each actuarial measurement date. During the current fiscal year, \$2,262,987 of payments to CCCERA were recorded as expenditures of the Authority's various programs and as revenue of the State and Local Enterprise Fund.

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 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 paid \$893,787 in HAP 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 \$529,767 were made between the Authority's funds this fiscal year. Interfund transfers of \$463,426 were made within the Public Housing enterprise Fund. This represents the use of Capital Fund grants for Public Housing operating costs. Interfund transfers of \$60,125 were made from the Housing Choice Voucher Enterprise Fund to the Family Self Sufficiency Enterprise Fund (\$26,757) and the Shelter Plus Care Enterprise Fund (\$33,368) to assist in program funding short falls. Interfund transfers of \$3,431 were made from the Section 8 Moderate Rehabilitation Enterprise Fund to the Housing Choice Vouchers Enterprise Fund to cover prior year funding short falls. The Rental Rehabilitation Enterprise Fund transferred \$2,785 to the CDBG Rental Rehabilitation Enterprise Fund to cover operating costs.

Interfund revenues and expenses of \$5,556,374 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, asset management fees, and pension plan payments. 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.

**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.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**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 service with the Authority. All vacation pay is accrued when incurred and allocated to the

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 1 (continued)**

appropriate proprietary fund. Total liability for the Authority is \$364,348 based on year-end hourly rates. Of this amount \$260,975 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's deferred outflows of resources consist of (1) items associated with, and referred to in, the actuarial report of the defined benefit pension plan, and (2) payments made on behalf of employees to the defined benefit pension plan after the measurement date of the actuarial report. See also Note 11.

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's deferred inflows of resources consist of items associated with, and referred to in, the actuarial report of the defined benefit pension plan. See also Note 11.

It is the Authority's practice to report deferred outflows and inflows of resources in the aggregate on the Statement of Net Position.

**K. Net Position**

Net position represents the differences between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 1 (continued)**

**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.

**N. Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; 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 rationale 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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 1 (continued)**

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.

**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 \$27,964 are reported as other noncurrent assets of the primary government, for the blended component units, and \$79,463 as other noncurrent assets of the component units, for the discretely presented component units.

**S. Pension Plan**

The Authority participates in a cost-sharing multi-employer defined benefit retirement plan that is administered by the Contra Costa County Employees' Retirement Association (CCCERA). Contributions to CCCERA are made on a current basis as required by the plan and are charged to expenditures. The Authority used actuarial reports supplied by CCCERA for the purpose of measuring the net pension liability, deferred outflows and inflows of resources related to the pension plan. The valuation date of the latest actuarial report was December 31, 2015.

**T. New GASB Pronouncements**

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No 27*, was effective for financial statements for periods beginning after June 15, 2014. This statement improves financial reporting for pensions and 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. The Authority has implemented this statement in the current fiscal year. As a result, net pension liabilities were accrued to the books of accounts and beginning net position was adjusted by approximately \$9.2 million. See also Note 11.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**(Continued)**

**Note 1 (continued)**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement will have a similar requirement for OPEB as the GASB Statement No. 68 had for pension plans. Beginning in 2018, government agencies will be required to record OPEB liability in a fashion similar to the recognition of the net pension liability required of GASB Statement No. 68. Management anticipates that the full implementation of this Statement will have a material impact on the financial statements beginning with the fiscal year ended March 31, 2019.

**Note 2 - CASH AND INVESTMENT**

Cash and investments as of March 31, 2016 are classified in the accompanying financial statement as follows:

Statement of net position:	
Cash and investments	\$ 8,820,559
Restricted cash	<u>1,342,600</u>
Total Cash & Investments	<u>\$ 10,163,159</u>
Demand deposits	\$ 4,074,073
Investments	5,547,487
Cash held by other agencies	539,649
Cash on hand	<u>1,950</u>
Total Cash & Investments	<u>\$ 10,163,159</u>

**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;

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 2 (continued)**

- 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. 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;

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 2 (continued)**

- 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.

**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	\$	1,163,697	20.98%
Public Housing Program		1,438,604	25.93%
Other State and Local Programs		1,585,035	28.57%
Central Office Cost Center		1,090,664	19.66%
Rental Rehabilitation Loan Program		151,707	2.73%
Casa Del Rio (blended component unit)		110,505	1.99%
Shelter Plus Care		<u>7,275</u>	0.14%
Total investments	\$	<u><u>5,547,487</u></u>	

**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

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 2 (continued)**

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.

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	3,794,315
Cash held by investment companies	29,758
Deposits held by CHFA	<u>539,649</u>
Total demand deposits and cash held by other agencies	<u><u>\$ 4,613,722</u></u>



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

(Continued)

**Note 2 (continued)**

See the table below for information regarding the investments.

**Investment Disclosure - March 31, 2016**

<u>Investment Type</u>	<u>Issuer</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Maturity</u>	<u>Rate</u>
Government Security	LAIF	\$ 936,239	\$ 936,446	N/A	
	Interest on LAIF	1,081	1,081	N/A	
Certif. Of Deposit	American Express FSB	220,000	223,505	8/14/2019	300
Certif. Of Deposit	Capital One Bank	120,000	122,400	11/05/2019	300
Certif. Of Deposit	Capital One Bank	100,000	101,505	11/05/2019	300
Certif. Of Deposit	Synchrony Bank	100,000	101,179	3/20/2020	300
Certif. Of Deposit	Discover Bank	100,000	100,892	5/13/2020	300
Certif. Of Deposit	Goldman Sachs Bank	149,000	151,707	7/08/2020	297
Certif. Of Deposit	Capital One Bank	247,000	251,451	7/22/2020	300
Certif. Of Deposit	Everbank	247,000	251,453	7/30/2020	214
Certif. Of Deposit	CIT Bank	105,000	107,100	7/30/2020	238
Certif. Of Deposit	CIT Bank	110,000	112,202	7/30/2020	238
Certif. Of Deposit	Worlds Foremost Bank	100,000	102,192	8/20/2020	242
Certif. Of Deposit	Discover Bank	135,000	138,000	8/26/2020	300
Certif. Of Deposit	American Express Cent	175,000	177,851	11/25/2020	300
Certif. Of Deposit	Sallie Mae Bank	100,000	101,612	12/09/2020	300
Certif. Of Deposit	Sallie Mae Bank	100,000	101,612	12/09/2020	300
Certif. Of Deposit	Celtic Bank, UT	100,000	101,612	12/24/2020	300
Certif. Of Deposit	Goldman Sachs Bank	100,000	101,836	1/06/2021	295
Certif. Of Deposit	Community Capital Bank	100,000	102,263	1/19/2021	300
Certif. Of Deposit	Community Capital Bank	100,000	100,567	2/22/2021	300
Certif. Of Deposit	BMW Bank of No. America	97,000	97,306	2/22/2021	300
Certif. Of Deposit	BMW Bank of No. America	150,000	150,482	2/26/2021	300
Gov't Agency	Federal Home Loan Mtg Corp	150,000	150,647	10/02/2019	AAA
Gov't Agency	Fannie Mae	150,000	152,574	1/21/2020	AAA
Gov't Agency	Federal Home Loan Mtg Corp	125,000	125,981	5/01/2020	AAA
Gov't Agency	Fannie Mae	735,000	747,083	9/28/2020	AAA
Gov't Agency	Fannie Mae	100,000	101,104	6/22/2020	AAA
Gov't Agency	Fannie Mae	105,000	105,051	11/30/2020	AAA
Gov't Agency	Federal Home Loan Mtg Corp	210,000	215,462	12/11/2020	AAA
Gov't Agency	Fannie Mae	100,000	103,033	1/07/2021	AAA
Certif. Of Deposit	Goldman Sachs Bank	110,505	110,505	6/16/2021	295
Total Investments		<u>\$ 5,477,825</u>	5,547,694		
Investments reported below market value			(207)		
Total Investments reported			<u>\$ 5,547,487</u>		

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

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
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**MARCH 31, 2016**

**(Continued)**

**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, 2016, an account was maintained in the name of the Housing Authority of the County of Contra Costa for \$936,239. The total cost value of investment in LAIF was \$936,239. The total fair value of investments in LAIF was \$936,446. The fair value total includes an unrealized gain on investments of \$207. The unrealized gain was based on a fair value adjustment factor of 1.00022106 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 \$936,239 invested in LAIF, \$937,320 is recorded as assets of the Authority. The difference includes \$1,081 of interest receivable from LAIF as of March 31, 2016, shown by the Authority as investments.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At March 31, 2016, the fair value of the State of California Pooled Money Investment Account (PMIA), including accrued interest, was \$67,252,084,148. The PMIA portfolio had securities in the form of structured notes totaling \$300 million and asset-backed securities totaling \$968,950,000. 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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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(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	\$ 329,112
Family Self Sufficiency Program participant's escrow funds	267,332
HUD funds restricted in use for HAP payments (See also Note 10)	188,199
Blended component unit - Casa Del Rio:	
Funds held by CHFA:	
Replacement reserve	297,249
Operating reserve	228,508
Hazard and earthquake insurance impounds	13,892
Tenant security deposits	<u>18,308</u>
Total restricted cash	<u>\$ 1,342,600</u>

