HOUSING AUTHORITY
OF THE COUNTY OF CONTRA COSTA
(A Component Unit of the County of Contra Costa)
BASIC FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2019
(Including Auditors' Report Thereon)

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
BASIC FINANCIAL STATEMENTS
MARCH 31, 2019

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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, 2019, 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 13.3%, -52.7% and 0.4%, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, and the supplementary information required for the pension and other postemployment benefit plans on pages 63-66 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 (CA011) 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 Projects 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 Projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the Untied States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of the Housing Authority of the County of Contra Costa, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Harn & Dolan

November 25, 2019

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2019

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, 2019.

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 $361,912 (or 10.05%) during 2019 (see Table 1). This decrease was a result of a decrease in operations of $308,160, a decrease in OPEB of $62,871, and positive increase in pension of $9,119.
- Unrestricted net position decreased by $384,450 (or 13.02%) during 2019 (see Table 1). This decrease was a result of a decrease in operations of $330,698, a decrease of $62,871 in OPEB, and positive increase of $9,119 in pension.
- Total revenue increased by $14.5 million (or 11.2%) as a result of current year activities (see Table 3).
- Total expenditures increased $15.7 million (or 12.2%) 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.

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 Continuum of Care Program - is a U.S. Department of Housing and Urban Development funded rehabilitation program that promotes community-wide commitment to the goal of ending homelessness. The 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.

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, 2018. 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, 2018. These reports can be obtained from the Authority using the information on page 11.

Casa Del Rio Apartments, LLC - This limited liability corporation was formed to replace the limited partner "Boston Capital" of the Casa Del Rio Partnership. The officers and Board members of HACCC Casa Del Rio, Inc will direct the LLC.

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 federal 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

(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 calender year ended December 31, 2018. 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.

	March 31, 2019	March 31, 2018	Increase (Decrease)	%
Current assets	$ 8,903,140	$ 8,881,830	21,310	0.24%
Restricted assets	2,029,553	2,011,894	17,659	0.88%
Capital assets, net of depreciation	11,667,474	11,708,383	(40,909)	0.35%
Other noncurrent assets	3,670,149	3,687,525	(17,376)	0.47%
Total assets	26,270,316	26,289,632	(19,316)	0.07%
Deferred outflows of resources	3,448,731	1,009,562	2,439,169	241.61%
Current liabilities	2,681,043	2,300,619	380,424	16.54%
Payable from restricted assets	660,987	550,659	110,328	20.04%
Long term liabilities	23,138,935	19,049,400	4,089,535	21.47%
Total liabilities	26,480,965	21,900,678	4,580,287	20.91%
Deferred inflows of resources	-	1,798,520	(1,798,520)	
Net position:				
Net investment in capital assets	5,169,833	5,053,531	116,302	2.30%
Restricted	1,405,578	1,499,344	(93,766)	6.25%
Unrestricted - operations	9,499,086	9,829,784	(330,698)	3.36%
Unrestricted - pension	(7,503,579)	(7,512,698)	9,119	0.12%
Unrestricted - OPEB	(5,332,836)	(5,269,965)	(62,871)	1.19%
Total net position	$ 3,238,082	$ 3,599,996	$ (361,914)	10.05%

Major Factors Affecting the Statement of Net Position

The major factor affecting net position was the result of increased operating costs.

(Continued)

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

TABLE 2
CHANGE OF UNRESTRICTED NET POSITION BY PROGRAM

		Beginning Balance 04/01/2018	Change of Unrestricted Position this Report Period	Ending Balance 03/31/2019
Housing Choice Voucher Program:				
Unrestricted:	Operations	$ 4,601,634	$ 177,942	$ 4,779,576
	Pension	-	(2,950,878)	(2,950,878)
	OPEB	-	(2,097,206)	(2,097,206)
		4,601,634	(4,870,142)	(268,508)
Public Housing (including Capital Fund):				
Unrestricted:	Operations	2,273,092	(383,968)	1,889,124
	Pension	-	(2,643,868)	(2,643,868)
	OPEB	-	(1,879,012)	(1,879,012)
		2,273,092	(4,906,848)	(2,633,756)
Central Office Cost Center:				
Unrestricted:	Operations	790,991	(147,719)	643,272
	Pension	-	(1,887,412)	(1,887,412)
	OPEB	-	(1,341,394)	(1,341,394)
		790,991	(3,376,525)	(2,585,534)
Casa Del Rio (blended component unit):				
Unrestricted:	Operations	(197,686)	(101,105)	(421,275)
	Pension	-	-	-
	OPEB	-	-	-
		(197,686)	(101,105)	(421,275)
Mainstream Voucher Program:				
Unrestricted:	Operations	-	6,410	6,410
	Pension/OPEB	-	-	-
		-	6,410	6,410
Rental Rehabilitation Loan Program:				
Unrestricted:	Operations	574	(574)	-
	Pension/OPEB	-	-	-
		574	(574)	-
Other State and Local:				
Unrestricted:	Operations	2,483,663	118,316	2,601,979
	Pension	(7,512,698)	7,491,277	(21,421)
	OPEB	(5,269,965)	5,254,741	(15,224)
		(10,299,000)	12,864,334	2,565,334
Authority-wide:				
Unrestricted:	Operations	9,829,784	(330,698)	9,499,086
	Pension	(7,512,698)	9,119	(7,503,579)
	OPEB	(5,269,965)	(62,871)	(5,332,836)
Authority totals		$ (2,952,879)	$ (384,450)	$ (3,337,329)

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2019

(Continued)

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

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

	Actual March 31, 2019	Budget March 31, 2019	Actual March 31, 2018	Budget March 31, 2018
Operating revenue:				
Rental and other	$ 12,698,852	$ 12,216,213	$ 6,927,317	$ 6,560,488
Non-operating revenue:				
Federal grants and subsidies	129,793,175	126,585,706	121,501,702	101,618,382
Capital contributions	1,626,525	1,266,773	1,278,700	1,812,174
Sale (disposal) of real property	-	-	(4,020)	-
Other revenue	243,358	95,018	121,997	592,840
Total revenues	144,361,910	140,163,710	129,825,696	110,583,884
Operating expenses:				
Administration	9,967,493	9,497,241	8,918,271	9,548,608
Tenant services	983,495	1,516,399	1,048,519	795,689
Utilities	2,434,000	2,272,621	2,148,376	2,111,057
Maintenance	5,318,561	3,889,794	4,502,491	3,841,069
General	1,521,020	1,662,602	1,382,897	1,539,200
Housing assistance payments	122,508,657	119,426,207	109,045,988	87,428,415
Depreciation	1,799,987	1,799,986	1,736,653	1,735,434
Non-operating expenses:				
Debt-service interest	190,838	190,838	203,125	203,125
Capital Expenses	-	-	-	-
Total expenses	144,724,051	140,255,688	128,986,320	107,202,597
Changes in net position	(362,141)	(91,978)	839,376	3,381,287
Net position, beginning of the year	3,599,996	3,599,996	5,587,326	5,587,326
Prior period adjustment	227	-	(2,826,706)	-
Net position, end of the year	$ 3,238,082	$ 3,508,018	$ 3,599,996	$ 8,968,613

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

The major factors affecting the Statement of Revenue, Expenses, and Changes in Net Position was the result of the increase in portability activities and housing assistance payments in Federal Programs. The decrease in net position of $362,141 was a result of decreases in operations.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2019

(Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $11.7 million invested in capital assets, see also Note 5 to the basic financial statements.

TABLE 4
CAPITAL ASSETS

	March 31, 2019	March 31, 2018	Change
Land	$ 1,832,993	$ 1,825,993	$ 7,000
Buildings	100,744,107	99,337,971	1,406,136
Equipment	3,186,424	3,007,222	179,202
Accumulated Depreciation	(95,113,658)	(93,313,671)	(1,799,987)
Construction In Progress	1,017,608	850,868	166,740
Total	$ 11,667,474	$ 11,708,383	$ (40,909)

The following reconciliation summarizes the change in Capital Assets.

TABLE 5
CHANGE IN CAPITAL ASSETS

	2019	2018
Capital assets - beginning of year	$ 11,708,383	$ 11,904,435
Additions:		
Land	7,000	-
Building improvements	1,306,136	619,005
Construction-in-progress	166,740	522,838
Equipment	179,202	302,778
Investment in Casa Del Rio	100,000	100,000
Loss on disposal of equipment	-	(4,020)
Depreciation	(1,799,987)	(1,736,653)
Capital assets - end of year	$ 11,667,474	$ 11,708,383

Notes Payable Outstanding

As of year-end, the Authority had $4,536,177 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.

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, 2019

	Primary Government Housing	Component Units
ASSETS		
Current assets		
Cash and investments (Note 2 and 14)	$ 6,644,326	$ 70,296
Due from other agencies	1,789,869	-
Due from related parties - DeAnza (Note 14)	13,597	-
Tenant accounts receivable	187,699	30,941
Allowance for doubtful accounts	(77,655)	(4,560)
Miscellaneous accounts receivable	-	-
Interest receivable	15,970	6,687
Notes receivable - short term (Note 4)	2,519	-
Prepaid expenses	326,815	16,550
Total current assets	8,903,140	119,914
Restricted assets:		
Restricted cash (Note 2 and 3 and 14)	2,029,553	1,588,696
Capital assets (Note 5 and 14):		
Land	1,832,993	1,150,712
On site improvements	-	4,028,709
Buildings	100,744,107	29,714,010
Furniture and equipment	3,186,424	555,752
Construction in progress	1,017,608	-
Accumulated depreciation	(95,113,658)	(14,742,661)
Total capital assets	11,667,474	20,706,522
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)	127,100	-
Due from related parties - DeAnza (Note 14)	2,089,441	-
Other long-term assets	77,142	-
Total other noncurrent assets	3,670,149	-
Total assets	26,270,316	22,415,132
DEFERRED OUTFLOWS OF RESOURCES		
Pension (Note 11)	3,292,918	-
OPEB (Note 12)	155,813	-
	3,448,731	-

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
MARCH 31, 2019
(Continued)

	Primary Government Housing	Component Units
LIABILITIES		
Current liabilities:		
Accounts payable	$ 964,382	$ 62,424
Due to related parties - Authority (Note 14)	-	-
Due to other agencies	395,929	-
Accrued salaries and related costs	282,213	-
Accrued interest (Note 14)	-	43,269
Other accrued liabilities	202,963	-
Payable from restricted assets:		
Tenant security deposits	358,993	167,151
Unearned revenue (Note 8)	254,958	19,919
Current portion of compensated absences (Note 1.I.)	328,674	-
Current portion of long-term debt (Note 6 and 14)	251,924	263,896
Total current liabilities	3,040,036	556,659
Other noncurrent liabilities:		
Long-term debt (Note 6 and 14)	4,284,253	7,557,743
Long-term debt - Authority (Note 14)	-	1,000,000
Long-term portion of compensated absences (Note 1.I.)	104,506	-
Payable from restricted assets:		
Family self sufficiency escrows	301,994	-
Other noncurrent liabilities (Note 9 and 14)	2,465,030	115
Due to related parties - Authority (Note 14)	-	2,070,291
Net pension liability (Note 11)	10,796,497	-
Net other postemployment benefit liability (Note 12)	5,488,649	-
Total noncurrent liabilities	23,440,929	10,628,149
Total liabilities	26,480,965	11,184,808
DEFERRED INFLOWS OF RESOURCES		
Pension (Note 11)	-	-
OPEB (Note 12)	-	-
	-	-
NET POSITION (Note 10 and 14)		
Net investment in capital assets	5,169,833	12,841,614
Restricted net position	1,405,578	1,529,209
Unrestricted net position	(3,337,329)	(3,140,499)
Total net position	$ 3,238,082	$ 11,230,324

