

**HOUSING AUTHORITY OF THE CITY OF
ALAMEDA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
FOR THE YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Housing Authority of the City of Alameda
Alameda, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the fiduciary fund of the Housing Authority of the City of Alameda (the "Authority") as of and for the year ended June 30, 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.

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 Island City Development, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Island City Development, is based solely on the report of the other auditors. We did not audit the financial statements of OPEB Trust Fund, which represent 100 percent of the assets, net position, and revenues of the fiduciary fund. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for OPEB Trust, is based solely on the report 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. The financial statements of the discretely presented component unit and the fiduciary fund were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the fiduciary fund of the Housing Authority of the City of Alameda, as of June 30, 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 10, and the pension and OPEB schedules on pages 45 through 48 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule on pages 49 through 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 59 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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 financial data schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland
March 18, 2020

REQUIRED SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

This section of the Housing Authority of the City of Alameda's (the "Authority") annual financial report presents a discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we furnished in our presentation to the Board of Commissioners.

The following management's discussion and analysis will discuss the results of the Authority's operations. Key financial information for the current fiscal year will be compared with those of the prior year.

Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of fiscal year 2019 resulting in a net position of \$104,845,868 at June 30, 2019, as opposed to \$65,831,910 at June 30, 2018.
- Total assets and deferred outflows of resources at June 30, 2019, were \$141,125,057. Of this, \$34,295,478 represents current assets, \$105,323,872 represents noncurrent assets, and \$1,505,707 represents deferred outflows of resources. Total assets and deferred outflows of resources at June 30, 2018, were \$103,479,223.
- Capital assets, net of accumulated depreciation at June 30, 2019, increased by \$37,660,053 from \$40,409,674 at June 30, 2018, to \$78,069,727 at June 30, 2019. Capital assets are reflected at cost, less accumulated depreciation for all purchased capital assets.
- Total liabilities and deferred inflows of resources at June 30, 2019, were \$36,279,189. Of this, \$3,911,700 represents current liabilities, \$30,466,026 represents noncurrent liabilities, and \$1,901,463 represents deferred inflows of resources. Net position increased from \$65,831,910 at June 30, 2018, to \$104,845,868 at June 30, 2019, an increase of \$39,013,958.
- Total operating and non-operating revenues for the Authority for fiscal year 2019 were \$76,901,391 versus \$47,263,968 for fiscal year 2018; an increase of \$29,637,423. The primary sources of revenue for 2019 were governmental grants including Housing Choice Voucher Program (Section 8) Housing Assistance Payment ("HAP"), and rents collected from the Authority's owned units, and the land transfer from the City of Alameda to the Authority. For fiscal year 2019, please note that \$6,823,178 of HAP received from HUD to Authority-owned properties are eliminated from financial statement presentation, as these payments are paid to the Authority as landlord for Authority-owned properties.
- Total operating and non-operating expenses for the Authority for fiscal year 2019 were \$37,887,433 versus \$44,004,175 for fiscal year 2018; a decrease of \$6,116,742. The major program expenditure, as reflected on the statement of revenues, expenses, and changes in net position, was for HAP. There were \$30,594,139 of HAP expenses for fiscal year 2019 versus \$29,612,706 in fiscal year 2018. For fiscal year 2019, please note that \$6,823,178 of HAP received from HUD and disbursed to landlords are eliminated from financial statement presentation, as these payments are paid to the Authority as landlord for Authority-owned properties. The Authority disbursed \$29,745,400 in HAP for disbursements to landlords in fiscal year 2019, which is slightly above \$29,612,706 reported in fiscal year 2018.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

Financial Highlights (continued)

- Operating revenues for the Authority for fiscal year 2019 were \$40,091,906 and operating expenses were \$36,752,757, respectively. Operating revenues and expenses for fiscal year 2018 were \$46,830,312 and \$42,790,802, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of a statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows and notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information of the Authority as a whole, net of inter-program activity.