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 3/31/15	Loans Issued	Loans Repaid	Balance 3/31/16	Long-term Portion	Short-term Portion
CDBG Loan Program	\$ 419,936	\$ -	\$ (97,500)	\$ 322,436	\$ 322,436	\$ -
Rental Rehab. Program	54,030	-	-	54,030	54,030	-
Employee computer loans	10,535	9,851	(6,810)	13,576	-	13,576
DeAnza Gardens LP	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
	1,484,501	9,851	(104,310)	1,390,042	1,376,466	13,576
Interfund:						
CDR from mgmt fund	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>185,000</u>	<u>185,000</u>	<u>-</u>
Totals	<u>\$ 1,669,501</u>	<u>\$ 9,851</u>	<u>\$ (104,310)</u>	<u>\$ 1,575,042</u>	<u>\$ 1,561,466</u>	<u>\$ 13,576</u>

Interest on these loans is as follows:

	Balance 3/31/15	Interest Accrued	Interest Repaid	Balance 3/31/16	Long-term Portion	Short-term Portion
CDBG Loan Program	\$ 109,115	\$ 11,440	\$ (40,230)	\$ 80,325	\$ 80,325	\$ -
Rental Rehab. Program	12,526	1,625	-	14,151	14,151	-
DeAnza Gardens LP	<u>420,107</u>	<u>30,000</u>	<u>-</u>	<u>450,107</u>	<u>450,107</u>	<u>-</u>
Totals	<u>\$ 541,748</u>	<u>\$ 43,065</u>	<u>\$ (40,230)</u>	<u>\$ 544,583</u>	<u>\$ 544,583</u>	<u>\$ -</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**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 9).

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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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(Continued)

**Note 5 - CAPITAL ASSETS**

Capital asset activity for the year ending March 31, 2016.

	March 31, 2015	Additions	Transfers	Deletions	March 31, 2016
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,825,993	\$ -	\$ -	\$ -	\$ 1,825,993
Construction in progress	<u>569,776</u>	<u>252,577</u>	<u>(617,646)</u>	<u>-</u>	<u>204,707</u>
Total	<u>2,395,769</u>	<u>252,577</u>	<u>(617,646)</u>	<u>-</u>	<u>2,030,700</u>
<b>Capital assets depreciated:</b>					
Buildings and improvements	97,242,741	-	617,646	-	97,860,387
Equipment	<u>2,480,089</u>	<u>141,259</u>	<u>-</u>	<u>(180)</u>	<u>2,621,168</u>
Total capital assets being depreciated	<u>99,722,830</u>	<u>141,259</u>	<u>617,646</u>	<u>(180)</u>	<u>100,481,555</u>
Total capital assets	<u>102,118,599</u>	<u>393,836</u>	<u>-</u>	<u>(180)</u>	<u>102,512,255</u>
<b>Accumulated depreciation:</b>					
Buildings and improvements	(85,679,471)	(1,975,905)	-	-	(87,655,376)
Equipment	<u>(2,347,978)</u>	<u>(74,997)</u>	<u>-</u>	<u>-</u>	<u>(2,422,975)</u>
Total accumulated depreciation	<u>(88,027,449)</u>	<u>(2,050,902)</u>	<u>-</u>	<u>-</u>	<u>(90,078,351)</u>
Total capital assets depreciated, net	<u>11,695,381</u>	<u>(1,909,643)</u>	<u>617,646</u>	<u>(180)</u>	<u>10,403,204</u>
Total capital assets, net	<u>\$ 14,091,150</u>	<u>\$ (1,657,066)</u>	<u>\$ -</u>	<u>\$ (180)</u>	<u>\$ 12,433,904</u>

**The changes by project are as follows:**

	March 31, 2015	Additions	Transfers	Deletions	March 31, 2016
<b>TOTAL CAPITAL ASSETS:</b>					
Public Housing	\$ 90,478,821	\$ 306,752	\$ -	\$ -	\$ 90,785,573
Housing Choice Voucher	4,136,481	62,883	-	-	4,199,364
Section 8 Moderate Rehab	168,778	-	-	-	168,778
CDBG Loan	3,937	-	-	-	3,937
Management Fund	75,115	-	-	-	75,115
Central Office Cost Center	146,978	24,201	-	(180)	170,999
Blended Component Units:					
Casa Del Rio	<u>7,108,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,108,489</u>
Total capital assets	<u>102,118,599</u>	<u>393,836</u>	<u>-</u>	<u>(180)</u>	<u>102,512,255</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

(Continued)

**Note 5 (continued)**

	March 31, 2015	Additions	Transfers	Deletions	March 31, 2016
<b>DEPRECIATION:</b>					
Public Housing	(82,267,961)	(1,724,242)	-	-	(83,992,203)
Housing Choice Voucher	(1,725,712)	(142,514)	-	-	(1,868,226)
Section 8 Moderate Rehab	(168,778)	-	-	-	(168,778)
CDBG Loan	(3,912)	(17)	-	-	(3,929)
Management Fund	(75,114)	-	-	-	(75,114)
Central Office Cost Center	(143,940)	(4,557)	-	-	(148,497)
Blended Component Units:					
Casa Del Rio	(3,642,032)	(179,572)	-	-	(3,821,604)
Total depreciation	(88,027,449)	(2,050,902)	-	-	(90,078,351)
Net	<u>\$ 14,091,150</u>	<u>\$ (1,657,066)</u>	<u>\$ -</u>	<u>\$ (180)</u>	<u>\$ 12,433,904</u>

**Note 6 - LONG TERM DEBT**

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

	Balance 3/31/2015	Loans Issued	Payments	Balance 3/31/2016	Short-term Portion	Long-term Portion	Interest Payable
Energy equipment lease	\$ 242,191	\$ -	\$ (160,713)	\$ 81,478	\$ 81,478	\$ -	\$ -
Office building mortgage	2,388,374	-	(113,499)	2,274,875	188,526	2,086,349	-
Blended component units:							
Casa Del Rio:							
CHFA	359,113	-	(24,690)	334,423	26,537	307,886	-
RHCP	2,626,618	-	-	2,626,618	-	2,626,618	1,725,103
	5,616,296	-	(298,902)	5,317,394	296,541	5,020,853	1,725,103
Interfund:							
Mgmt Fund to CDR	185,000	-	-	185,000	-	185,000	-
Totals	<u>\$ 5,801,296</u>	<u>\$ -</u>	<u>\$ (298,902)</u>	<u>\$ 5,502,394</u>	<u>\$ 296,541</u>	<u>\$ 5,205,853</u>	<u>\$ 1,725,103</u>

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

Year ending	Energy Lease Loan		Office Building		CHFA		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 81,478	\$ 1,018	\$ 188,526	\$ 107,693	\$ 26,537	\$ 25,291	\$ 430,543
2018	-	-	198,008	98,211	28,843	22,985	348,047
2019	-	-	207,967	88,252	31,175	20,653	348,047
2020	-	-	218,228	77,991	33,696	18,132	348,047
2021	-	-	229,404	66,815	36,420	15,408	348,047
2022-2026	-	-	1,232,742	149,613	177,752	29,724	1,589,831
	<u>\$ 81,478</u>	<u>\$ 1,018</u>	<u>\$ 2,274,875</u>	<u>\$ 588,575</u>	<u>\$ 334,423</u>	<u>\$ 132,193</u>	<u>\$ 3,412,562</u>

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**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 guaranteed 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 was due in monthly installments of \$14,003 and accrued interest at a rate of 4.330% per annum. Interest in the amount of \$7,322 was paid and expensed during the fiscal year ended March 31, 2016. This loan was paid off on July 14, 2016.

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. On November 1, 2015, the terms of the loan agreement with WestAmerica Bank were changed. As of November 1, 2015, the \$2,335,903 loan will be amortized over 120 months, is due November 1, 2025, requires monthly payments of \$24,685, and accrues interest at a fixed rate of 4.850% per annum. Interest of \$122,230 and loan fees of \$750 were paid to WestAmerica Bank and expensed during the fiscal year ended March 31, 2016.

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 \$27,141 was paid and expensed during the calendar year ended December 31, 2015.