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, 2019

	Primary Government Housing	Component Units
Operating revenue:		
Rents and other tenant revenue	$ 4,662,065	$ 2,093,162
Other	8,036,787	96,534
Total operating revenue	12,698,852	2,189,696
Operating expenses:		
Administration	9,967,493	437,302
Tenant services	983,495	-
Utilities	2,434,000	237,953
Maintenance	5,356,055	577,579
General	1,483,526	130,436
Housing assistance payments	122,508,657	-
Depreciation (Note 5 and 14)	1,799,987	1,020,489
Total operating expenses	144,533,213	2,403,759
Operating income (loss)	(131,834,361)	(214,063)
Nonoperating revenue (expenses):		
Grants	129,793,175	-
Restricted interest	9,996	-
Unrestricted interest	118,402	(17,712)
Interest on notes receivable with related party (Note 4 and 14)	30,000	(30,000)
Related party fees (Note 14)	84,960	(84,960)
Debt service - interest (Note 6 and 14)	(190,838)	(538,140)
Net gain before contributions and transfers	(1,988,666)	(884,875)
Capital contributions	1,626,525	-
Change in net position	(362,141)	(884,875)
Net position - beginning of year, as originally stated	3,599,996	12,115,199
Prior period adjustment	227	-
Net position - beginning of year, restated	3,600,223	12,115,199
Net position - end of year	$ 3,238,082	$ 11,230,324

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, 2019

	Primary Government Housing
Cash flows from operating activities:	
Tenant receipts	$ 4,575,358
Other receipts	8,043,632
Payroll and benefit expenditures	(10,415,857)
Administration expenditures	(1,902,160)
Tenant services expenditures	(599,674)
Utilities expenditures	(2,436,441)
Maintenance expenditures	(3,419,977)
General expenditures	(826,203)
Housing assistance payment expenditures	(123,465,673)
Net cash used by operating activities	(130,446,995)
Cash flows from noncapital financing activities:	
Operating grants received	129,757,246
Related parties transactions	131,273
Repayment of notes receivable	5,066
Notes receivable issued	(1,500)
Net cash provided by noncapital financing activities	129,892,085
Cash flows from capital financing activities:	
Grants received to acquire capital assets	1,626,525
Acquisition of capital assets	(1,759,078)
Principal paid on debt	(239,142)
Interest paid on debt	(108,907)
Net cash used by capital financing activities	(480,602)
Cash flows from investing activities:	
Interest receipts	123,061
Interest on restricted cash	10,010
Net cash provided by investing activities	133,071
Net increase to cash	(902,441)
Cash at beginning of year	9,576,320
Cash at end of year	$ 8,673,879
Cash and investments	$ 6,644,326
Restricted cash	2,029,553
Total cash at year end	$ 8,673,879

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2019

(Continued)

	Primary Government Housing
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (131,834,361)
Adjustments to reconcile operating loss to	
Net cash used by operating activities:	
Depreciation expense	1,799,987
Prior period adjustment	227
(Increase) Decrease in:	
A/R other governments	(927,617)
Tenants accounts receivable	20,252
Prepaid expenses	(32,361)
Other long-term assets	1,104
Deferred outflows of resources	(2,439,170)
Increase (Decrease) in:	
Accounts payable	260,075
Due to other agencies	48,232
Tenant security deposits	3,682
Accrued salaries and related costs	47,993
Unearned revenues	23,047
FSS escrows	108,411
Compensated absences	39,713
Non-current liabilities	(59,130)
Net pension liability	4,528,893
Net OPEB liability	(237,452)
Deferred inflows of resources	(1,798,520)
Net cash used by operating activities	$ (130,446,995)

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.

The accompanying notes are an integral part of this statement.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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 or by visiting http://co.contra-costa.ca.us/.

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

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.

Casa Del Rio Apartments LLC was formed to replace the limited partner, Boston Capital, of the Casa Del Rio Partnership. The officers and Board members of HACCC Casa Del Rio, Inc, will direct the LLC.

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 14.

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,

Note 1 (continued)

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 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 14.

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

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

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

Fund Financial Statements:

Fund financial statements of the Authority are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses/expenditures as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. A fund is considered major if it is the primary operating fund of the Authority or if total assets, liabilities, revenue, or expenses/expenditures of the individual fund are at least 10 percent of the Authority-wide total. The Authority considers all of its activity to be housing related and therefore, considers all the financial activity of the Authority to be one major fund, titled *Housing*. As such, the Authority has no non-major funds.

(Continued)

Note 1 (continued)

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 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.

(Continued)

Note 1 (continued)

E. <u>Interfund Transactions</u>

Statement of Net Position:

Short-term amounts due between funds are classified as "Due from/to other funds". As of March 31, 2019, the amounts due between the various proprietary funds totaled $1,600,065. These amounts have been eliminated from the Statement of Net Position - Proprietary Funds.

Operating advances made to the blended component units, HACCC Casa Del Rio, Inc and CDR Senior Housing Associates totaled $660,109 as of March 31, 2019. The interfund balance as of December 31, 2018, was $647,468 and was reported as non-current related party payable by the other auditors. The interfund balance as of December 31, 2018 was eliminated, while the difference of $12,641, as of March 31, 2019 was reported as other long-term assets in the Statement of Net Position - Proprietary Funds. 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 has been eliminated from the Statement of Net Position - Proprietary Funds. See also Notes 4 and 6.

For further detail of these eliminated balances, 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 Continuum of Care Programs to Casa Del Rio Senior Housing (CDR) totaled $17,628 for the fiscal year ended March 31, 2019. 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, Housing Choice Voucher, Mainstream Voucher, and Continuum of Care Program Enterprise Funds. The Public Housing Enterprise Fund paid property management, bookkeeping, and asset management fees in the amount of $867,338, $65,253, and $105,400, respectively. The Public Housing Capital Fund Enterprise Fund paid management fees in the amount of $264,444. The Housing Choice Voucher Enterprise Fund paid management fees and bookkeeping fees in the amount of $1,397,619 and $551,690, respectively. Management and bookkeeping fees were also paid on the Housing Choice Voucher Program units administered on behalf of other housing authorities in the amount of $54,588 and $32,247, respectively. The Mainstream Voucher Enterprise Fund paid management fees in the amount of $1,590. The Continuum of Care Enterprise

Note 1 (continued)

Fund was allocated costs of $47,810 in lieu of fees. These costs, totaling $3,387,979, are reported as total fee revenue in the Central Office Enterprise Fund and administrative expenses of the Public Housing, Housing Choice Voucher, Mainstream Voucher, and Continuum of Care Enterprise Funds.

The Authority is required by HUD to pay HAP on behalf of other authorities with Housing Choice Voucher Program participants residing within Contra Costa County. The Authority is reimbursed for this HAP from the initiating housing authority. HUD requires this HAP 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 $7,478,732 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 were eliminated within the blended component unit enterprise fund.

Interfund transfers of $2,060,531 were made between the Authority's funds this fiscal year. Interfund transfers of $1,495,182 were made within the Public Housing Enterprise Fund. This represents the use of Capital Fund grants for Public Housing operating costs. Excess cash was transferred between AMPs within the Public Housing Enterprise Fund in the amount of $531,489. Finally, interfund transfers of $33,860 were made from the Family Self Sufficiency Enterprise Fund to the Housing Choice Voucher Enterprise Fund to comply with the recommendation of a financial management review performed by HUD.

Interfund revenues and expenses of $3,458,059 have been eliminated from the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. This amount includes the interfund HAP, management fees, bookkeeping fees, and asset management fees. The transfers net to zero and are not reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. For further detail, please see the Financial Data Schedule found in the Supplementary Information section of this report.

F. Cash and Investments

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

Note 1 (continued)

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

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

G. Accounts Receivable

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

H. Capital Assets

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

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

I. Compensated Absences

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

Note 1 (continued)

appropriate proprietary fund. Total liability for the Authority is $433,173 based on year-end hourly rates. Of this amount $328,670 is considered by the Authority to be a current liability.

J. <u>Deferred Outflows/Inflows of Resources</u>

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. <u>Net Position</u>

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. <u>Income Taxes</u>

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.

(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 accounting principles generally accepted in the United States of America. 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 Uniform Guidance. The direct salary allocation plan will be established annually as a part of the annual budget process.

(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, prior to January 1, 2016, these entities reported debt issuance costs as an asset amortized over time. During 2016, these entities adopted new accounting guidance required by accounting principles generally accepted in the United State of America and changed its method of accounting for debt issuance costs and related amortization of such costs. The net of these costs are now reported as a direct reduction of notes payable. 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 $18,532 have been netted with long-term debt of the primary government, for the blended component units, while $45,407 have been netted with long-term debt 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, 2018, with a measurement date for employer reporting as of June 30, 2019.

T. Postemployment Benefits Other than Pension (OPEB)

The Authority provides a defined benefit health care program to its retired employees and their dependents. The Authority has established a trust account to administer the funding of the OPEB plan. The Authority used actuarial valuation reports supplied by OPEB consultants to recognize net OPEB liability, deferred outflows and inflows of resources, and expenses related to the plan in accordance with GASB 75, *Accounting and Financial*

Note 1 (continued)

Reporting for Postemployment Benefits Other Than Pensions. The dates of the latest report are (1) actuarial valuation date of June 30, 2018, (2) measurement date of June 30, 2018, and (3) fiscal year end of March 31, 2019.

U. New Accounting Pronouncements

Pronouncements Implemented During the Current Fiscal Year

No new pronouncements were implemented during the current fiscal year.

Pronouncements to be Implemented in Subsequent Years

In June 2017, the GASB issued Statement No. 87, *Leases*. The implementation of GASB Statement No. 87 is required for accounting periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. The impact of this pronouncement is not know at this time. The implementation of this statement is expected to occur in the next fiscal year.

Note 2 - CASH AND INVESTMENT

Cash and investments as of March 31, 2019 are classified in the accompanying financial statement as follows:

Statement of net position:	
Cash and investments	$ 6,644,326
Restricted cash	2,029,553
Total Cash & Investments	$ 8,673,879

Demand deposits	$ 4,720,220
Investments	3,293,379
Cash held by other agencies	658,330
Cash on hand	1,950
Total Cash & Investments	$ 8,673,879

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;

Note 2 (continued)

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

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;

Note 2 (continued)

- Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section, securities purchased under these agreements shall be no less than 102% of market value. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- Medium term notes (not to exceed two years) of U.S. corporations rated "AAA" or better by Moody's or Standard & Poor's limited to not more than 30% of surplus funds;
- Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (Money Market Mutual Funds), limited to not more than 15% of surplus funds;
- Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements;
- Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations;
- Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment least-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years, securities in this category must be rated AA or better by a national rating service and are limited to not more than 30% of surplus funds;
- Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

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.

Note 2 (continued)

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:

Public Housing Program	$	2,166,490	65.78%
Central Office Cost Center		757,714	23.01%
Other State and Local Programs		265,084	8.05%
Rental Rehabilitation Program		104,091	3.16%
Total investments	$	3,293,379	

Custodial Credit Risk

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

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 June 5, 2018. 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."

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(Continued)

Note 2 (continued)

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		4,434,305
Cash held by investment companies		35,915
Deposits held by CHFA		658,330
Total demand deposits and cash held by other agencies	$	5,378,550

See the table below for information regarding the investments.