The *statement of net position* presents information on the Authority's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of revenues, expenses, and changes in net position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *statement of cash flows* presents the change in the Authority's cash and cash equivalents during the most recent fiscal year.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some programs are required to be established by U.S. Department of Housing and Urban Development ("HUD"). However, the Authority also administers other programs to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All of the funds of the Authority are classified on the face of the financial statements as one enterprise housing fund as a result of Government Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The focus of enterprise funds is on income measurement, which together with the maintenance of equity, is an important financial indication.

Notes to the Basic Financial Statements

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

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

Component Unit

As is more fully described in Note 1, the government-wide financial statements include the financial information of Island City Development (a California Nonprofit Corporation), a discrete component unit of the Authority. A complete audited financial statement is separately issued for Island City Development and its subsidiary limited partnerships and limited liability companies, and may be obtained at the Authority's administrative offices located at 701 Atlantic Avenue, Alameda, California. In fiscal year ended June 30, 2018, the Authority created a new blended component unit, Alameda Affordable Housing Corporation ("AAHC"). The financial statements for AAHC are not presented separately.

Fiduciary Fund

As is more fully described in Note 1, the Authority reports a fiduciary fund for its Other Post Employment Benefits ("OPEB") Trust Fund. The funds are held in a trust by the Authority for the beneficiaries of the OPEB plan.

Supplementary Information

The schedule of expenditures of federal awards, the pension and OPEB schedules, and the financial data schedule are presented for purposes of additional analysis as required by the GASB Statements, the Uniform Guidance at 2 CFR 200 Subpart F, and the requirements of HUD. These schedules can be found in the supplementary information sections of this report.

Financial Analysis

The Authority uses funds to help it control and manage money for particular purposes. A portion of the Authority's net position reflects the investment in capital assets (e.g., land, buildings and improvements, furniture, equipment and machinery), net of any debt incurred to finance the acquisition of those assets. The Authority uses these capital assets to provide services to clients; consequently, these assets are not available for future spending.

Budgetary Highlights

An agency-wide budget was prepared for the fiscal year ended June 30, 2019. The budget was primarily used as a management tool. Budgets are prepared in accordance with the accounting procedures prescribed by the applicable funding agency and revised during the year as appropriate.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

Comparative Statements of Net Position

The following table reflects the statement of net position at June 30, 2019, compared to the prior fiscal year. The Authority is engaged only in business-type activities.

**Housing Authority of the City of Alameda
Comparative Statements of Net Position
June 30, 2019 and 2018**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current assets	\$ 34,295,478	\$ 32,488,507	\$ 1,806,971	5.56 %
Other noncurrent assets	27,254,145	28,071,510	(817,365)	(2.91)%
Capital assets, net of accumulated depreciation	<u>78,069,727</u>	<u>40,409,674</u>	<u>37,660,053</u>	93.20 %
Total assets	<u>139,619,350</u>	<u>100,969,691</u>	<u>38,649,659</u>	38.28 %
Deferred outflow of resources	<u>1,505,707</u>	<u>2,509,532</u>	<u>(1,003,825)</u>	(40.00)%
Current liabilities	3,911,700	3,293,715	617,985	18.76 %
Noncurrent liabilities	<u>30,466,026</u>	<u>31,846,279</u>	<u>(1,380,253)</u>	(4.33)%
Total liabilities	<u>34,377,726</u>	<u>35,139,994</u>	<u>(762,268)</u>	(2.17)%
Deferred inflow of resources	<u>1,901,463</u>	<u>2,507,319</u>	<u>(605,856)</u>	24.16 %
Net investment in capital assets	52,324,848	13,595,106	38,729,742	284.88 %
Restricted	1,594,657	1,059,609	535,048	50.49 %
Unrestricted	<u>50,926,363</u>	<u>51,177,195</u>	<u>(250,832)</u>	(0.49)%
Total net position	<u>\$ 104,845,868</u>	<u>\$ 65,831,910</u>	<u>\$ 39,013,958</u>	59.26 %

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

Comparative Statements of Revenues, Expenses, and Changes in Net Position

The following table presents the statement of revenues, expenses, and changes in net position for the fiscal year ended June 30, 2019, compared to the prior fiscal year.