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, 2015. 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 \$1,725,103. The entire amount is considered to be long-term and is shown as other noncurrent liabilities. See also Note 9.

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**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, 2016, \$92,370 was expensed for payment in lieu of taxes. Approximately 75% is payable as of March 31, 2016 and is shown as *Due to Other Agencies*.

**Note 8 - UNEARNED REVENUE**

Unearned revenue consists of:

Revolving loan funds held for future expenditures		\$ 186,360
Prepaid rent - Public Housing	\$ 12,207	
Casa Del Rio	<u>48</u>	12,255
Program Advance - Summer Reading Program	5,323	
Family Self Sufficiency Program	<u>2,838</u>	<u>8,161</u>
		<u>\$ 206,776</u>

**Note 9 - OTHER NONCURRENT LIABILITIES**

Other noncurrent liabilities consist of:

Loan liability:

CDBG:

Notes receivable (See also Note 4)	\$ 322,436	
Interest on notes receivable (See also Note 4)	<u>80,325</u>	\$ 402,761

Rental Rehabilitation:

Notes receivable (See also Note 4)	54,030	
Interest on notes receivable (See also Note 4)	<u>14,151</u>	68,181

Housing Choice Voucher Program

Insurance reserves		59,130
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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)

<u>1,725,103</u>
<u>\$ 2,255,175</u>



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**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)	\$ 12,433,904
Long term debt (omitting interfund balances) (see Note 6)	(5,317,394)
Accrued interest on long term debt (see Note 6 & 9)	<u>(1,725,103)</u>
Net investment in capital assets	<u><u>\$ 5,391,407</u></u>

**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 the following as restricted net position:

Housing Choice Voucher - HAP	\$ 188,199
Casa Del Rio Senior Housing - Reserves	<u>539,649</u>
Restricted net position	<u><u>\$ 727,848</u></u>

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). Most excess allocation is now held by HUD until PHAs demonstrate the need for the disbursement of funds. The excess HAP funds noted above are held in the Authority's restricted cash accounts and fully funded. See also Note 3.

The restricted net position 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.

**C. Deficit Unrestricted Net Position**

The Authority's Other State and Local Enterprise Fund had a deficit unrestricted net position balance as of March 31, 2016, of \$6,259,635. This deficit is the result of the Authority's compliance with the new GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27*. The Authority's Other State and Local Enterprise Fund holds the deferred outflows of resources, deferred inflows of resources, and the net pension liability of the Authority's retirement plan. These balances change annually as payments are made to the plan and as actuarial information is received regarding the plan.

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**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 (CCCERA) under the County's Employee's Retirement Law of 1937 (1937 Act) and the Public Employee's Pension Act of 2013 (PEPRA). A more detailed description of the plan and the benefits provided can be obtained from the CCCERA's Comprehensive Annual Financial Report and the CCCERA's Actuarial Valuation and Review, which are located at [www.cccera.org](http://www.cccera.org).

**B. Benefits Provided**

All full-time employees of the Authority participate in this plan. There are currently 83 active plan members and 70 retirees or beneficiaries receiving benefits. 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. The Authority has two applicable tiers, Tier 1 Enhanced and PEPRA Tier IV (3% Max COLA).

Tier 1 Enhanced employees are those with a membership prior to January 1, 2013. These members are eligible to retire once they attain the age of 70 regardless of service or at age 50, with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. Benefits are calculated pursuant to Section 31676.16 for Enhanced Benefit Formulae. The monthly allowance is 1/50th (Enhanced) of final compensation times years of accrued retirement service credit times age factor from Section 31676.16 (Enhanced). The maximum retirement benefit is 100% of final compensation. Final average compensation consists of the highest 12 consecutive months.

PEPRA Tier IV employees are those with a membership on or after January 1, 2013. These members are eligible to retire once they have attained the age of 70 regardless of service or at 52, with five years of retirement service credits. Benefits are calculated pursuant to the provisions found in California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a). There is no final compensation limit in the maximum retirement benefit for this tier. Final average compensation consist of the highest 36 consecutive months.

**C. Contributions**

The Authority contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from the CCCERA actuary after the

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(Continued)

**Note 11 (continued)**

completion of the annual actuarial valuation. The average Authority employer contribution rate as of March 31, 2016 was 46.82%. Members are required to make contributions to CCCERA regardless of the retirement plan or tier in which they are included. The average member contribution as of March 31, 2016 was 7.38%. As of March 31, 2016, the Authority owed CCCERA \$214,721. This liability is short-term and represents March contributions paid in April 2016.

**D. Net Pension Liability**

The *Governmental Accounting Standards 68 Actuarial Valuation based on December 31, 2015 measurement date for employer reporting as of June 30, 2016*, provided by CCCERA outlines the net pension liability (NPL) allocated to its member employers as based on the following definition of covered payroll - "Only compensation earnable and pensionable would go into the determination of retirement benefits".

The most recent Actuarial Report available from CCCERA had a valuation date of December 31, 2015. The Authority used the beginning NPL from this report as its balance as of the beginning of its fiscal year ended March 31, 2016. Since this is the first year of the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, a prior period adjustment was used to establish the NPL as of April 1, 2015 as follows:

Net pension liability as of the measurement date December 31, 2014	\$ 8,652,807
Deferred inflows of resources - net difference between expected and actual experience in TPL	1,143,602
Employer contributions made subsequent to the measurement date and up to March 31, 2015	<u>(608,801)</u>
Prior period adjustment April 1, 2015	<u>\$ 9,187,608</u>

The December 31, 2015 CCCERA Actuarial Report reflects the following NPL balances:

	Measurement Date <u>12/31/2015</u>	Measurement Date <u>12/31/2014</u>
NPL as the beginning of the measurement period	\$ 8,652,807	\$ 10,648,283
Pension Expense	1,712,545	1,240,720
Employer Contributions	(2,329,742)	(2,092,594)
Estimated Net Deferred Inflows/Outflows of Resources	2,501,164	(1,117,595)
Change in Allocation of Prior Deferred Inflows/Outflows	12,100	-
New Net Deferred Flows Due to Changes in Proportion	(72,664)	(26,007)
Recognition of Prior Deferred Inflows/Outflows of Resources	304,957	-
Recognition of Prior Deferred Flows Due to Change in Proportion	<u>7,224</u>	<u>-</u>
NPL as of the end of the measurement period	<u>\$ 10,788,391</u>	<u>\$ 8,652,807</u>

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(Continued)

**Note 11 (continued)**

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability as of December 31, 2015 calculated using the discount rate of 7.00%, as well as what the NPL liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate:

	1% decrease 6.00%	Current Discount rate 7.00%	1% increase 8.00%
Housing Authority NPL	\$ 18,553,691	\$ 10,788,391	\$ 4,465,010

**E. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension**

Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits as follows:

	<u>12/31/2015</u>	<u>12/31/2014</u>
Service Cost	\$ 1,380,994	\$ 1,391,284
Interest on total pension liability	4,168,551	4,061,294
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(20,643)	(7,224)
Expensed portion of current-period difference between expected and actual experience in the TPL	(98,375)	(288,842)
Expensed portion of current-period changes of assumptions or other inputs	114,320	(119)
Member contributions	(611,033)	(566,319)
Projected earnings on plan investments	(3,583,223)	(3,380,531)
Expensed portion of current-period differences between actual and projected earnings on plan investments	611,259	(19,334)
Administrative expense	58,092	50,511
Other expenses	4,784	-
Recognition of beginning of year deferred inflows of resources as pension expense	(304,957)	-
Net amortization of deferred amounts from changes in proportion and differences between employer's contribution and proportionate share of contributions	<u>(7,224)</u>	<u>-</u>
Pension expense - measurement date 12/31	<u>\$ 1,712,545</u>	<u>\$ 1,240,720</u>

Deferred outflows and inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner,

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(Continued)

**Note 11 (continued)**

In addition, deferred outflows of resources include employer contributions to the pension plan made subsequent to the measurement date, as follows:

	Deferred Outflows	Deferred Inflows
Changes in proportion an differences between employer's contribution and proportionate share of contribution	\$ -	\$ 91,447
Changes in assumptions or other input	402,407	306
Net excess of projected over actual earnings on pension plan investments	2,387,664	-
Difference between expected and actual experience in the TPL	-	1,089,139
Balances per actuarial report - measurement date 12/31/2015	2,790,071	1,180,892
Employer contributions made January thru March 2016	556,527	-
Balances reported March 31, 2016	<u>\$ 3,346,598</u>	<u>\$ 1,180,892</u>

Deferred outflows and inflows of resources, other than the employer contributions noted above, will be recognized in future pension expense as follows:

Measurement period:	
2017	\$ 294,380
2018	294,380
2019	411,602
2020	608,817

The amount reported as deferred outflows of resources related to employer contributions made January through March 2016, should have the effect of reducing net pension liability during the next actuarial measurement period. The Authority has reported deferred outflows and inflows of resources in the aggregate on the Statement of Net Position.