Investment Disclosure - March 31, 2019

Investment Type	Issuer	Book Value	Fair Value	Maturity	Rate
Government Security	LAIF	$ 103,442	$ 103,457	N/A	
	Interest on LAIF	649	649	N/A	
Certif. Of Deposit	HSBC Bank USA	100,000	98,064	6/10/2021	197
Certif. Of Deposit	State Bank of India	115,000	111,658	10/27/2021	150
Certif. Of Deposit	Discover Bank	105,000	103,774	1/11/2022	300
Certif. Of Deposit	Everbank	247,000	242,569	4/28/2022	214
Certif. Of Deposit	Capital One Bank	100,000	98,859	5/10/2022	300
Certif. Of Deposit	Capital One Bank	110,000	108,241	5/10/2022	300
Certif. Of Deposit	Goldman Sachs Bank	149,000	147,300	6/07/2022	300
Certif. Of Deposit	Medallion Bank Utah	105,000	102,919	7/05/2022	299
Certif. Of Deposit	JP Morgan Chase	110,000	107,998	6/30/2022	300
Certif. Of Deposit	Capital One Bank	220,000	215,919	9/20/2012	300
Certif. Of Deposit	Barclays Bank - Delaware	247,000	242,374	9/27/2022	300
Certif. Of Deposit	Stearns Bank	100,000	97,602	12/01/2022	300
Certif. Of Deposit	Discover Bank	140,000	138,524	12/28/2022	300
Certif. Of Deposit	Morgan Stanley Bank	150,000	148,913	1/11/2023	300
Certif. Of Deposit	Sally Mae Bank	173,000	171,659	2/08/2023	300
Certif. Of Deposit	Citi Bank NA	100,000	100,817	5/04/2023	300
Certif. Of Deposit	Goldman Sachs Bank	100,000	101,602	7/25/2023	300
Certif. Of Deposit	Comenity Capital Bank	120,000	121,693	8/14/2023	300
Certif. Of Deposit	HSBC Bank USA	100,000	101,264	9/28/2023	300
Certif. Of Deposit	Citi Bank NA	145,000	145,377	2/15/2024	300
Certif. Of Deposit	State Bank of India	130,000	130,184	2/27/2024	150
Gov't Agency	Farmer Mac	100,000	99,218	1/07/2021	AAA
Gov't Agency	Farmer Mac	105,000	104,174	2/03/2022	AAA
Gov't Agency	Fannie Mae	150,000	148,586	10/25/2022	300
Total Investments		$ 3,325,091	3,293,394		
Investments reported below market value			(15)		
Total Investments reported			$ 3,293,379		

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are

Note 2 (continued)

significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The hierarchy for the Authority's investments are considered Level 2, except for the LAIF investments which are not subject to fair value hierarchy.

The Authority has not executed a General Depository Agreement with either the Local Agency Investment Fund (LAIF) or Cantella Investments (the Authority's broker for investments other than LAIF).

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 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, 2019, an account was maintained in the name of the Housing Authority of the County of Contra Costa for $103,442. The total cost value of investment in LAIF was $103,442. The total fair value of investments in LAIF was $103,457. The fair value total includes an unrealized gain on investments of $15. The unrealized gain was based on a fair value adjustment factor of 1.000146954 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 $103,442 invested in LAIF, $104,091 is recorded as assets of the Authority. The difference includes $649 of interest receivable from LAIF as of March 31, 2019, shown by the Authority as investments.

LAIF is a part of the State of California Pooled Money Investment Account (PMIA). At March 31, 2019, the fair value of the State of California Pooled Money Investment Account (PMIA), including accrued interest, was $87,342,058,054. The PMIA portfolio had securities in the form of structured notes totaling $825 million and asset-backed securities totaling $1,204,260,000. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Boards on an annual basis. LAIF's and the Authority's exposure to credit, market, or legal risk is not available.

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

(Continued)

Note 3 - RESTRICTED CASH

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

Tenant security deposits - Public Housing	$ 314,465
Family Self Sufficiency Program participant's escrow funds	301,994
HUD funds restricted in use for HAP payments	747,249
Blended component unit - Casa Del Rio:	
Funds held by CHFA:	
Replacement reserve	398,387
Operating reserve	234,980
Hazard and earthquake insurance impounds	24,962
Tenant security deposits	7,516
Total restricted cash	$ 2,029,553

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, due to HUD, 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 3/31/18	Loans Issued	Loans Repaid	Balance 3/31/19	Long-term Portion	Short-term Portion
CDBG Loan Program	$ 322,436	$ -	$ -	$ 322,436	$ 322,436	$ -
Rental Rehab. Program	54,030	-	-	54,030	54,030	-
Employee computer loans	6,085	1,500	(5,066)	2,519	-	2,519
DeAnza Gardens LP	1,000,000	-	-	1,000,000	1,000,000	-
	1,382,551	1,500	(5,066)	1,378,985	1,376,466	2,519
Interfund:						
CDR from mgmt fund	185,000	-	-	185,000	185,000	-
Totals	$ 1,567,551	$ 1,500	$ (5,066)	$ 1,563,985	$ 1,561,466	$ 2,519

Interest on these loans is a follows:

	Balance 3/31/18	Interest Accrued	Interest Repaid	Balance 3/31/19	Long-term Portion	Short-term Portion
CDBG Loan Program	$ 98,835	$ 9,255	$ -	$ 108,090	$ 108,090	$ -
Rental Rehab. Program	17,391	1,619	-	19,010	19,010	-
DeAnza Gardens LP	510,107	30,000	-	540,107	540,107	-
Totals	$ 626,333	$ 40,874	$	$ 667,207	$ 667,207	$ -

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.

(Continued)

Note 5 - CAPITAL ASSETS

Capital asset activity for the year ending March 31, 2019.

	March 31, 2018	Additions	Adjustments/ Transfers	Deletions	March 31, 2019
Capital assets, not being depreciated:					
Land	$ 1,825,993	$ -	$ 7,000	$ -	$ 1,832,993
Construction in progress	850,868	1,543,017	(1,376,277)	-	1,017,608
Total	2,676,861	1,543,017	(1,369,277)	-	2,850,601
Capital assets depreciated:					
Buildings and improvements	99,337,971	36,859	1,369,277	-	100,744,107
Equipment	3,007,222	179,202	-	-	3,186,424
Total capital assets being depreciated	102,345,193	216,061	1,369,277	-	103,930,531
Total capital assets	105,022,054	1,759,078	-	-	106,781,132
Accumulated depreciation:					
Buildings and improvements	(90,770,593)	(1,534,377)	-	-	(92,304,970)
Equipment	(2,543,078)	(265,610)	-	-	(2,808,688)
Total accumulated depreciation	(93,313,671)	(1,799,987)	-	-	(95,113,658)
Total capital assets depreciated, net	9,031,522	(1,583,926)	1,369,277	-	8,816,873
Total capital assets, net	$ 11,708,383	$ (40,909)	$ -	$ -	$ 11,667,474

The changes by project are as follows:

	March 31, 2018	Additions	Transfers	Deletions	March 31, 2019
TOTAL CAPITAL ASSETS:					
Public Housing	$ 93,020,502	$ 1,626,525	$ -	$ -	$ 94,647,027
Housing Choice Voucher	4,412,487	95,694	114,308	-	4,622,489
Section 8 Moderate Rehab	114,308	-	(114,308)	-	-
CDBG/Rental Rehab Loan	3,937	-	-	-	3,937
Management Fund	77,751	-	-	-	77,751
Central Office Cost Center	184,580	-	-	-	184,580
Blended Component Units:					
Casa Del Rio	7,208,489	36,859	-	-	7,245,348
Total capital assets	105,022,054	1,759,078	-	-	106,781,132

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
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MARCH 31, 2019

(Continued)

Note 5 (continued)

	March 31, 2018	Additions	Transfers	Deletions	March 31, 2019
DEPRECIATION:					
Public Housing	(86,600,841)	(1,366,266)	-	-	(87,967,107)
Housing Choice Voucher	(2,170,563)	(234,745)	(114,308)	-	(2,519,616)
Section 8 Moderate Rehab	(114,308)	-	114,308	-	-
CDBG/Rental Rehab Loan	(3,937)	-	-	-	(3,937)
Management Fund	(75,553)	(879)	-	-	(76,432)
Central Office Cost Center	(164,321)	(9,024)	-	-	(173,345)
Blended Component Units:					
Casa Del Rio	(4,184,148)	(189,073)	-	-	(4,373,221)
Total depreciation	(93,313,671)	(1,799,987)	-	-	(95,113,658)
Net	$ 11,708,383	$ (40,909)	$ -	$ -	$ 11,667,474

Note 6 - LONG TERM DEBT

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

	Balance 3/31/2018	Loans Issued	Payments	Balance 3/31/2019	Short-term Portion	Long-term Portion	Interest Payable
Office building mortgage	$ 1,888,341	$ -	$ (207,967)	$ 1,680,374	$ 218,228	$ 1,462,146	$ -
Blended component units:							
Casa Del Rio:							
CHFA	278,892	-	(31,175)	247,717	33,696	214,021	-
RHCP	2,626,618	-	-	2,626,618	-	2,626,618	1,961,464
	4,793,851	-	(239,142)	4,554,709	251,924	4,302,785	1,961,464
Loan costs	(21,676)		3,144	(18,532)		(18,532)	
Totals	$ 4,772,175	$ -	$ (235,998)	$ 4,536,177	$ 251,924	$ 4,284,253	$ 1,961,464
Interfund:							
Mgmt Fund to CDR	$ 185,000	$ -	$ -	$ 185,000	$ -	$ 185,000	$ -

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

	Office Building		CHFA		
Year ending	Principal	Interest	Principal	Interest	Total
2020	$ 218,228	$ 77,991	$ 33,696	$ 18,134	$ 348,050
2021	229,404	66,815	36,421	15,410	348,050
2022	240,942	55,277	39,366	12,465	348,050
2023	253,060	43,159	42,549	9,282	348,050
2024	265,722	30,497	45,988	5,843	348,050
2025-2026	473,018	20,680	49,697	2,134	545,528
	$ 1,680,374	$ 294,419	$ 247,717	$ 63,268	$ 2,285,778

Note 6 (continued)

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 $88,252 and loan fees of $2,850 were paid to WestAmerica Bank and expensed during the fiscal year ended March 31, 2019.

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 $20,655 was paid and expensed during the calendar year ended December 31, 2018.

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, 2018. 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 $1,961,464. The entire amount is considered to be long-term and is shown as other noncurrent liabilities. See also Note 9.

Costs incurred in order to obtain permanent financing for the Casa Del Rio notes were $94,143 and are amortized on a straight-line basis into interest expense over the term of the loan. Interest expense amortization of permanent loan costs was $3,144 during the current fiscal year.

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, 2019, $97,376 was expensed for payment in lieu of taxes. Approximately 75% is payable as of March 31, 2019 and is shown as *Due to Other Agencies*.

(Continued)

Note 8 - UNEARNED REVENUE

Unearned revenue consists of:

Revolving loan funds held for future expenditures		$ 187,410
Prepaid rent - Public Housing	$ 27,735	
Casa Del Rio	20	27,755
Insurance claim advance		18,027
Prepaid portability payments received from other agencies - Housing Choice Voucher		21,766
		$ 254,958

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)	108,090	$ 430,526
Rental Rehabilitation:		
Notes receivable (See also Note 4)	54,030	
Interest on notes receivable (See also Note 4)	19,010	73,040
Long term portion of the interest payable on the RHCP loan - a liability of the blended component unit, Casa Del Rio (See also Note 6)		1,961,464
		$ 2,465,030

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)	$	11,667,474
Long term debt (omitting interfund balances) (see Note 6)		(4,536,177)
Accrued interest on long term debt (see Note 6 & 9)		(1,961,464)
Net investment in capital assets	$	5,169,833

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:

(Continued)

Note 10 (continued)

Housing Choice Voucher - HAP	$	523,191
Mainstream Voucher - HAP		224,058
Casa Del Rio Senior Housing - Reserves		658,329
Restricted net position	$	1,405,578

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 balance in the HUD held reserves as of December 31, 2018 was approximately $130,000.