**Housing Authority of the City Alameda
Comparative Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2019 and 2018**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating revenues:				
Grants	\$ 34,848,883	\$ 38,819,160	\$ (3,970,277)	(10.23)%
Rents	3,889,663	3,957,598	(67,935)	(1.72)%
Others	1,353,360	4,053,554	(2,700,194)	(66.61)%
Non-operating revenues:				
Interest income	611,760	427,034	184,726	43.26 %
Land donation	36,197,725	-	36,197,725	100.00 %
Gain on sale of capital assets	<u>-</u>	<u>6,622</u>	<u>(6,622)</u>	(100.00)%
Total revenues	<u>76,901,391</u>	<u>47,263,968</u>	<u>29,637,423</u>	62.71 %
Operating expenses:				
Administration	6,774,778	7,168,854	(394,076)	(5.50)%
Utilities	1,273,558	1,251,579	21,979	1.76 %
Maintenance	1,861,879	2,130,543	(268,664)	(12.61)%
Protective services	212,156	210,000	2,156	1.03 %
General	586,683	331,735	254,948	76.85 %
Tenant services	704,647	573,801	130,846	22.80 %
Housing assistance payments	23,770,961	29,612,706	(5,841,745)	(19.73)%
Depreciation	1,568,095	1,511,584	56,511	3.74 %
Non-operating expenses:				
Interest expense	1,134,676	1,184,230	(49,554)	(4.18)%
Extraordinary maintenance	<u>-</u>	<u>29,143</u>	<u>(29,143)</u>	100.00 %
Total expenses	<u>37,887,433</u>	<u>44,004,175</u>	<u>(6,116,742)</u>	(13.90)%
Change in net position	<u>39,013,958</u>	<u>3,259,793</u>	<u>35,754,165</u>	1,096.82 %
Net position, beginning - as previously reported	65,831,910	64,073,928	1,757,982	2.74 %
Change in accounting principle	<u>-</u>	<u>(1,501,811)</u>	<u>1,501,811</u>	100.00 %
Net position, beginning - as adjusted	<u>65,831,910</u>	<u>62,572,117</u>	<u>3,259,793</u>	5.21 %
Net position, ending	<u>\$ 104,845,868</u>	<u>\$ 65,831,910</u>	<u>\$ 39,013,958</u>	59.26 %

As noted previously, \$6,823,178 of HAP received from HUD by the Authority and paid to Authority-owned properties are eliminated from financial statement presentation only for fiscal year 2019.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

Analysis of the Authority's Overall Financial Position and Results of Operations

As indicated in the above comparative statements, the Authority's net position at June 30, 2019, increased by \$39,013,958 from the June 30, 2018 balance. This is mainly driven by the transfer of land from the City of Alameda to the Authority in fiscal year 2019.

Changes in Capital Assets

The following presents the changes in fixed assets (net of accumulated depreciation) at June 30, 2019, versus the prior fiscal year.

**Housing Authority of the City of Alameda
Changes in Capital Assets
(Net of Accumulated Depreciation)
June 30, 2019 and 2018**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Land	\$ 58,219,779	\$ 22,022,054	\$ 36,197,725	164.37 %
Construction in progress	24,190	8,718	15,472	177.47 %
Buildings and improvements	47,807,431	44,826,293	2,981,138	6.65 %
Equipment	<u>400,838</u>	<u>367,025</u>	<u>33,813</u>	9.21 %
Total capital assets	106,452,238	67,224,090	39,228,148	58.35 %
Accumulated depreciation	<u>(28,382,511)</u>	<u>(26,814,416)</u>	<u>(1,568,095)</u>	5.85 %
Capital assets, net of accumulated depreciation	<u>\$ 78,069,727</u>	<u>\$ 40,409,674</u>	<u>\$ 37,660,053</u>	93.20 %

In fiscal year 2019, the City of Alameda transferred approximately 12 acres of land to the control of the Authority in May 2019 for future development of housing. Additional information pertaining to capital assets is found in Note 3 to the financial statements.