**F. Actuarial Assumptions**

The total pension liability (TPL) as of December 31, 2015, and December 31, 2014 were determined by actuarial valuations as of December 31, 2014 and December 31, 2013, respectively. The actuarial assumptions used were based on the results of an experience study for the period January 1, 2012 through December 31, 2014. They are generally the same as the assumptions used in the December 31, 2015 and the December 31, 2014 funding actuarial valuations that for GASB 68 purposes, the investment return assumption used is net of investment expenses only and is not net of administrative expenses.

Measurement Date	12/31/2015	12/31/2014
Inflation	2.75%	3.25%
Salary increases - general	4.0% to 13.25%	4.75% to 13.5%
Investment rate of return	7.00%	7.25%
Administrative expenses	1.14%	Not applicable
Cost of living adjustment	2.75%	3.00%

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**Note 11 (continued)**

When measuring pension liability GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as CCCERA uses for funding. This means that the TPL measured for financial reporting shown in this report is determined on generally the same basis as CCCERA's actuarial accrued liability (AAL) measure for funding.

Mortality rates for member contribution rates for members were based on the RP-2014 Healthy Annuitant Mortality Table projected to 2034 with the two-dimensional MP-2015 projection scale, weighted 30% male and 70% female.

The long-term expected rate of return on pension plan investments determined in 2016 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin.

The target allocation (approved by the CCCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expensed, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate</u>
Large Cap U.S. Equity	6.0%	5.75%
Developed International Equity	10.0	6.99
Emerging Markets Equity	14.0	8.95
Short-term Gov't/Credit	24.0	0.20
U. S. Treasury	2.0	0.30
Real Estate	7.0	4.45
Risk Diversifying	2.0	4.30
Private Credit	17.0	6.30
Private Equity	17.0	8.10
Cash and Equivalents	1.0	-0.46
Total	<u>100.0%</u>	

The discount rate used to measure the TPL was 7% as of December 31, 2015 and 7.25% as of both December 31, 2014 and 2013. The projection of cash flows used to determine the discount rate assumed plan members contributions will be made at the current contribution rate and that employer contributions will be made as rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions for future plan members,

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**(Continued)**

**Note 11 (continued)**

are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2015 and 2014.

**G. 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 the termination of employment or at retirement.

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

<u>Fiscal Year Ended</u>	<u>Payroll Subject to Contribution</u>	<u>Employer Contribution</u>	<u>As a Percentage of Payroll</u>	<u>Employee Contribution</u>	<u>As a Percentage of Payroll</u>
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%
3/31/2016	\$ 4,833,700	\$ 2,262,987	46.82%	\$ 356,594	7.38%

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.

**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 health and dental plans administered by CCCHA. Benefit provisions are established and amended through negotiations between CCCHA and the respective unions and employee groups. Current maximum monthly contribution toward the cost of medical and dental coverage ranges

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**(Continued)**

**Note 12 (continued)**

from \$345 to \$980. 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	70
Active plan members	<u>83</u>
Total	<u><u>153</u></u>

**Funding Policy:** The contribution requirements of program members and CCCHA are determined by negotiations between CCCHA and the respective unions and employee groups. There is currently no requirement for employees to contribute to the plan.

Beginning fiscal year 2016, CCCHA has begun funding the annual OPEB cost. CCCHA has established a trust account with the Public Agency Retirement Services (PARS) to administer the funding of the projected benefits of the OPEB plan. Monthly, CCCHA makes healthcare premium payments of its current retirees to the benefit providers. The current plan has specific limits, with the retiree contributing any necessary amount of the premium cost that exceeds the limits. CCCHA then makes deposits into their PARS trust account for the difference between the actuarially determined annual OPEB cost and the out-of-pocket payments made to the healthcare benefit providers. This funding policy assumes a discount rate of 4% up until March 31, 2016 and 7.39% beginning April 1, 2016. The change in discount rates is due to the Authority's decision to fund the OPEB 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 4.0% and is computed on the unfunded amount.

The most current actuarial report, dated April 1, 2014, calculated these amounts for the fiscal year ended March 31, 2016. 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.



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**Note 12 (continued)**

	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Present value of the Actuarial			
Accrued Liability	<u>\$ 5,135,552</u>	<u>\$ 5,016,892</u>	<u>\$ 5,365,137</u>
Normal costs	<u>\$ 183,002</u>	<u>\$ 183,002</u>	<u>\$ 190,278</u>
Amortization of UAAL	197,344	192,785	221,311
Interest on net OPEB obligation			
at beginning of year	95,813	91,033	96,656
ARC adjustment for current fiscal year	<u>(104,689)</u>	<u>(87,455)</u>	<u>(88,601)</u>
Annual OPEB cost/Annual			
Required Contribution	371,470	379,365	419,644
Contributions made on behalf of participants	(263,850)	(259,871)	(291,724)
Deposit made to PARS trust	<u>(107,802)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net OPEB obligation	(182)	119,494	127,920
Net OPEB obligation - Beginning of year	<u>2,395,321</u>	<u>2,275,827</u>	<u>2,147,907</u>
Net OPEB obligation - End of year	<u><u>\$ 2,395,139</u></u>	<u><u>\$ 2,395,321</u></u>	<u><u>\$ 2,275,827</u></u>
 PARS trust balance - beginning of year	 \$ -	 \$ -	 \$ -
Deposits made	107,802	-	-
Investment earning (net of expense)	<u>182</u>	<u>-</u>	<u>-</u>
PARS trust balance - end of year	<u><u>\$ 107,984</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

<u>Fiscal Year</u>	<u>Annual</u>	<u>Employer</u>	<u>Percentage of</u>	<u>Net OPEB</u>
<u>Ended</u>	<u>OPEB Cost</u>	<u>Contributions</u>	<u>Annual OPEB</u>	<u>Obligation</u>
			<u>Costs Contributed</u>	
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	\$ 259,871	68.50%	\$ 2,395,321
3/31/2016	\$ 371,470	\$ 371,652	100.00%	\$ 2,395,139

**Funding Status and Funding Progress:** The most recent actuarial valuation dated April 1, 2014, reflects a accrued liability for benefits of \$5.1 million, therefore, unfunded actuarial accrued liability as a percentage of covered payroll is 97.62%.

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**Note 12 (continued)**

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 59, 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.

**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 valuation was completed using the Entry Age Normal Actuarial Cost method. This cost method allocates the present value of future benefits on a level basis over the earnings of each employee between the hire date and assumed retirement age. This valuation assumes a 3.25% annual rate of increase in payroll, an average 6.1% annual health care cost trend rate assumption, and is based on an open 30-year amortization of the Unfunded Actuarial Liability using the level percent of payroll. The valuation results were based on a 4% discount rate up until March 31, 2016, assuming that the CCHA continues pay-as-you-go funding of its post-employment benefit program. The discount rate changed to 7.39% beginning April 1, 2016 which coincides with the Authority's decision to fund the OPEB plan.

**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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 13 (continued)**

A total of \$2,828,589 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.

**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).

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 14 (continued)**

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 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, 2015, 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, 2015, which differs from that of the Authority’s fiscal year end of March 31, 2016. 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, 2015, are as follows:

**STATEMENT OF NET POSITION**

Current assets	\$ 197,600
Restricted assets	557,957
Property and equipment	3,286,885
Other non-current assets	<u>212,964</u>
Total assets	<u>\$ 4,255,406</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 14 (continued)**

**STATEMENT OF NET POSITION (continued)**

Current liabilities	\$ 41,652
Payable from restricted assets	37,229
Long term liabilities	<u>5,030,072</u>
Total liabilities	<u>5,108,953</u>
Net investment in capital assets	(1,399,259)
Restricted net position	539,649
Unrestricted net position	<u>6,063</u>
Total net position	<u>(853,547)</u>
Total liabilities and net position	<u>\$ 4,255,406</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Rental revenue	\$ 507,426
Interest and other revenue	<u>23,767</u>
Total revenue	<u>531,193</u>
Administrative expenses	229,953
Utility expenses	89,085
Maintenance expenses	134,979
General expenses	50,426
Depreciation	<u>179,572</u>
Total expenses	<u>684,015</u>
Operating income (loss)	(152,822)
Debt service interest	(119,840)
Amortization	<u>(3,144)</u>
Change in net position	(275,806)
Net position at the beginning of the year - 1/1/2015	<u>(577,741)</u>
Net position at the end of the year - 12/31/2015	<u>\$ (853,547)</u>

**STATEMENT OF CASH FLOWS**

Net cash provided (used) by:	
Operating activities	\$ 51,129
Noncapital financing activities	56,286
Capital financing activities	(51,831)
Investing activities	<u>4,647</u>
Net change in cash	60,231
Cash at the beginning of the year - 1/1/2015	<u>645,665</u>
Cash at the end of the year - 12/31/2015	<u>\$ 705,896</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 14 (continued)**

**Interfund accounting issues:**

Operating advances made by the Authority were \$394,178 as of March 31, 2016. The interfund balance as of December 31, 2015 was \$370,465 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, 2016, shows \$370,465 as both a noncurrent asset and as a noncurrent liability. The difference of \$23,713, due to the timing differences of the fiscal year ends, is shown as "other" noncurrent assets.