The restricted net position associated with the Casa Del Rio Senior Housing represents replacement and operating reserves required by CHFA. These funds are being held by CHFA and are fully funded. See also Note 3.

C. Deficit Unrestricted Net Position

The Authority has a deficit unrestricted net position balance as of March 31, 2019, of $3,337,329. This deficit is the result of the Authority's compliance with GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27* and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. When these factors are isolated, the Authority has positive unrestricted net assets as it relates to operations. The balances associated with the pension and OPEB plans change annually as payments are made to the plan and as actuarial information is received regarding the plan.

The following detail provides as overview, at the Authority-wide level, of the unrestricted net position:

	Beginning Balance 4/1/2018	Net Change	Ending Balance 3/31/2019
GASB 68 Pension net position	$ (7,512,698)	$ 9,119	$ (7,503,579)
GASB 75 OPEB net position	(5,269,965)	(62,871)	(5,332,836)
Operations net position	9,829,784	(330,698)	9,499,086
	$ (2,952,879)	$ (384,450)	$ (3,337,329)

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. CCCERA is a component unit of the County of Contra Costa.

CCCERA follows accounting principles and reporting guidelines set forth by GASB. The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, under which revenues are recognized when earned and deductions are recorded when the liability is incurred. Contributions are recognized in the period due, investment income is recognized as revenue when earned, retirement benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the Plan. Investments are carried at fair value. There have been no significant changes to the plan.

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

Note 11 (continued)

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 completion of the annual actuarial valuation. Contribution rates for Tier 1 vary based on the employee's age at entry into the plan. Members are required to make contributions to CCCERA regardless of the retirement plan or tier in which they are included. The rates and contributions made during the fiscal year ended March 31, 2019 were as follows:

Tier	Payroll Subject to Contribution	Employer Contribution	as a % of Contribution	Employee Contribution	as a % of Contribution
Classic (tier 1)	$ 4,244,157	$ 1,943,772	45.80%	$ 316,015	7.45%
PEPRA	1,389,122	556,958	40.09%	102,247	7.36%
Total	$ 5,633,279	$ 2,500,730	44.39%	$ 418,262	7.42%

The contributions made by the Authority of $2,500,730, including $209,635 employer subvention of member contributions. As of March 31, 2019, the Authority owed CCCERA $242,149. This liability is short-term, represents March contributions paid in April 2019, and is reported as "accrued salaries and related costs" in the Statement of Net Position - Proprietary Funds.

D. Net Pension Liability

The *Governmental Accounting Standards 68 Actuarial Valuation Based on December 31, 2018 Measurement Date for Employer Reporting as of June 30, 2019*, 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 NPL was measured as of December 31, 2018 and 2017. The Plan's Fiduciary Net Position was valued as of the measurement date while the TPL was determined based upon rolling forward the results of the actuarial valuations as of December 31, 2017 and 2016, respectively. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.

(Continued)

Note 11 (continued)

The components of NPL for CCCERA, as a whole, are as follows:

Reporting Date for employer under GASB 68	6/30/2019	6/30/2018
Measurement Date for Employer under GASB 68	12/31/2018	12/31/2017
Total Pension Liability (TPL)	$ 9,578,029,937	$ 9,202,017,660
Plan's Fiduciary Net Position	(8,149,985,793)	(8,390,581,049)
Net Pension Liability (NPL)	$ 1,428,044,144	$ 811,436,611
Plan's Fiduciary Net Position as a % of TPL	85.09%	91.18%

The Plan provisions used in the measurement of the NPL as of December 31, 2018 and 2017 are the same as those used in the CCCERA actuarial valuation as of December 31, 2018 and 2017, respectively. The TPL and the Plan's Fiduciary Net Position include liabilities and assets held for the Post Retirement Death Benefit Reserve.

The most recent Actuarial Report available from CCCERA had a valuation date of December 31, 2018. The December 31, 2018 CCCERA Actuarial Report reflects the following changes to the Authority's NPL balances:

Reporting Date for employer under GASB 68	6/30/2019	6/30/2018
Measurement Date for Employer under GASB 68	12/31/2018	12/31/2017
NPL as the beginning of the measurement period	$ 6,267,604	$ 10,162,604
Pension Expense	2,282,949	1,324,457
Employer Contributions (1)	(2,254,454)	(2,150,337)
New Net Deferred Inflows/Outflows of Resources	4,490,773	(3,075,254)
Change in Allocation of Prior Deferred Inflows/Outflows	43,287	82,256
New Net Deferred Flows Due to Changes in Proportion (2)	(305,447)	228,012
Recognition of Prior Deferred Inflows/Outflows of Resources	336,335	(306,164)
Recognition of Prior Deferred Flows Due to Change in Proportion (2)	(64,550)	2,030
NPL as of the end of the measurement period	$ 10,796,497	$ 6,267,604
Authority's proportionate share of CCCERA's NPL	0.756%	0.772%

(1) Includes "member subvention of employer contributions" and excludes "employer subvention of member contributions".
(2) Includes differences between employer contributions and proportionate share of contributions.

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

The following presents the net pension liability as of December 31, 2018 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 rate 7.00%	1% increase 8.00%
Housing Authority NPL	$ 19,360,517	$ 10,796,497	$ 3,780,368
CCCERA NPL in total	$ 2,712,156,531	$ 1,428,044,144	$ 376,026,640
Authority NPL as a % of CCCERA	0.714%	0.756%	0.010%

(Continued)

Note 11 (continued)

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:

	12/31/2018	12/31/2017
Service Cost	$ 1,746,022	$ 1,652,657
Interest on total pension liability	4,903,328	4,764,094
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(85,560)	63,691
Expensed portion of current-period difference between expected and actual experience in the TPL	87,375	(50,675)
Expensed portion of current-period changes of assumptions or other inputs	(154,051)	-
Member contributions (1)	(789,118)	(751,091)
Projected earnings on plan investments	(4,434,301)	(4,015,580)
Expensed portion of current-period differences between actual and projected earnings on plan investments	1,182,201	(723,459)
Administrative expense	71,160	71,212
Other expenses	27,678	9,474
Recognition of beginning of year deferred outflows of resources as pension expense	772,513	789,219
Recognition of beginning of year deferred inflows of resources as pension expense	(1,108,848)	(483,055)
Net amortization of deferred amounts from changes in proportion and differences between employer's contribution and proportionate share of contributions	64,550	(2,030)
Pension expense - measurement date 12/31	$ 2,282,949	$ 1,324,457

(1) Includes "employer subvention of members contributions" and "excludes member subvention of employer contributions"

(Continued)

Note 11 (continued)

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, 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 and differences between employer's contribution and proportionate share of contribution (1)	$ 204,887	$ 316,182
Changes in assumptions or other input	63,292	549,961
Net excess of projected over actual earnings on pension plan investments	3,234,920	-
Difference between expected and actual experience in the TPL	311,928	234,694
Balances per actuarial report - measurement date 12/31/2018	3,815,027	1,100,837
Employer contributions made January thru March 2019	578,728	-
Balances reported March 31, 2019	$ 4,393,755	$ 1,100,837

(1) Calculated in accordance with Paragraph 54 and 55 of GASB 68

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

Measurement period:	
2020	$ 967,229
2021	321,542
2022	329,990
2023	1,095,429
	$ 2,714,190

The amount reported as deferred outflows of resources related to employer contributions made January through March 2019, should have the effect of reducing net pension liability during the next actuarial measurement period.

F. Actuarial Assumptions

The total pension liability (TPL) as of December 31, 2018, and December 31, 2017 were determined by actuarial valuations as of December 31, 2017 and December 31, 2016, respectively. The TPL was remeasured as of December 31, 2018 to reflect the actuarial assumptions that the Board of Retirement has approved for use in the funding valuation ad of December 31, 2018. The actuarial assumptions used were based on the results of an experience study for the period January 1, 2015 through December 31, 2017. They are the same as the assumptions used in the December 31, 2018 funding valuation for CCCERA.

(Continued)

Note 11 (continued)

The following actuarial assumptions were applied to all periods included in the measurement for both the December 31, 2018 and 2017 actuarial valuations.

Valuation Date	12/31/2018	12/31/2017
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level % of Payroll	Level % of Payroll
Inflation	2.75%	2.75%
Salary increases - general	3.75% to 15.25%	4.0% to 13.25%
Investment rate of return	7.00%	7.00%
Administrative expenses	1.10%	1.13%
Cost of living adjustment	2.75%	2.75%

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 contributions were based on the PUB-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years with the two-dimensional mortality improvement scale MP-2018, weighted 30% male and 70% female.

The long-term expected rate of return on pension plan investments determined in 2019 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by 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 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:

Asset Class	Target Allocation	Long-term Expected Real Rate
Large Cap U.S. Equity	5.0%	5.44%
Developed International Equity	13.0	6.54
Emerging Markets Equity	11.0	8.73
Short-term Gov't/Credit	23.0	0.84
U. S. Treasury	3.0	1.05
Private Equity	8.0	9.27
Risk Diversifying	7.0	3.53
Global Infrastructure	3.0	7.9
Private Credit	12.0	5.80
Real Estate (all)	10.0	6.8%-12%
Risk Parity	5.0	5.80
Total	100.0%	

Note 11 (continued)

The discount rate used to measure the TPL was 7% as of both December 31, 2018 and December 31, 2017. The projection of cash flows used to determine the discount rate assumed employer and employee contributions will be made at the 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, 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, 2018 and 2017.

Note 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description: Contra Costa County Housing Authority (The Authority) administers a single-employer, defined benefit health care plan. Currently, the plan provides postemployment medical and dental insurance benefits to eligible employees, and their dependents, who retire from the Authority and commence receiving their CCCERA pension at the time of retirement. Health benefit provisions for active employees are established and may be amended through negotiations between the Authority and their bargaining unit and employee groups. The Authority does not issue a separate audit report on its post retirement health benefit plan.

The Contra Costa County Board of Supervisors appointed the Executive Director of the Authority as the Plan Administrator. As of March 31, 2019, Public Agency Retirement Services is the Trust Administrator.

The Contra Costa County Board of Supervisors has the right at any time and for any reason, in its sole discretion, to modify, alter, or amend the Plan in whole or in any part, in any manner and without limit, including reducing or eliminating the payment of any benefits. WestAmerica Bank (Trustee) shall, upon written direction of the Plan Administrator, make distributions from the assets of the Trust to the insurers, third party administrators, health care and welfare providers or other entities providing Plan benefits or services, or to the employer for reimbursement of Plan benefits ad expenses paid by the employer.

Benefits: The Authority has contracted with Kaiser Permanente, Anthem, United Healthcare, Blue Shield, and the California Public Employees' Retirement System (CalPERS) to provide medical benefits and Delta Dental for dental benefits.

Note 12 (continued)

The Authority contributes the cost of retiree medical and dependent medical and dental coverage up to specified limits. The maximum monthly contributions are:

Coverage Level	Maximum Monthly Contribution
Retiree	$345
Retiree +1	$679
Retiree +2	$980

These caps are not expected to increase in the future. At the retiree's death a surviving spouse may elect to continue coverage. However, they must contribute 100% of the required contribution. The retiree dental plan is the same as the plan provided to active employees. Monthly dental only premiums are:

Coverage Level	Dental Only Premium
Retiree	$ 63.72
Retiree +1	$110.81
Retiree +2	$186.36

Eligibility: Eligibility for retiree medical and dental benefits generally require an employee to (1) be age 50 or older with at least 10 years of service with the Authority, (2) be age 55 or older with at least 5 years of service with the Authority, or (3) have completed 30 or more years of service with the Authority.