During the fiscal year ended December 31, 2015, 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, 2015) are also participants in the Authority's Housing Choice Voucher or Shelter Plus Care Programs. The rent for these tenants is subsidized by HUD through the Authority. During the twelve months ended March 31, 2016, the Authority's Housing Choice Voucher and Shelter Plus Care Programs paid a total of \$9,755 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, 2016, from the Casa Del Rio Blended Component Unit Enterprise Fund for inclusion into the Fund Financial Statements include:

- \$106,330 receivable/payable between CDR Inc and CDR Associates
- \$1,170,069 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 of \$853,547.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2016**

(Continued)

**Note 14 (continued)**

**DeAnza - Discretely Presented Component Units**

**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, 2015, 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, 2015, which differs from that of the Authority's fiscal year end of March 31, 2016. 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 <u>3/31/2016</u>	Component Unit Liabilities <u>12/31/2015</u>
Due to the Authority:		
Short-term for operations	\$ <u>75,954</u>	\$ <u>32,444</u>
Long-term:		
Interest on note	\$ 450,107	\$ 442,607
Land lease	924,000	906,000
Long-term for operations	<u>524,616</u>	<u>564,052</u>
	<u>\$ 1,898,723</u>	<u>\$ 1,912,659</u>
Due to Boston Capital - long-term		<u>\$ 17,019</u>

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 14 (continued)**

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, 2015. No interest has been paid to the Authority. The Authority's Housing Choice Voucher Enterprise Fund reported \$450,107 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 \$924,000 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, 2015, 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, 2016. Some of the DeAnza Gardens tenants (5 as of December 2015) are also 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, 2016, the Authority's Housing Choice Voucher Program paid \$66,590 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.
- \$850,280 of interest on the long-term note held by DeAnza Corp from DeAnza L.P.
- \$279,419 receivable recognized by DeAnza Corp from DeAnza L.P.
- \$622 deficit investment in partnership reported by DeAnza Corp is offset by net position in DeAnza L.P.
- \$55,250 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.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

(Continued)

**Note 14 (continued)**

**Cash and investments:**

	<u>Unrestricted</u>	<u>Restricted</u>
Demand deposits (FDIC insured up to \$250,000)	\$ 104,607	\$ 14,625
Cash held by investment companies	-	3,442
Investments	-	923,624
Held by mortgagor	-	482,970
Cash on hand	<u>500</u>	<u>-</u>
	<u>\$ 105,107</u>	<u>\$ 1,424,661</u>

The demand deposits are with WestAmerica bank. The total on deposit did not exceed the amount covered by FDIC as of December 31, 2015. FDIC coverage is \$250,000 for 2015. Cash and investments of \$927,066 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 includes replacement and operating reserves required by the lender and reported as restricted net assets totaling \$1,410,036. Cash has also been restricted for security deposits in the amount of \$14,625. The excess of the security deposit liability of \$159,232, over the cash balance represents cash held as an investment in the operating reserve account.

**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:

	<u>12/31/2015</u>	<u>12/31/2014</u>
Building and improvements	\$ 29,505,562	\$ 29,505,562
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	<u>488,321</u>	<u>488,321</u>
	35,381,752	35,381,752
Less accumulated depreciation	<u>(11,675,442)</u>	<u>(10,658,108)</u>
	<u>\$ 23,706,310</u>	<u>\$ 24,723,644</u>

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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2016**

**(Continued)**

**Note 14 (continued)**

**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:

<u>Balance</u> <u>12/31/2014</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2015</u>	<u>S/T</u> <u>Portion</u>	<u>L/T</u> <u>Portion</u>	<u>Interest</u> <u>Payable</u>
\$ 8,764,899	\$ (202,812)	\$ 8,562,087	\$ 216,609	\$ 8,345,478	\$ 48,207

Interest expense for the fiscal year ended December 31, 2015	\$ 572,421
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**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, 2015. The majority of the entity's assets are either invested in capital assets or restricted, leaving the unrestricted net position in deficit by \$2,929,179. This deficit is an increase over the prior year's deficit of \$2,904,459.

**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 12, 2016, 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 4.5%. 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.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 15 (continued)**

**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 17 - 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, 2015, there were thirty-three members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed CHWCA audited financial information for the year ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Total assets	\$ 25,524,673	\$ 24,496,334
Total liabilities	<u>(15,818,959)</u>	<u>(16,484,222)</u>
Net position	<u>\$ 9,705,714</u>	<u>\$ 8,012,112</u>
 Total revenues	 \$ 5,118,049	 \$ 4,702,889
Total expenses	<u>(3,424,446)</u>	<u>(3,894,815)</u>
Net change in net position	<u>\$ 1,693,603</u>	<u>\$ 808,074</u>

CHWCA had no long-term debt outstanding at December 31, 2015. 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, 2015 were \$249,422. CHWCA issues a separate comprehensive annual financial report. Copies

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**(Continued)**

**Note 17 (continued)**

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 \$312,000 for the policy year beginning June 1, 2015.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
REQUIRED SUPPLEMENTARY INFORMATION  
AS OF MARCH 31, 2016**

**Schedule of Proportionate Share of the Net Pension Liability (NPL)**

<u>Reporting Date</u>	<u>Proportion of the NPL</u>	<u>Proportionate Share of the NPL</u>	<u>Covered Employee Payroll</u>	<u>NPL as a % of covered Payroll</u>	<u>Funded Ratio</u>
6/30/2014	0.724%	\$ 10,648,283	\$ 4,677,572	227.65%	80.04%
6/30/2015	0.724%	\$ 8,652,807	\$ 4,691,885	184.42%	84.06%
6/30/2016	0.716%	\$ 10,788,391	\$ 4,841,907	222.81%	80.83%

**Schedule of Funding Progress for OPEB**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Status</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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%
3/31/2016	\$ 107,984	\$ 5,135,552	\$ 5,027,750	2%	\$ 5,150,586	97.62%

## **SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2016**

<u><b>Federal Grantor</b></u>	<u><b>CFDA Number</b></u>	<u><b>Expenditures</b></u>
Department of Housing and <u>Urban Development (HUD):</u>		
Direct Programs:		
Shelter Plus Care	14.238	\$ 3,588,998
Public and Indian Housing	14.850	5,713,834
Lower Income Housing Assistance Program		
Section 8 Moderate Rehabilitation	14.856	185,172
Housing Choice Voucher Program	14.871	87,853,845
Public Housing - Capital Fund Program	14.872	971,790
Family Self Sufficiency Program Coordinators	14.896	<u>105,894</u>
Subtotal federal expenditures, Dept of HUD		<u>98,419,533</u>
Total expenditures of federal awards		<u><u>\$ 98,419,533</u></u>

**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, 2016**

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, 2016.