Demographic Data for the fiscal year ended June 30, 2018:

Retirees and beneficiaries receiving benefits	64
Active plan members	83
Total	147

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

In 2016, The Authority established a trust account with the Public Agency Retirement Services (PARS) to administer the funding of the projected benefits of the OPEB plan. Monthly, the Authority makes healthcare premium payments for its current retirees to the benefit providers. The retiree contributes any necessary amount of the premium cost that exceeds the specific established plan limits. The Authority 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.

Note 12 (continued)

The contributions made for the fiscal year ended June 30, 2018 was as follows:

Contribution made to PARS	$ 196,320
Payments to CalPERS for retiree premiums	251,125
Payments to CalPERS for implicit subsidy of retirees	90,016
Total employer contributions	$ 537,461

Investments: The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan Administrator. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the adopted asset allocation policy as of June 30, 2018:

Investment Class	Target allocation	Long-Term Expected Real Rate of Return (1)
Equity	73%	5.66%
Fixed Income	20%	1.46%
REITs	2%	5.06%
Cash	5%	0.00%

(1) JPMorgan arithmetic Long Term Capital Market assumptions and expected inflation of 2.26%

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB:

At March 31, 2019, the Authority reported $5,488,649 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. The Authority's net OPEB liability was based on a projection of the Authority's covered payroll of $5,334,017.

Plan Fiduciary Net Position (plan assets) was valued as of the measurement date and agrees with the account balance held by PARS. As of June 30, 2018, the Plan Fiduciary Net Position was $439,131.

For the year ended March 31, 2019, the Authority recognized OPEB expense of $544,844. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for service cost, interest on the total OPEB liability, and expected investment return, net of investment expense, as follows:

(Continued)

Note 12 (continued)

	6/30/2018	6/30/2017
Components of OPEB Expense		
Service Cost	$ 192,195	$ 183,043
Interest on the total OPEB liability	441,259	422,711
Projected earnings on OPEB plan investments	(23,372)	(11,513)
Administrative expenses	833	350
Recognition of deferred resources due to:		
Changes in assumptions	3,603	-
Differences between expected and actual experience	(68,735)	(3,015)
Differences between projected and actual earnings on assets	(939)	(938)
Aggregate OPEB expense	$ 544,844	$ 590,638

The components of the net OPEB liability as of June 30, 2018, were as follows:

	6/30/2018	6/30/2017
Total OPEB Liability		
Service Cost	$ 192,195	$ 183,043
Interest	441,259	422,711
Differences between expected and actual experience	(328,931)	(11,577)
Changes in assumptions	18,031	-
Benefits payments	(341,141)	(363,140)
Net change in total OPEB liability	(18,587)	231,037
Total OPEB liability - beginning (a)	5,946,367	5,715,330
Total OPEB liability - ending (b)	$ 5,927,780	$ 5,946,367
Plan Fiduciary Net Position		
Contributions - employer	$ 537,461	$ 458,323
Net investment income	23,378	16,201
Benefit payments	(341,141)	(363,140)
Administrative expenses	(833)	(350)
Net change in plan fiduciary net position	218,865	111,034
Plan fiduciary net position - beginning (.c.)	220,266	109,232
Plan fiduciary net position - ending (d)	$ 439,131	$ 220,266
Net OPEB Liability - beginning (a) - (.c.)	$ 5,726,101	$ 5,606,098
Net OPEB Liability - ending (b) - (d)	$ 5,488,649	$ 5,726,101

(Continued)

Note 12 (continued)

At March 31, 2019, the Authority reported deferred inflows of resources and deferred outflows of resources related to OPEB for the following resources:

	Deferred Outflows	Deferred Inflows
Unrecognized deferred resources due to:		
Differences between expected and actual experience	$ -	$ 268,758
Changes in assumptions	14,428	-
Net differences between projected and actual earnings	-	2,817
Balances per actuarial report - measurement date 6/30/2018	14,428	271,575
Employer contributions made July 2018 thru March 2019	412,960	-
Balances reported March 31, 2019	$ 427,388	$ 271,575

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

Measurement period:	
2020	$ (66,071)
2021	(65,588)
2022	(63,054)
2023	(62,119)
2024	(315)
	$ (257,147)

The amount reported as deferred outflows of resources related to employer contributions made January through March 2019, should have the effect of reducing net pension liability during the next actuarial measurement period.

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 total OPEB liability was determined by an actuarial valuation as of June 30, 2018, with a valuation date and measurement date of June 30, 2018. The Entry Age Normal actuarial cost method was used, a method under which the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the normal cost. The methodology used for amortization was straight-line. For assumption changes and experience gains/losses, it was

(Continued)

Note 12 (continued)

assumed Average Future Working Lifetime, averages over all activities and retirees (retirees are assumed to have no future working years). Asset gains and losses are assumed 5 years. Assets are valued at the market value of assets as of the measurement date. The Authority intends to contribute the ADC to the PARS trust each year. In addition pay-as-you-go benefit payments will be paid outside of the trust.

The Authority used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.26% annually		
Payroll increases	3.25% annually		
Net investment return	7.39% based on PARS capital appreciation investment policy		
Discount rate	7.39% based on PARS capital appreciation investment policy		
Health care trend	Year	Increase in premium rates	
	Beginning	Pre 65	Post 65
	2019	Actual	Actual
	2020	6.80%	5.00%
	2021	6.55%	5.00%
	2022	6.30%	5.00%
	2023	6.05%	5.00%
	2024	5.80%	5.00%
	2025	5.55%	5.00%
	2026	5.30%	5.00%
	2027	5.05%	5.00%
	2028 and later	5.00%	5.00%
Baseline cost	Pre-Medicare $9,289 per year		
	Post-Medicare $3,840 per year		
Administrative expenses	Assumed no fees other than those included in premium rates ($833 for 2018)		
Health plan participation	90% of active employees who are currently enrolled in medical and dental coverage and retire from the Authority will elect to participate in the retiree medical and dental program. Furthermore 70% of active employees who are currently only enroled in dental coverage and retire from the Authority will elect to participate in the retiree medical and dental program.		
Medicare Coverage	The assumption is that all future retirees will be eligible for Medicare when they reach age 65.		
Morbidity Factors	CalPERS 2017 study		
Population for Curving	CalPERS 2017 study		
Age weighted claim costs	Age	Male	Female
	50	$ 9,196	$ 9,987
	55	$12,437	$11,518

Note 12 (continued)

	60	$16,108	$13,262
	65	$ 3,926	$ 4,038
	70	$ 3,483	$ 3,511
	75	$ 4,124	$ 3,994
	80	$ 4,514	$ 4,485
	85	$ 4,671	$ 4,657
Mortality	The mortality rates used are those described in the 2017 CCCERA experience study. Pre-retirement - Pub-2010 General Employment Amount-Weighted Above-Median Mortality projected forward with the MP-2018 generational projections. Post-retirement - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality projected forward with the MP-2018 generational projections.		
Disability	Because of the anticipated low incidence of disability retirements disability was not valued.		
Percent Married	Assumption was that 80% of male retirees and 55% of female retirees were married.		
Retirement	Rates selected are those described in the 2017 CCCERA experience study. Employees hired before January 2013 were valued using the General Tier 1 Enhanced Retirement table, while employees hired on or after January 1, 2013 were valued using the PEPRA retirement table.		
Withdrawal	Rates are based on the 2017 CCCERA experience study.		

There have been no assumptions changes since the last measurement date.

Discount Rate: The discount rate of 7.39%, is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets. The following presents the Authority's NOL if it were calculated using a discount rate 1% higher and 1% lower than the current rate:

	1% decrease 6.39%	Current rate 7.39%	1% increase 8.39%
Authority NOL	$ 6,057,661	$ 5,488,649	$ 4,998,024

Trend Rate: The following presents the Authority's NOL if it were calculated using a trend table that is 1% point higher and 1% point lower than the current rate:

	1% decrease in trend rate	Current Trend Rate	1% increase in trend rate
Authority NOL	$ 4,940,674	$ 5,488,649	$ 5,934,117

Note 13 - DEFERRED COMPENSATION PLAN

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

A total of $4,137,402 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.

(Continued)

Note 14 (continued)

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

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

Pursuant to the Department of Housing and Community Development Rental Housing Construction Program First Amendment to the Regulatory Agreement (the "Amended HCD 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, 2018, 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, 2018, which differs from that of the Authority's fiscal year end of March 31, 2019. 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, 2018, are as follows:

STATEMENT OF NET POSITION

Current assets	$ 87,408
Restricted assets	665,845
Property and equipment	2,872,127
Other non-current assets	185,000
Total assets	$ 3,810,380

Note 14 (continued)

STATEMENT OF NET POSITION (continued)

Current liabilities	$ 42,900
Payable from restricted assets	44,527
Long term liabilities	5,431,039
Total liabilities	5,518,466
Net investment in capital assets	(1,945,140)
Restricted net position	658,329
Unrestricted net position	(421,275)
Total net position	(1,708,086)
Total liabilities and net position	$ 3,810,380

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Rental revenue	$ 511,435
Interest and other revenue	15,318
Total revenue	526,753
Administrative expenses	175,818
Utility expenses	98,211
Maintenance expenses	175,699
General expenses	63,583
Depreciation	189,073
Total expenses	702,384
Operating income (loss)	(175,631)
Debt service interest	(102,586)
Change in net position	(278,217)
Net position at the beginning of the year - 1/1/2018	(1,429,869)
Net position at the end of the year - 12/31/2018	$ (1,708,086)

STATEMENT OF CASH FLOWS

Net cash provided (used) by:	
Operating activities	$ 38,965
Noncapital financing activities	77,076
Capital financing activities	(88,689)
Investing activities	10,010
Net change in cash	37,362
Cash at the beginning of the year - 1/1/2018	669,581
Cash at the end of the year - 12/31/2018	$ 706,943

(Continued)

Note 14 (continued)

Interfund accounting issues:

Operating advances made by the Authority were $660,109 as of March 31, 2019. The interfund balance as of December 31, 2018 was $647,468 and was reported as non-current related party payable by the other auditors. The interfund balance as of December 31, 2018 was eliminated, while the difference of $12,641, as of March 31, 2019 was reported as other long-term assets in the Statement of Net Position - Proprietary Funds.

During the fiscal year ended December 31, 2018, CDR Associates paid management fees to the Authority in the amount of $52,452. Some of the Casa Del Rio Senior Housing tenants (3 as of December 31, 2018) are also participants in the Authority's Housing Choice Voucher or Continuum of Care Programs. The rent for these tenants is subsidized by HUD through the Authority. During the twelve months ended March 31, 2019, the Authority's Housing Choice Voucher and Continuum of Care Programs paid a total of $17,628 in HAP payments to CDR Associates.

Intrafund accounting issues:

The intrafund amounts which have been eliminated as of March 31, 2019, from the Casa Del Rio Blended Component Unit Enterprise Fund for inclusion into the Fund Financial Statements include:

- $151,330 receivable/payable between CDR Inc and CDR Associates
- $2,051,830 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.
- $13,912 interest 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 $1,708,086, including a deficit unrestricted net position of $421,275. This deficit is an increase over the prior year's deficit balance in total net position of $1,429,869.

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

Organization:

The discretely presented component units are DeAnza Housing Corporation (A California Nonprofit Public Benefit Corporation) and DeAnza Gardens, L.P. (A California Limited Partnership). The Authority is the General Partner and DeAnza Housing Corporation is the managing general partner of DeAnza Gardens, L.P. The partnership was formed for the purpose

Note 14 (continued)

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, 2018, 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, 2018, which differs from that of the Authority's fiscal year end of March 31, 2019. The balances at each fiscal year end do not differ materially. Modifications were made to the audited financial statements to conform with the reporting categories of the Authority. Specifically, net assets reported in the audit were converted to the three categories of net position in conformity with the Authority's reporting practices.

Inter-agency accounting issues:

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

	Primary Gov't Assets 3/31/2019	Component Unit Liabilities 12/31/2018
Due to the Authority:		
Short-term for operations	$ 13,597	$ -
Long-term:		
Interest on note	$ 540,107	$ 532,607
Land lease	1,140,000	1,122,000
Long-term for operations	409,334	415,684
	$ 2,089,441	$ 2,070,291
Due to Boston Capital - long-term		$ 115

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, 2005, 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, 2018. No interest has been paid to the Authority. The Authority's Housing Choice Voucher Enterprise Fund reported $540,107 due from related parties and revenue of $30,000. See Note 4.

Note 14 (continued)

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 $1,140,000 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, 2018, 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, 2019. Some of the DeAnza Gardens tenants (7 as of December 2018) are also clients of the Authority's Housing Choice Voucher or Continuum of Care Programs. The rent for these tenants is subsidized by HUD through the Authority. During the twelve months ended March 31, 2019, the Authority's Housing Choice Voucher Program paid $117,906 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.
- $1,054,280 of interest on the long-term note held by DeAnza Corp from DeAnza L.P.
- $309,641 receivable recognized by DeAnza Corp from DeAnza L.P.
- $797 deficit investment in partnership reported by DeAnza Corp is offset by net position in DeAnza L.P.
- $56,911 managements fees reported as revenue to DeAnza Corp and expenses of DeAnza L.P.
- $68,000 interest revenue on the long-term debt is recognized by DeAnza Corp and expensed by DeAnza L.P.

Cash and investments:

	Unrestricted	Restricted
Demand deposits (FDIC insured up to $250,000)	$ 69,796	$ 59,487
Investments	-	951,671
Held by mortgagor	-	577,538
Cash on hand	500	-
	$ 70,296	$ 1,588,696

The demand deposits are with WestAmerica bank. The total on deposit did not exceed the amount covered by FDIC as of December 31, 2018. FDIC coverage is $250,000 for 2018. Cash and

(Continued)

Note 14 (continued)

investments of $951,671 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 $1,529,209. Cash has also been restricted for security deposits in the amount of $59,487. The excess of the security deposit liability of $167,151, 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:

	12/31/2018	12/31/2017
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	555,752	532,556
	35,449,183	35,425,987
Less accumulated depreciation	(14,742,661)	(13,722,172)
	$ 20,706,522	$ 21,703,815

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

Long-term debt:

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

	Balance 12/31/2017	Payments	Balance 12/31/2018	S/T Portion	L/T Portion	Interest Payable
	$ 8,114,132	$ (247,086)	$ 7,867,046	$ 263,896	$ 7,603,150	$ 43,269
Loan costs			(45,407)		(45,407)	
Balances 12/31/2018			$ 7,821,639		$ 7,557,743	

Interest expense for the fiscal year ended December 31, 2018 $ 526,788

Costs incurred in order to obtain permanent financing for the De Anza notes were $391,461 and are amortized on a straight-line basis into interest expense over the term of the loan. Interest expense amortization of permanent loan costs was $11,352 during the current fiscal year.

Note 14 (continued)

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, 2018. The majority of the entity's assets are either invested in capital assets or restricted, leaving the unrestricted net position in deficit by $3,140,499. This deficit is an increase of $137,767, over the prior year's deficit in unrestricted net position of $3,002,732.

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. 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.

C. Audit by Funding Agency

During 2019, the U.S. Department of Housing and Urban Development conducted on-site monitoring of the Authority's Continuum of Care Program. The final version of the report has not yet been issued. It is the Authority's opinion that any matters of discussion 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.

(Continued)

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, 2018, there were twenty-eight 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 is as follows:

	December 31, 2018	December 31, 2017
Total assets	$ 28,691,797	$ 27,349,298
Total liabilities	(15,046,109)	(15,055,537)
Net position	$ 13,645,688	$ 12,293,761
Total revenues	$ 6,340,615	$ 6,348,609
Total expenses (omitting dividends)	(2,982,724)	(4,080,366)
Dividend expense	(2,005,964)	(1,743,060)
Net change in net position	$ 1,351,927	$ 525,183

CHWCA had no long-term debt outstanding at December 31, 2018. 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, 2018 were $246,025. CHWCA issues a separate annual financial report, which may be obtained by contacting Bickmore Risk Services, 6371 Auburn Blvd, #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 $50,000 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 $150,000 for the policy year beginning June 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
REQUIRED SUPPLEMENTARY INFORMATION
AS OF MARCH 31, 2019

Schedule of Proportionate Share of the Net Pension Liability (NPL) for CCCERA

Reporting Date for Employer Under GASB 68	Proportion of the NPL	Proportionate Share of the NPL	Covered Employee Payroll	NPL as a % of covered Payroll	Funded Ratio
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%
6/30/2017	0.726%	$ 10,162,604	$ 5,215,890	194.84%	82.73%
6/30/2018	0.772%	$ 6,267,604	$ 5,183,762	120.91%	89.72%
6/30/2019	0.756%	$ 10,796,497	$ 5,288,211	204.16%	83.10%

This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

Schedule of Employer Contributions to CCCERA

Measurement Date Year Ended December 31	Actuarially Determined Contributions	Contribution in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 2,329,742	$ 2,329,742	$ 0	$ 4,841,907	48.12%
2016	$ 2,179,232	$ 2,179,232	$ 0	$ 5,215,890	41.78%
2017	$ 2,150,337	$ 2,150,337	$ 0	$ 5,183,762	41.48%
2018	$ 2,254,454	$ 2,254,454	$ 0	$ 5,288,211	42.63%

Contributions exclude "employer subvention of member contributions". Prior to the December 31, 2016 measurement date the contributions included "employer subvention of member contributions".

This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

The actuarial methods and assumptions used to determine the actuarially determined contributions (ADC) for CCCERA were as follows:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two and a half years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percentage of Payroll
Remaining amort period	Remaining balance of 12/31/07 UAAL is amortized over a fixed period with 5 years remaining as of 12/31/17. Any changes in UAAL after 12/31/07, will be separately amortized over a fixed 18-year period effective with that valuation.
Asset valuation method	Market value of assets less unrecognized returns in each of the last 9 semi-annual periods.
Investment rate of return	7.00% net of pension plan investment expenses, including inflation.
Inflation rate	2.75%
Administrative expenses	1.10% of payroll allocated to both the employer and member based on the components of normal cost rates for the employer and member.
Real salary increase	0.5%
Projected salary increases	3.75% to 15.25%
Cost of living adjustment	2.75%
Other	Same as those used in the 12/31/18 funding actuarial valuation.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
REQUIRED SUPPLEMENTARY INFORMATION
AS OF MARCH 31, 2019
(Continued)

Schedule of Changes in the Net OPEB Liability and Related Ratios

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2016	$ 5,715,330	$ 109,232	$ 5,606,098
Service cost	183,043	-	183,043
Interest	422,711	-	422,711
Difference between expected and actual experience	(11,577)	-	(11,577)
Benefit payments, including refunds	(363,140)	(363,140)	-
Contributions - employer	-	458,323	(458,323)
Net investment income	-	16,201	(16,201)
Administrative expenses	-	(350)	350
Balance as of June 30, 2017	5,946,367	220,266	5,726,101
Service cost	192,195	-	192,195
Interest	441,259	-	441,259
Difference between expected and actual experience	(328,931)	-	(328,931)
Changes in assumptions	18,031	-	18,031
Benefit payments, including refunds	(341,141)	(341,141)	-
Contributions - employer	-	537,461	(537,461)
Net investment income	-	23,378	(23,378)
Administrative expenses	-	(833)	833
Balance as of June 30, 2018	$ 5,927,780	$ 439,131	$ 5,488,649

Plan fiduciary net position as a % of total OPEB liability:	
June 30, 2017	3.70%
June 30, 2018	7.41%
Covered Payroll	
June 30, 2017	Not available
June 30, 2018	$ 5,334,017
Net OPEB liability as a % of covered payroll	
June 30, 2017	Not available
June 30, 2018	102.90%

Schedule of Employer Contributions to OPEB

Measurement Date Year Ended June 30	Actuarially Determined Contributions	Contribution in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 547,470	$ 458,323	$ 89,147	not available	not available
2018	548,163	537,461	10,702	$ 5,334,017	10.08%

This schedule is required to present ten years of information. The information above is presented for the years currently available. A full ten-year trend will be built as the information becomes available in the future.

The actuarial methods and assumptions used to determine the actuarially determined contributions (ADC) for OPEB were as follows:

Valuation date	Jun 30, 2018
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Straight-line Amortization
Asset valuation method	Market value of assets as of the measurement date.
Funding Policy	The Authority intends to contribute the ADC to PARS trust each year. In addition, pay-go benefit payments (explicit and implicit) will be paid outside of the trust.
Discount Rate	7.39%
Net Investment Return	7.39%
Inflation rate	2.26%
Payroll Increases	3.25%

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2019

- The Proportionate Share of Net Pension Liability presents the Authority's portion of CCCERA's NPL as a dollar value as well as a percentage. The funded ratio represents the Authority's proportionate share of the Plan's Fiduciary Net Position as a percentage of the Authority's proportionate share of the Total Pension Liability. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. This schedule was provided by CCCERA in its "GAS 68 Actuarial Valuation Based on December 31, 2018 Measurement Date for Employer Reporting as of June 30, 2019".

- The Schedule of Employer Contributions to CCCERA presents information regarding the Authority's required contributions to CCERA, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. The amounts noted are based on the Plan's calendar year and not on the Authority's fiscal year end of March 31. See also Footnote 11 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 68 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. The information for this schedule was obtained from information contained in CCCERA's "GAS 68 Actuarial Valuation Based on December 31, 2018 Measurement Date for Employer Reporting as of June 30, 2019".

- The Schedule of Employer Contributions to OPEB presents information regarding the Authority's required contributions to their OPEB plan, the amounts actually contributed, and any excess or deficiency to the contributions required. This schedule reports only employer required contributions. The amounts noted are based on the Plan's calendar year and not on the Authority's fiscal year end of March 31. See also Footnote 12 to the Basic Financial Statements for the contributions, both employer and employee, for the current fiscal year. GASB 75 requires this schedule to include ten-year trend analysis. The trend analysis is intended to aid the reader in determining the financial health of the pension plan. The schedule contains all currently known information and will be built prospectively as the information becomes available, until the ten year requirement has been met. The information for this schedule was obtained from information contained in "Housing Authority of Contra Costa Authority OPEB Plan", with a measurement date of June 30, 2018.

- There have been no changes in benefit terms since the previous valuation for either CCCERA or the Authority's OPEB.