**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	\$ 82,580,306	\$ 6,076,764	\$ 88,657,070
Adjustments:			
Depreciation	-	(142,514)	(142,514)
HAP reimbursed by other housing authorities	(893,787)	-	(893,787)
Transfers to other programs	-	56,694	56,694
Capital additions	-	62,883	62,883
Debt retired	-	113,499	113,499
Total Expenditures	<u>\$ 81,686,519</u>	<u>\$ 6,167,326</u>	<u>\$ 87,853,845</u>
Federal grants earned	\$ 81,810,729	\$ 6,916,248	\$ 88,726,977
Prior funding available for expenditure	-	3,058,938	3,058,938
Federal awards available for expenditure	<u>\$ 81,810,729</u>	<u>\$ 9,975,186</u>	<u>\$ 91,785,915</u>
Expenditures of Federal awards	<u>\$ 81,686,519</u>	<u>\$ 6,167,326</u>	<u>\$ 87,853,845</u>

**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 HUD grants earned for the year.



**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA**  
**FINANCIAL DATA SCHEDULE (CA011)**  
**BALANCE SHEET**  
**AS OF MARCH 31, 2016**

	Public Housing (including Capital Fund)	PIH Family Self- Sufficiency Program	Community Development Block Grant	Housing Choice Vouchers	Discretely Presented Component Unit - De Anza
<b>CFDA Number</b>	<b>14.850/14.872</b>	<b>14.896</b>	<b>14.218</b>	<b>14.871</b>	
111 Cash - Unrestricted	\$66,622	\$6,477	\$136,270	\$2,925,052	\$105,107
113 Cash - Other Restricted				\$190,506	\$1,410,036
114 Cash - Tenant Security Deposits	\$329,113				\$14,625
100 Total Cash	\$395,735	\$6,477	\$136,270	\$3,115,558	\$1,529,768
121 Accounts Receivable - PHA Projects				\$13,674	
122 Accounts Receivable - HUD Other Projects	\$125,462				
125 Accounts Receivable - Miscellaneous					\$21,117
126 Accounts Receivable - Tenants	\$173,470				\$18,946
126.1 Allowance for Doubtful Accounts - Tenants	-\$73,574				-\$1,613
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0	-\$4,018
127 Notes, Loans, & Mortgages Receivable - Current					
129 Accrued Interest Receivable	\$3,178			\$6,716	\$3,524
120 Total Receivables, Net of Allowances for Doubtful Accts	\$228,536	\$0	\$0	\$20,390	\$37,956
131 Investments - Unrestricted	\$1,438,604			\$898,673	
132 Investments - Restricted				\$265,024	
142 Prepaid Expenses and Other Assets	\$91,535			\$2,096	\$21,574
144 Inter Program Due From	\$291,763	\$0			
150 Total Current Assets	\$2,446,173	\$6,477	\$136,270	\$4,301,741	\$1,589,298
161 Land	\$1,026,405			\$330,791	\$1,150,712
162 Buildings	\$88,156,631			\$3,168,053	\$29,714,010
164 Furniture, Equipment & Machinery - Administration	\$1,397,829		\$3,937	\$700,520	\$488,321
166 Accumulated Depreciation	-\$83,992,202		-\$3,929	-\$1,868,226	-\$11,675,442
167 Construction in Progress	\$204,707				
168 Infrastructure					\$4,028,709
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,793,370	\$0	\$8	\$2,331,138	\$23,706,310
171 Notes, Loans and Mortgages Receivable - Non-Current			\$322,436	\$1,000,000	
174 Other Assets	\$961,069		\$80,325	\$450,107	\$79,463
180 Total Non-Current Assets	\$7,754,439	\$0	\$402,769	\$3,781,245	\$23,785,773
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$10,200,612	\$6,477	\$539,039	\$8,082,986	\$25,375,071

Blended Component Unit - Casa Del Rio	Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	Section 8 Moderate Rehab	Central Office Cost Center	Subtotal	Eliminations	Total
	<b>14,238</b>			<b>14,856</b>				
\$37,433	\$132,067	\$33,857	\$173,140	\$23,416	\$3,763	\$3,643,204		\$3,643,204
\$539,648				\$0		\$2,140,190		\$2,140,190
\$18,308				\$0		\$362,046		\$362,046
\$595,389	\$132,067	\$33,857	\$173,140	\$23,416	\$3,763	\$6,145,440	\$0	\$6,145,440
				\$0		\$13,674		\$13,674
	\$12,042			\$0		\$137,504		\$137,504
			\$75,954	\$0		\$97,071		\$97,071
\$10,981				\$0		\$203,397		\$203,397
-\$2,407				\$0		-\$77,594		-\$77,594
	\$0		\$0	\$0		-\$4,018		-\$4,018
			\$13,576	\$0		\$13,576		\$13,576
		\$796	\$4,723	\$0	\$237	\$19,174		\$19,174
\$8,574	\$12,042	\$796	\$94,253	\$0	\$237	\$402,784	\$0	\$402,784
\$110,505	\$7,275	\$151,707	\$1,585,035	\$0	\$1,090,664	\$5,282,463		\$5,282,463
				\$0		\$265,024		\$265,024
\$41,087			\$2,172	\$642	\$71,956	\$231,062		\$231,062
	\$0		\$0	\$0	\$0	\$291,763	-\$291,763	\$0
\$755,555	\$151,384	\$186,360	\$1,854,600	\$24,058	\$1,166,620	\$12,618,536	-\$291,763	\$12,326,773
\$468,797				\$0		\$2,976,705		\$2,976,705
\$6,461,287			\$74,415	\$0		\$127,574,396		\$127,574,396
\$178,405			\$699	\$168,779	\$170,999	\$3,109,489		\$3,109,489
-\$3,821,604			-\$75,114	-\$168,779	-\$148,497	-\$101,753,793		-\$101,753,793
				\$0		\$204,707		\$204,707
				\$0		\$4,028,709		\$4,028,709
\$3,286,885	\$0	\$0	\$0	\$0	\$22,502	\$36,140,213	\$0	\$36,140,213
\$185,000		\$54,030		\$0		\$1,561,466	-\$185,000	\$1,376,466
\$27,964		\$14,151	\$918,794	\$0		\$2,531,873	-\$370,464	\$2,161,409
\$3,499,849	\$0	\$68,181	\$918,794	\$0	\$22,502	\$40,233,552	-\$555,464	\$39,678,088
			\$2,165,706	\$0		\$2,165,706		\$2,165,706
\$4,255,404	\$151,384	\$254,541	\$4,939,100	\$24,058	\$1,189,122	\$55,017,794	-\$847,227	\$54,170,567

**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, 2016**  
**(Continued)**

	Public Housing (including Capital Fund)	PIH Family Self- Sufficiency Program	Community Development Block Grant	Housing Choice Vouchers	Discretely Presented Component Unit - De Anza
<b>CFDA Number</b>	<b>14.850/14.872</b>	<b>14.896</b>	<b>14.218</b>	<b>14.871</b>	
312 Accounts Payable <= 90 Days	\$204,111			\$184,209	\$62,482
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion	\$101,350	\$3,639		\$70,786	
324 Accrued Contingency Liability					
325 Accrued Interest Payable					\$48,207
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$69,555		\$136,253		
341 Tenant Security Deposits	\$329,113				\$159,232
342 Unearned Revenue	\$17,531	\$2,838			\$4,067
343 Current Portion of Long-term Debt - Capital Projects	\$81,479			\$188,526	\$216,609
344 Current Portion of LT Debt - Operating Borrowings					
345 Other Current Liabilities					\$32,444
346 Accrued Liabilities - Other	\$111,640				
347 Inter Program - Due To	\$291,763				
348 Loan Liability - Current					
310 Total Current Liabilities	\$1,206,542	\$6,477	\$136,253	\$443,521	\$523,041
351 Long-term Debt, Net of Current - Capital Projects				\$2,086,349	\$8,345,478
352 LT Debt, Net of Current - Operating Borrowings					\$1,000,000
353 Non-current Liabilities - Other				\$326,462	\$1,929,678
354 Accrued Compensated Absences - Non Current	\$26,513			\$47,175	
355 Loan Liability - Non Current			\$402,761		
357 Accrued Pension and OPEB Liabilities	\$1,156,119			\$871,516	
350 Total Non-Current Liabilities	\$1,182,632	\$0	\$402,761	\$3,331,502	\$11,275,156
300 Total Liabilities	\$2,389,174	\$6,477	\$539,014	\$3,775,023	\$11,798,197
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$6,711,891		\$8	\$56,263	\$15,096,016
511.4 Restricted Net Position				\$188,199	\$1,410,036
512.4 Unrestricted Net Position	\$1,099,547	\$0	\$17	\$4,063,501	-\$2,929,178
513 Total Equity - Net Assets / Position	\$7,811,438	\$0	\$25	\$4,307,963	\$13,576,874
600 Total Liabilities, Deferred Inflows of Resources & Equity	\$10,200,612	\$6,477	\$539,039	\$8,082,986	\$25,375,071

Blended Component Unit - Casa Del Rio	Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	Section 8 Moderate Rehab	Central Office Cost Center	Subtotal	Eliminations	Total
	<b>14,238</b>			<b>14,856</b>				
\$15,067			\$7,355	\$311	\$36,376	\$509,911		\$509,911
				\$0				
			\$214,721	\$0		\$214,721		\$214,721
	\$1,664		\$2,420	\$731	\$80,387	\$260,977		\$260,977
				\$0				
				\$0		\$48,207		\$48,207
				\$17,879		\$17,879		\$17,879
				\$0				
	\$148,904			\$0		\$354,712		\$354,712
\$37,230				\$0		\$525,575		\$525,575
\$48		\$186,360		\$0		\$210,844		\$210,844
\$26,537				\$0		\$513,151		\$513,151
				\$0				
				\$0		\$32,444		\$32,444
				\$0		\$111,640		\$111,640
				\$0		\$291,763	-\$291,763	\$0
				\$0				
\$78,882	\$150,568	\$186,360	\$224,496	\$18,921	\$116,763	\$3,091,824	-\$291,763	\$2,800,061
\$2,934,504				\$0		\$13,366,331		\$13,366,331
			\$185,000	\$0		\$1,185,000	-\$185,000	\$1,000,000
\$2,095,567				\$0		\$4,351,707	-\$370,464	\$3,981,243
	\$816		\$848	\$247	\$27,676	\$103,275		\$103,275
		\$68,181		\$0		\$470,942		\$470,942
			\$10,788,391	\$0	\$367,504	\$13,183,530		\$13,183,530
\$5,030,071	\$816	\$68,181	\$10,974,239	\$247	\$395,180	\$32,660,785	-\$555,464	\$32,105,321
\$5,108,953	\$151,384	\$254,541	\$11,198,735	\$19,168	\$511,943	\$35,752,609	-\$847,227	\$34,905,382
				\$0				
-\$1,769,723				\$0	\$22,502	\$20,116,957		\$20,116,957
\$539,648				\$0		\$2,137,883		\$2,137,883
\$376,526	\$0	\$0	-\$6,259,635	\$4,890	\$654,677	-\$2,989,655		-\$2,989,655
-\$853,549	\$0	\$0	-\$6,259,635	\$4,890	\$677,179	\$19,265,185	\$0	\$19,265,185
\$4,255,404	\$151,384	\$254,541	\$4,939,100	\$24,058	\$1,189,122	\$55,017,794	-\$847,227	\$54,170,567

**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)  
REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED MARCH 31, 2016**

	Public Housing (including Capital Fund)	PIH Family Self- Sufficiency Program	Community Development Block Grant	Housing Choice Vouchers	Discretely Presented Component Unit - De Anza
<b>CFDA Number</b>	<b>14.850/14.872</b>	<b>14.896</b>	<b>14.218</b>	<b>14.871</b>	
70300 Net Tenant Rental Revenue	\$3,632,412				\$1,932,780
70400 Tenant Revenue - Other	\$102,753				\$125,850
70500 Total Tenant Revenue	\$3,735,165	\$0	\$0	\$0	\$2,058,630
70600 HUD PHA Operating Grants	\$6,376,872	\$105,894		\$88,726,977	
70610 Capital Grants	\$306,752				
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70700 Total Fee Revenue					
70800 Other Government Grants	\$4,678				
71100 Investment Income - Unrestricted	\$27,271			\$75,666	
71200 Mortgage Interest Income					
71400 Fraud Recovery				\$103,742	
71500 Other Revenue	\$122,203			\$1,034,012	\$10,598
72000 Investment Income - Restricted				\$0	\$20,754
70000 Total Revenue	\$10,572,941	\$105,894	\$0	\$89,940,397	\$2,089,982
91100 Administrative Salaries	\$760,166		\$1,483	\$1,799,933	\$178,547
91200 Auditing Fees	\$20,392			\$14,607	\$17,750
91300 Management Fee	\$1,045,030			\$1,383,229	
91310 Book-keeping Fee	\$93,640			\$573,396	
91500 Employee Benefit contributions - Administrative	\$691,821		\$1,080	\$1,147,803	\$41,723
91600 Office Expenses	\$284,600			\$416,361	\$162,758
91700 Legal Expense	\$146,757		\$7	\$84,773	\$10,588
91800 Travel	\$2,547		\$1	\$695	\$1,052
91900 Other	\$35,039			\$71,577	\$17,280
91000 Total Operating - Administrative	\$3,079,992	\$0	\$2,571	\$5,492,374	\$429,698
92000 Asset Management Fee	\$78,559				
92100 Tenant Services - Salaries	\$117,504	\$66,994			
92200 Relocation Costs	\$8,063				
92300 Employee Benefit Contributions - Tenant Services	\$17,011	\$54,279			
92400 Tenant Services - Other	\$47,695			\$21	
92500 Total Tenant Services	\$190,273	\$121,273	\$0	\$21	\$0
93100 Water	\$506,648			\$4,408	\$132,675
93200 Electricity	\$556,574			\$33,707	\$23,993
93300 Gas	\$125,471			\$2,863	\$3,621
93600 Sewer	\$525,266			\$2,001	
93800 Other Utilities Expense					\$82,322
93000 Total Utilities	\$1,713,959	\$0	\$0	\$42,979	\$242,611
94100 Ordinary Maintenance and Operations - Labor	\$1,063,116				\$88,051
94200 Ordinary Maintenance and Operations - Materials	\$566,892			\$3,541	\$97,369
94300 Ordinary Maintenance and Operations Contracts	\$1,252,781			\$24,583	\$175,313
94500 Employee Benefit Contributions - Ordinary Maint	\$541,276			\$1	\$24,877
94000 Total Maintenance	\$3,424,065	\$0	\$0	\$28,125	\$385,610

Blended Component Unit - Casa Del Rio	Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	Section 8 Moderate Rehab	Central Office Cost Center	Subtotal	Eliminations	Total
	14.238			14.856				
\$507,425				\$0		\$6,072,617	-\$9,755	\$6,062,862
\$5,206				\$0		\$233,809		\$233,809
\$512,631	\$0	\$0	\$0	\$0	\$0	\$6,306,426	-\$9,755	\$6,296,671
	\$3,588,998			\$190,011	\$2,000	\$98,990,752		\$98,990,752
				\$0		\$306,752		\$306,752
				\$0	\$2,485,585	\$2,485,585	-\$2,485,585	\$0
				\$0	\$78,559	\$78,559	-\$78,559	\$0
				\$0	\$667,036	\$667,036	-\$667,036	\$0
				\$0	\$3,231,180	\$3,231,180	-\$3,231,180	\$0
				\$0		\$4,678		\$4,678
\$17,223	\$0	\$3,179	\$24,137	\$51	\$1,983	\$149,510		\$149,510
		\$1,624		\$0		\$1,624		\$1,624
				\$0		\$103,742		\$103,742
		\$6,538	\$2,434,500	\$0	\$15,198	\$3,623,049	-\$2,315,438	\$1,307,611
\$1,337				\$0		\$22,091		\$22,091
\$531,191	\$3,588,998	\$11,341	\$2,458,637	\$190,062	\$3,250,361	\$112,739,804	-\$5,556,373	\$107,183,431
\$92,997	\$64,631	\$4,535		\$13,794	\$1,385,288	\$4,301,374		\$4,301,374
\$17,450				\$1,000	\$2,000	\$73,199		\$73,199
\$42,132	\$57,325			\$0		\$2,527,716	-\$2,527,716	\$0
\$10,320				\$0		\$677,356	-\$677,356	\$0
\$29,098	\$40,830	\$3,235	\$1,387,891	\$9,133	\$930,449	\$4,283,063	-\$1,840,753	\$2,442,310
\$37,958	\$1,299	\$270	\$74	\$2,807	\$303,087	\$1,209,214		\$1,209,214
		\$18		\$412	\$46,626	\$289,181		\$289,181
	\$16			\$23	\$2,680	\$7,014		\$7,014
				\$175	\$19,651	\$143,722		\$143,722
\$229,955	\$164,101	\$8,058	\$1,387,965	\$27,344	\$2,689,781	\$13,511,839	-\$5,045,825	\$8,466,014
				\$0		\$78,559	-\$78,559	\$0
				\$0		\$184,498		\$184,498
				\$0		\$8,063		\$8,063
			\$28,364	\$0		\$99,654	-\$37,938	\$61,716
	\$195,887		\$500	\$0	\$35	\$244,138		\$244,138
\$0	\$195,887	\$0	\$28,864	\$0	\$35	\$536,353	-\$37,938	\$498,415
\$18,581				\$0		\$662,312		\$662,312
\$35,954				\$231	\$25,895	\$676,354		\$676,354
\$2,298				\$26	\$2,893	\$137,172		\$137,172
\$32,253				\$0		\$559,520		\$559,520
				\$0		\$82,322		\$82,322
\$89,086	\$0	\$0	\$0	\$257	\$28,788	\$2,117,680	\$0	\$2,117,680
\$48,219				\$0		\$1,199,386		\$1,199,386
\$28,318				\$0	\$22,830	\$718,950		\$718,950
\$48,682				\$181		\$1,501,540		\$1,501,540
			\$296,290	\$0	\$1	\$862,445	-\$384,296	\$478,149
\$125,219	\$0	\$0	\$296,290	\$181	\$22,831	\$4,282,321	-\$384,296	\$3,898,025