- There have been no changes in assumptions from CCCERA's prior year valuation, except for administrative expenses which decreased from 1.13% to 1.10% of payroll and the range of projected salary increases changed from 4%-13.25% to 3.75%-15.25%.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2019

Federal Grantor	CFDA Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development (HUD):			
Direct Programs:			
Housing Choice Voucher Program	14.871		$ 116,180,444
Mainstream Voucher Program	14.879		8,000
Subtotal Housing Voucher Cluster			116,188,444
Continuum of Care Program	14.267	$ 373,639	6,313,353
Public and Indian Housing	14.850		5,454,127
Public Housing - Capital Fund Program	14.872		3,392,150
Family Self Sufficiency Program	14.896		243,516
Subtotal federal expenditures, Dept of HUD		373,639	131,591,590
Total expenditures of federal awards		$ 373,639	$ 131,591,590

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, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Housing Authority of the County of Contra Costa, California, under programs of the federal government for the year ended March 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Authority it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Housing Voucher Cluster - the Housing Voucher Cluster includes the Housing Choice Voucher and Mainstream Voucher Programs. Expenditures reported consist of (1) expenditures for housing assistance payments (HAP) incurred, omitting HAP paid on port-in vouchers, during the current fiscal year; and (2) the full amount of administrative fee revenue received during the current fiscal year, regardless of expenditure.

Continuum of Care Program - expenditures reported agree with the HUD grants earned for the current fiscal year.

Public and Indian Housing Program - expenditures reported consist only of the operating subsidy amount received from HUD for the current fiscal year.

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 - expenditures reported agree with the HUD grants earned for the current fiscal year.

3. INDIRECT COST RATE

The Authority has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
FINANCIAL DATA SCHEDULE (CA011)
BALANCE SHEET SUMMARY
AS OF MARCH 31, 2019

	Public Housing (including Capital Fund)	PIH Family Self-Sufficiency Program	Continuum of Care Program	Community Development Block Grants	Housing Choice Vouchers
CFDA number	**14.851/14.872**	**14.896**	**14.267**	**14.218**	**14.871**
111 Cash - Unrestricted	$158,404	$5,086	$101,562	$136,253	$2,686,319
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					$825,185
114 Cash - Tenant Security Deposits	$314,466				
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	$472,870	$5,086	$101,562	$136,253	$3,511,504
121 Accounts Receivable - PHA Projects					$1,309,263
122 Accounts Receivable - HUD Other Projects	$110,726	$113,335	$256,545		
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	$181,294				
126.1 Allowance for Doubtful Accounts -Tenants	-$76,593				
126.2 Allowance for Doubtful Accounts - Other	$0	$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	$9,966				
120 Total Receivables, Net of Allowances for Doubtful Accounts	$225,393	$113,335	$256,545	$0	$1,309,263
131 Investments - Unrestricted	$2,166,490				
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	$242,871				$2,835
144 Inter Program Due From		$0			
145 Assets Held for Sale					
150 Total Current Assets	$3,107,624	$118,421	$358,107	$136,253	$4,823,602
161 Land	$1,026,405				$330,791
162 Buildings	$90,910,493				$3,168,053
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	$1,692,521				$1,123,645
166 Accumulated Depreciation	-$87,967,104				-$2,519,616
167 Construction in Progress	$1,017,608				
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	$6,679,923	$0	$0	$0	$2,102,873
171 Notes, Loans and Mortgages Receivable - Non-Current				$322,436	$1,000,000
174 Other Assets	$1,204,500			$108,090	$540,107
180 Total Non-Current Assets	$7,884,423	$0	$0	$430,526	$3,642,980
200 Deferred Outflow of Resources	$1,215,153				$1,356,257
290 Total Assets and Deferred Outflow of Resources	$12,207,200	$118,421	$358,107	$566,779	$9,822,839

Discretely Presented Component Unit De Anza	Blended Component Unit Casa Del Rio	Rental Rehab Program	Other State & Local Programs	Mainstream Vouchers	Central Office Cost Center	Subtotal	Eliminations	Total
				14.879				
$70,295	$41,098	$83,320	$126,793	$6,410	$5,697	$3,421,237		$3,421,237
$1,529,210	$658,330			$224,058		$3,236,783		$3,236,783
$59,487	$7,516					$381,469		$381,469
$1,658,992	$706,944	$83,320	$126,793	$230,468	$5,697	$7,039,489	$0	$7,039,489
						$1,309,263		$1,309,263
						$480,606		$480,606
			$13,597			$13,597		$13,597
$30,941	$6,407					$218,642		$218,642
-$4,560	-$1,062					-$82,215		-$82,215
$0			$0		$0	$0		$0
			$2,519			$2,519		$2,519
$6,687			$3,125		$2,879	$22,657		$22,657
$33,068	$5,345	$0	$19,241	$0	$2,879	$1,965,069	$0	$1,965,069
		$104,091	$265,084		$757,714	$3,293,379		$3,293,379
$16,550	$40,965		$18		$40,126	$343,365		$343,365
			$1,600,065		$0	$1,600,065	-$1,600,065	$0
$1,708,610	$753,254	$187,411	$2,011,201	$230,468	$806,416	$14,241,367	-$1,600,065	$12,641,302
$1,150,712	$475,797					$2,983,705		$2,983,705
$29,714,010	$6,591,146		$74,415			$130,458,117		$130,458,117
$555,752	$178,405	$3,937	$3,336		$184,580	$3,742,176		$3,742,176
-$14,742,661	-$4,373,221	-$3,937	-$76,433		-$173,346	-$109,856,318		-$109,856,318
						$1,017,608		$1,017,608
$4,028,709						$4,028,709		$4,028,709
$20,706,522	$2,872,127	$0	$1,318	$0	$11,234	$32,373,997	$0	$32,373,997
	$185,000	$54,030				$1,561,466	-$185,000	$1,376,466
		$19,010	$1,069,443			$2,941,150	-$647,468	$2,293,682
$20,706,522	$3,057,127	$73,040	$1,070,761	$0	$11,234	$36,876,613	-$832,468	$36,044,145
			$9,845		$867,477	$3,448,732		$3,448,732
$22,415,132	$3,810,381	$260,451	$3,091,807	$230,468	$1,685,127	$54,566,712	-$2,432,533	$52,134,179

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 SUMMARY
AS OF MARCH 31, 2019
(continued)

	Public Housing (including Capital Fund)	PIH Family Self-Sufficiency Program	Continuum of Care Program	Community Development Block Grants	Housing Choice Vouchers
CFDA number	**14.851/14.872**	**14.896**	**14.267**	**14.218**	**14.871**
312 Accounts Payable <= 90 Days	$619,154		$7,049		$292,373
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion	$97,933	$16,048	$825		$95,121
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	$72,753		$186,925	$136,253	
341 Tenant Security Deposits	$314,466				
342 Unearned Revenue	$45,762			$0	$21,766
343 Current Portion of Long-term Debt - Capital Projects					$218,228
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	$180,931				$19,489
347 Inter Program - Due To	$1,050,122	$102,373	$163,308		$284,262
348 Loan Liability - Current					
310 Total Current Liabilities	$2,381,121	$118,421	$358,107	$136,253	$931,239
351 Long-term Debt, Net of Current - Capital Projects					$1,462,146
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					$301,994
354 Accrued Compensated Absences - Non Current	$41,881				$45,937
355 Loan Liability - Non Current				$430,526	
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	$5,738,031	$0	$0		$6,404,341
350 Total Non-Current Liabilities	$5,779,912	$0	$0	$430,526	$8,214,418
300 Total Liabilities	$8,161,033	$118,421	$358,107	$566,779	$9,145,657
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	$6,679,923				$422,499
511.4 Restricted Net Position					$523,191
512.4 Unrestricted Net Position	-$2,633,756	$0	$0	$0	-$268,508
513 Total Equity - Net Assets / Position	$4,046,167	$0	$0	$0	$677,182
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$12,207,200	$118,421	$358,107	$566,779	$9,822,839

Discretely Presented Component Unit De Anza	Blended Component Unit Casa Del Rio	Rental Rehab Program	Other State & Local Programs	Mainstream Vouchers	Central Office Cost Center	Subtotal	Eliminations	Total
				14.879				
$62,424	$9,184		$10,953		$25,670	$1,026,807		$1,026,807
			$282,213			$282,213		$282,213
			$338		$118,405	$328,670		$328,670
$43,269						$43,269		$43,269
						$395,931		$395,931
$167,151	$44,527					$526,144		$526,144
$19,919	$20	$187,410				$274,877		$274,877
$263,896	$33,696					$515,820		$515,820
			$15		$2,528	$202,963		$202,963
						$1,600,065	-$1,600,065	$0
$556,659	$87,427	$187,410	$293,519	$0	$146,603	$5,196,759	-$1,600,065	$3,596,694
$7,557,743	$2,822,107					$11,841,996		$11,841,996
$1,000,000			$185,000			$1,185,000	-$185,000	$1,000,000
$2,070,406	$2,608,932					$4,981,332	-$647,468	$4,333,864
			$145		$16,542	$104,505		$104,505
		$73,041				$503,567		$503,567
		$0	$46,491		$4,096,282	$16,285,145		$16,285,145
$10,628,149	$5,431,039	$73,041	$231,636	$0	$4,112,824	$34,901,545	-$832,468	$34,069,077
$11,184,808	$5,518,466	$260,451	$525,155	$0	$4,259,427	$40,098,304	-$2,432,533	$37,665,771
$12,841,614	-$1,945,140		$1,318		$11,234	$18,011,448		$18,011,448
$1,529,210	$658,330			$224,058		$2,934,789		$2,934,789
-$3,140,500	-$421,275	$0	$2,565,334	$6,410	-$2,585,534	-$6,477,829		-$6,477,829
$11,230,324	-$1,708,085	$0	$2,566,652	$230,468	-$2,574,300	$14,468,408	$0	$14,468,408
$22,415,132	$3,810,381	$260,451	$3,091,807	$230,468	$1,685,127	$54,566,712	-$2,432,533	$52,134,179

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, 2019

	Public Housing (including Capital Fund)	PIH Family Self-Sufficiency Program	Continuum of Care Program	Community Development Block Grant	Housing Choice Vouchers
CFDA number	**14.850/14.872**	**14.896**	**14.267**	**14.218**	**14.871**
70300 Net Tenant Rental Revenue	$4,086,846				
70400 Tenant Revenue - Other	$76,101				
70500 Total Tenant Revenue	$4,162,947	$0	$0	$0	$0
70600 HUD PHA Operating Grants	$7,219,750	$243,516	$6,313,353		$115,784,497
70610 Capital Grants	$1,626,525				
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	$48,700	$0			$56,596
71400 Fraud Recovery					$57,330
71500 Other Revenue	$101,844				$7,865,024
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted	$0				
70000 Total Revenue	$13,159,766	$243,516	$6,313,353	$0	$123,763,447
91100 Administrative Salaries	$793,308		$48,565		$2,262,209
91200 Auditing Fees	$20,934				$16,139
91300 Management Fee	$1,131,781		$47,810		$1,397,619
91310 Book-keeping Fee	$65,253				$583,938
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	$755,078		$29,830		$1,283,132
91600 Office Expenses	$452,222		$14,280		$699,407
91700 Legal Expense	$184,577				$58,934
91800 Travel	$5,627				$8,043
91900 Other	$21,700				$26,202
91000 Total Operating - Administrative	$3,430,480	$0	$140,485	$0	$6,335,623
92000 Asset Management Fee	$105,400				
92100 Tenant Services - Salaries	$20,376	$108,538			$71,719
92200 Relocation Costs	$226,469				
92300 Employee Benefit Contributions - Tenant Services	$5,962	$80,284			$52,177
92400 Tenant Services - Other	$44,217		$373,639		
92500 Total Tenant Services	$297,024	$188,822	$373,639	$0	$123,896
93100 Water	$674,978				$7,506
93200 Electricity	$596,605				$36,778
93300 Gas	$137,361				$2,456
93600 Sewer	$840,805				$3,724
93000 Total Utilities	$2,249,749	$0	$0	$0	$50,464
94100 Ordinary Maintenance and Operations - Labor	$1,147,995				$6,504
94200 Ordinary Maintenance and Operations - Materials and Other	$644,497				$7,734
94300 Ordinary Maintenance and Operations Contracts	$1,625,812				$100,619
94500 Employee Benefit Contributions - Ordinary Maintenance	$553,850				$724
94000 Total Maintenance	$3,972,154	$0	$0	$0	$115,581