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)  
REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED MARCH 31, 2016**

(Continued)

	Public Housing (including Capital Fund)	PIH Family Self- Sufficiency Program	Community Development Block Grant	Housing Choice Vouchers	Discretely Presented Component Unit - De Anza
<b>CFDA Number</b>	<b>14.850/14.872</b>	<b>14.896</b>	<b>14.218</b>	<b>14.871</b>	
95100 Protective Services - Labor					\$65,980
95200 Protective Services - Other Contract Costs	\$522,219				
95300 Protective Services - Other	\$59,249			\$13,790	\$16,997
95000 Total Protective Services	\$581,468	\$0	\$0	\$13,790	\$82,977
96110 Property Insurance	\$217,541			\$10,270	\$52,624
96120 Liability Insurance	\$1,986			\$61	
96130 Workmen's Compensation	\$135,092	\$1,526	\$21	\$39,079	\$13,701
96140 All Other Insurance					
96100 Total insurance Premiums	\$354,619	\$1,526	\$21	\$49,410	\$66,325
96200 Other General Expenses				\$50,635	\$72,000
96210 Compensated Absences	\$160,777	\$9,852	\$176	\$133,591	
96300 Payments in Lieu of Taxes	\$92,371				\$28,887
96400 Bad debt - Tenant Rents	\$126,119				\$13,767
96000 Total Other General Expenses	\$379,267	\$9,852	\$176	\$184,226	\$114,654
96710 Interest of Mortgage (or Bonds) Payable	\$7,322			\$122,230	\$602,421
96730 Amortization of Bond Issue Costs				\$1,100	\$11,352
96700 Total Interest Expense and Amortization Cost	\$7,322	\$0	\$0	\$123,330	\$613,773
96900 Total Operating Expenses	\$9,809,524	\$132,651	\$2,768	\$5,934,255	\$1,935,648
97000 Excess of Operating Revenue over Operating Expenses	\$763,417	-\$26,757	-\$2,768	\$84,006,142	\$154,334
97300 Housing Assistance Payments				\$81,686,519	
97350 HAP Portability-In				\$893,787	
97400 Depreciation Expense	\$1,724,234		\$17	\$142,514	\$1,017,334
90000 Total Expenses	\$11,533,758	\$132,651	\$2,785	\$88,657,075	\$2,952,982
10010 Operating Transfer In	\$463,426	\$26,757	\$2,785	\$3,431	
10020 Operating transfer Out	-\$463,426			-\$60,125	
10091 Inter Project Excess Cash Transfer In	\$337,142				
10092 Inter Project Excess Cash Transfer Out	-\$337,142				
10100 Total Other financing Sources (Uses)	\$0	\$26,757	\$2,785	-\$56,694	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Exp	-\$960,817	\$0	\$0	\$1,226,628	-\$863,000
11020 Required Annual Debt Principal Payments	\$81,479	\$0	\$0	\$107,694	\$216,609
11030 Beginning Equity	\$8,772,255	\$0	\$25	\$3,081,335	\$14,439,874
11040 Prior Period Adjustments	\$0				
11170 Administrative Fee Equity				\$4,119,764	
11180 Housing Assistance Payments Equity				\$188,199	
11190 Unit Months Available	13931			82644	960
11210 Number of Unit Months Leased	12293			76453	944
11270 Excess Cash	\$347,274				
11620 Building Purchases	\$252,577				
11640 Furniture & Equipment - Administrative Purchases	\$54,175				

Blended Component Unit - Casa Del Rio	Shelter Plus Care	Rental Rehab Loan Program	Other State & Local	Section 8 Moderate Rehab	Central Office Cost Center	Subtotal	Eliminations	Total
	14.238			14.856				
				\$0		\$65,980		\$65,980
				\$0		\$522,219		\$522,219
\$9,761				\$58	\$6,400	\$106,255		\$106,255
\$9,761	\$0	\$0	\$0	\$58	\$6,400	\$694,454	\$0	\$694,454
\$43,356				\$45	\$4,853	\$328,689		\$328,689
				\$666	\$71,148	\$73,861		\$73,861
	\$1,691	\$53		\$211	\$19,183	\$210,557		\$210,557
				\$49	\$5,109	\$5,158		\$5,158
\$43,356	\$1,691	\$53	\$0	\$971	\$100,293	\$618,265	\$0	\$618,265
			\$6,941	\$0		\$129,576		\$129,576
	\$4,913	\$445		\$1,196	\$123,976	\$434,926		\$434,926
\$3,255				\$0		\$124,513		\$124,513
\$3,815				\$0		\$143,701		\$143,701
\$7,070	\$4,913	\$445	\$6,941	\$1,196	\$123,976	\$832,716	\$0	\$832,716
\$119,835				\$0		\$851,808		\$851,808
\$3,141				\$0		\$15,593		\$15,593
\$122,976	\$0	\$0	\$0	\$0	\$0	\$867,401	\$0	\$867,401
\$627,423	\$366,592	\$8,556	\$1,720,060	\$30,007	\$2,972,104	\$23,539,588	-\$5,546,618	\$17,992,970
-\$96,232	\$3,222,406	\$2,785	\$738,577	\$160,055	\$278,257	\$89,200,216	-\$9,755	\$89,190,461
	\$3,255,774			\$151,734		\$85,094,027	-\$9,755	\$85,084,272
				\$0		\$893,787		\$893,787
\$179,576				\$0	\$4,557	\$3,068,232		\$3,068,232
\$806,999	\$3,622,366	\$8,556	\$1,720,060	\$181,741	\$2,976,661	\$112,595,634	-\$5,556,373	\$107,039,261
	\$33,368			\$0		\$529,767	-\$529,767	\$0
		-\$2,785		-\$3,431		-\$529,767	\$529,767	\$0
				\$0		\$337,142	-\$337,142	\$0
				\$0		-\$337,142	\$337,142	\$0
\$0	\$33,368	-\$2,785	\$0	-\$3,431	\$0	\$0	\$0	\$0
-\$275,808	\$0	\$0	\$738,577	\$4,890	\$273,700	\$144,170	\$0	\$144,170
\$26,537	\$0	\$0	\$0	\$0	\$0	\$432,319		\$432,319
-\$577,741	\$0	\$0	\$2,189,396	\$0	\$403,479	\$28,308,623		\$28,308,623
			-\$9,187,608	\$0	\$0	-\$9,187,608		-\$9,187,608
				\$0		\$4,119,764		\$4,119,764
				\$0		\$188,199		\$188,199
960	3532			336		102363		102363
937	3532			330		94489		94489
				\$0		\$347,274		\$347,274
				\$0	\$0	\$252,577		\$252,577
				\$0	\$0	\$54,175		\$54,175

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, 2016**

Fiscal year ended March 31	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Number of employees	83	79	90	99	89	99	90	107	110	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	6,371	6,297	6,287	6,359	6,400	6,359	6,234	6,400	6,394	6,206
Shelter plus Care	294	241	241	241	241	241	303	280	281	274
Section 8 Moderate Rehab	25	25	25	26	23	26	25	25	25	23
Section 8 Voucher	0	0	0	5	5	5	5	4	4	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	8,120	7,993	7,983	8,061	8,099	8,061	7,997	8,139	8,134	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	46	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, 2016**

**CA39P01150113**

Funds approved	\$ 1,543,584
Funds expended	<u>1,543,584</u>
Excess of funds approved	<u>\$ -</u>
Funds advanced	\$ 1,543,584
Funds expended	<u>1,543,584</u>
Excess of funds advanced	<u>\$ -</u>

**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, 2016, 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 17, 2016. 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.

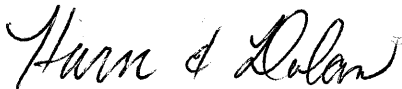
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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



November 17, 2016

**Harn & Dolan**  
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Walnut Creek, California 94596-6526  
(925) 280-1693 Fax (925) 938-4829

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 *OMB 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.


### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.

  
November 17, 2016

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
STATUS OF PRIOR AUDIT FINDINGS  
MARCH 31, 2016**

The audit report for the fiscal year ended March 31, 2015, contained no audit findings.

**HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
MARCH 31, 2016**

**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 \$750,000 or more in Federal awards that have separate Uniform Guidance audits which are not included in this audit?	no
Dollar threshold used to distinguish between Type A and Type B programs	\$ 2,952,586
Auditee qualified as low-risk auditee?	yes
Identification of major programs:	
Housing Choice Voucher Program	14.871
Public Housing Capital Fund Program	14.872
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