Discretely Presented Component Unit De Anza	Blended Component Unit Casa Del Rio	Rental Rehab	Other State & Local Programs	Mainstream Vouchers	Central Office Cost Center	Subtotal	Eliminations	Total
				14.879				
$2,093,161	$511,435					$6,691,442	-$17,628	$6,673,814
	$5,308					$81,409		$81,409
$2,093,161	$516,743	$0	$0	$0	$0	$6,772,851	-$17,628	$6,755,223
				$232,058		$129,793,174		$129,793,174
						$1,626,525		$1,626,525
					$2,578,801	$2,578,801	-$2,578,801	$0
					$105,400	$105,400	-$105,400	$0
					$649,190	$649,190	-$649,190	$0
					$3,333,391	$3,333,391	-$3,333,391	$0
-$17,712	$15	$0	$34,320		$8,774	$130,693		$130,693
						$57,330		$57,330
$96,535			$95,412		$54,588	$8,213,403	-$52,452	$8,160,951
	$9,996					$9,996		$9,996
$2,171,984	$526,754	$0	$129,732	$232,058	$3,396,753	$149,937,363	-$3,403,471	$146,533,892
$157,919	$55,071	$535	$7,945		$1,536,855	$4,862,407		$4,862,407
$20,292	$24,050				$912	$82,327		$82,327
	$42,132			$1,590		$2,620,932	-$2,620,932	$0
$12,960	$10,320					$672,471	-$659,511	$12,960
$6,985						$6,985		$6,985
$58,343	$2,181	$34	$1,718		$1,203,428	$3,333,744		$3,333,744
$164,960	$42,062		$503		$313,554	$1,686,988		$1,686,988
$10,160					$92,732	$346,403		$346,403
$1,367					$5,306	$20,343		$20,343
$17,280					$419	$65,601		$65,601
$450,266	$175,816	$569	$10,166	$1,590	$3,153,206	$13,698,201	-$3,280,443	$10,417,758
						$105,400	-$105,400	$0
						$200,633		$200,633
						$226,469		$226,469
						$138,423		$138,423
					$111	$417,967		$417,967
$0	$0	$0	$0	$0	$111	$983,492	$0	$983,492
$126,127	$19,196					$827,807		$827,807
$21,370	$33,700				$32,847	$721,300		$721,300
$4,587	$1,503				$2,728	$148,635		$148,635
$85,869	$43,812					$974,210		$974,210
$237,953	$98,211	$0	$0	$0	$35,575	$2,671,952	$0	$2,671,952
$130,669	$47,875					$1,333,043		$1,333,043
$137,759	$38,661		$35		$3,369	$832,055		$832,055
$181,261	$80,067				$33,539	$2,021,298		$2,021,298
$44,011			$148			$598,733		$598,733
$493,700	$166,603	$0	$183	$0	$36,908	$4,785,129	$0	$4,785,129

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, 2019
(continued)

	Public Housing (including Capital Fund)	PIH Family Self-Sufficiency Program	Continuum of Care Program	Community Development Block Grant	Housing Choice Vouchers
CFDA number	**14.850/14.872**	**14.896**	**14.267**	**14.218**	**14.871**
95200 Protective Services - Other Contract Costs	$944,641				
95300 Protective Services - Other	$51,201				$13,557
95000 Total Protective Services	$995,842	$0	$0	$0	$13,557
96110 Property Insurance	$322,359				$8,624
96120 Liability Insurance	$2,180				$65
96130 Workmen's Compensation	$83,697	$765	$760		$25,903
96140 All Other Insurance					$4,513
96100 Total insurance Premiums	$408,236	$765	$760	$0	$39,105
96200 Other General Expenses	$10				$82,147
96210 Compensated Absences	$154,412	$20,069	$3,235		$161,096
96300 Payments in Lieu of Taxes	$97,375				
96400 Bad debt - Tenant Rents	$127,947				
96000 Total Other General Expenses	$379,744	$20,069	$3,235	$0	$243,243
96710 Interest of Mortgage (or Bonds) Payable					$88,252
96720 Interest on Notes Payable (Short and Long Term)					
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$88,252
96900 Total Operating Expenses	$11,838,629	$209,656	$518,119	$0	$7,009,721
97000 Excess of Operating Revenue over Operating Expenses	$1,321,137	$33,860	$5,795,234	$0	$116,753,726
97200 Casualty Losses - Non-capitalized	$37,495				
97300 Housing Assistance Payments	$60,021		$5,795,234		$109,192,298
97350 HAP Portability-In					$7,478,732
97400 Depreciation Expense	$1,366,265				$234,745
90000 Total Expenses	$13,302,410	$209,656	$6,313,353	$0	$123,915,496
10010 Operating Transfer In	$1,495,182				$33,860
10020 Operating transfer Out	-$1,495,182	-$33,860			
10091 Inter Project Excess Cash Transfer In	$531,489				
10092 Inter Project Excess Cash Transfer Out	-$531,489				
10100 Total Other financing Sources (Uses)	$0	-$33,860	$0	$0	$33,860
10000 Excess (Deficiency) of Total Rev Over (Under) Total Exp	-$142,644	$0	$0	$0	-$118,189
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$218,228
11030 Beginning Equity	$8,692,753	$0	$0	$0	$5,822,089
11040 Prior Period Adj, Equity Transfers & Correctn of Errors	-$4,503,942				-$5,026,718
11170 Administrative Fee Equity					$153,991
11180 Housing Assistance Payments Equity					$523,191
11190 Unit Months Available	13388		3276		89465
11210 Number of Unit Months Leased	11392		2952		77861
11270 Excess Cash	-$480,604				
11620 Building Purchases	$1,543,018				
11640 Furniture & Equipment - Administrative Purchases	$83,507				

Discretely Presented Component Unit De Anza	Blended Component Unit Casa Del Rio	Rental Rehab	Other State & Local Programs	Mainstream Vouchers	Central Office Cost Center	Subtotal	Eliminations	Total
				14.879				
$64,298						$1,008,939		$1,008,939
$7,079	$9,096				$8,635	$89,568		$89,568
$71,377	$9,096	$0	$0	$0	$8,635	$1,098,507	$0	$1,098,507
$44,803	$54,750				$8,266	$438,802		$438,802
					$114,304	$116,549		$116,549
$32,070					$14,038	$157,233		$157,233
					$2,660	$7,173		$7,173
$76,873	$54,750	$0	$0	$0	$139,268	$719,757	$0	$719,757
$72,000			$1,221		$509	$155,887		$155,887
		$5			$183,781	$522,598		$522,598
$35,005	$3,452					$135,832		$135,832
$18,558	$5,381					$151,886		$151,886
$125,563	$8,833	$5	$1,221	$0	$184,290	$966,203	$0	$966,203
$538,140	$102,586					$728,978		$728,978
$30,000						$30,000		$30,000
$568,140	$102,586	$0	$0	$0	$0	$758,978	$0	$758,978
$2,023,872	$615,895	$574	$11,570	$1,590	$3,557,993	$25,787,619	-$3,385,843	$22,401,776
$148,112	-$89,141	-$574	$118,162	$230,468	-$161,240	$124,149,744	-$17,628	$124,132,116
$12,500						$49,995		$49,995
						$115,047,553	-$17,628	$115,029,925
						$7,478,732		$7,478,732
$1,020,489	$189,073		$879		$9,024	$2,820,475		$2,820,475
$3,056,861	$804,968	$574	$12,449	$1,590	$3,567,017	$151,184,374	-$3,403,471	$147,780,903
						$1,529,042	-$1,529,042	$0
						-$1,529,042	$1,529,042	$0
						$531,489	-$531,489	$0
						-$531,489	$531,489	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0
-$884,877	-$278,214	-$574	$117,283	$230,468	-$170,264	-$1,247,011	$0	-$1,247,011
$263,896	$33,696	$0	$0	$0	$0	$515,820		$515,820
$12,115,201	-$1,429,871	$574	-$10,296,802	$0	$811,249	$15,715,193		$15,715,193
			$12,746,171		-$3,215,285	$226		$226
						$153,991		$153,991
						$523,191		$523,191
2160	960					109249		109249
2122	952					95279		95279
						-$480,604		-$480,604
					$0	$1,543,018		$1,543,018
					$0	$83,507		$83,507

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF RELEVANT STATISTICS
FOR THE YEAR ENDED MARCH 31, 2019

Fiscal year ended March 31	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Number of employees	81	87	83	83	79	99	89	99	90	107
Number of households served:										
Public Housing	1,144	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168
Housing Choice Voucher	6,268	6,236	6,371	6,297	6,287	6,359	6,400	6,359	6,234	6,400
Continuum of Care	317	294	294	241	241	241	241	241	303	280
Section 8 Moderate Rehab	0	25	25	25	25	26	23	26	25	25
Section 8 Voucher	0	0	0	0	0	5	5	5	4	4
Component Units										
Casa Del Rio Senior Hsg	82	82	82	82	82	82	82	82	82	82
DeAnza Gardens	180	180	180	180	180	180	180	180	180	180
Total	7,991	7,985	8,120	7,993	7,983	8,061	8,099	8,061	7,997	8,139
Capital Asset Information:										
Total managed units	1,406	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	636
Total vehicles	48	48	46	46	46	46	46	49	49	49

By project:	Units	Bldg	Last change	Units lost	Bldg lost
11001 Martinez	50	28			
11002 Bay Point	-	1	2002	83	43
11003 Antioch	34	19			
11004 Brentwood	44	24			
11005 Pittsburgh	171	57			
11006 Richmond	54	30	2019	18	0
11008 Oakley	30	16			
11009a Richmond	84	44			
11009b Richmond	54	28			
11010 Rodeo	242	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	1,144	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, 2019

CA39P01150116

Funds approved	$ 1,791,735
Funds expended	1,791,735
Excess of funds approved	$ -
Funds advanced	$ 1,791,735
Funds expended	1,791,735
Excess of funds advanced	$ -

CA39P01150117

Funds approved	$ 1,909,427
Funds expended	1,909,427
Excess of funds approved	$ -
Funds advanced	$ 1,909,427
Funds expended	1,909,427
Excess of funds advanced	$ -

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the County of Contra Costa, California, as of and for the year ended March 31, 2019, 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 25, 2019. Our report includes a reference to other auditors who audited the financial statements of the blended component units and discretely presented component units, as described in our report on the Housing Authority of the County of Contra Costa, California's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Harn & Dolan

November 25, 2019

Harn & Dolan
Certified Public Accountants
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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, 2019. 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, 2019.

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.

Harn & Dolan

November 25, 2019

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
STATUS OF PRIOR AUDIT FINDINGS
MARCH 31, 2019

The audit report for the fiscal year ended March 31, 2018, contained no audit findings.

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Is a "going concern" emphasis-of-matter paragraph included in the audit report?	no
Is a significant deficiency in internal control disclosed?	no
Is a material weakness in internal control disclosed?	no
Is a material noncompliance disclosed?	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	$ 3,000,000
Did the 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 in accordance with Uniform Guidance part 200.516?	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