Changes in Long-Term Debt

The following presents the changes in long-term debt at June 30, 2019, versus the prior fiscal year.

**Housing Authority of the City of Alameda
Changes in Long-Term Debt
June 30, 2019 and 2018**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Notes and bonds payable	<u>\$ 25,744,879</u>	<u>\$ 26,814,568</u>	<u>\$ (1,069,689)</u>	(3.99)%

Additional information pertaining to long-term debt is found in Note 5 to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

Economic Factors

The Authority is primarily dependent upon HUD for the funding of operations. Therefore, the Authority is affected more by the federal budget than by state or local economic conditions. Changes in HUD grants affect the number of households that can be assisted under these federally funded programs on an ongoing basis.

The Authority's annual revenues for the Housing Choice Voucher Program is based primarily upon the amounts received each year from HUD, which does not correlate directly to the amounts expended each year for administrative costs and housing assistance payments expenses associated with the Housing Choice Voucher Program. Therefore, for any given fiscal year the Authority's revenues for the Housing Choice Voucher Program may be more or less than the expenses for the program. For the fiscal year ended June 30, 2019, the Authority's expenses associated with the Housing Choice Voucher Program exceeded its revenues by \$108,700. For the 2018 fiscal year, the Authority's expenses for the Housing Choice Voucher Program exceeded its revenues by \$1,166,765. These excesses of expenses over revenues were funded by a reduction in the Authority's net position for the Housing Choice Voucher Program.

Requests for Information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director at the Housing Authority of the City of Alameda, 701 Atlantic Avenue, Alameda, California 94501.

FINANCIAL STATEMENTS

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENTS OF NET POSITION**

	Primary Government	Component Unit	Fiduciary Fund
	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2019</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents - unrestricted	\$ 30,151,949	\$ 725,048	\$ -
Cash and cash equivalents - restricted	1,705,077	-	-
Cash and cash equivalents - tenant security deposits	685,753	22,924	-
Investments	-	-	1,195,000
Due from other agencies	734,927	-	-
Tenant accounts receivable, net	212,950	-	-
Other accounts receivable, net	555,289	284,518	-
Interest receivable	101,479	-	-
Prepaid expenses and other current assets	<u>148,054</u>	<u>4,151,332</u>	<u>-</u>
Total current assets	<u>34,295,478</u>	<u>5,183,822</u>	<u>1,195,000</u>
Noncurrent assets:			
Notes receivable	27,143,635	-	-
Net OPEB asset	110,510	-	-
Capital assets, net	<u>78,069,727</u>	<u>28,635,403</u>	<u>-</u>
Total noncurrent assets	<u>105,323,872</u>	<u>28,635,403</u>	<u>-</u>
Total assets	<u>139,619,350</u>	<u>33,819,225</u>	<u>1,195,000</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension plan	1,422,691	-	-
OPEB plan	<u>83,016</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>1,505,707</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 141,125,057</u>	<u>\$ 33,819,225</u>	<u>\$ 1,195,000</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENTS OF NET POSITION (CONTINUED)**

	Primary Government	Component Unit	Fiduciary Fund
	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2019</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 916,127	\$ 21,499	\$ -
Due to other agencies	5,104	-	-
Tenant security deposits	685,753	22,924	-
Other accrued liabilities	90,210	2,327,979	-
Interest payable	1,018,089	610,469	-
Compensated absences	145,254	-	-
Notes and bonds payable	<u>1,051,163</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>3,911,700</u>	<u>2,982,871</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	104,606	-	-
FSS escrows	110,420	-	-
Unearned revenue	3,525,092	-	-
Net pension liability	2,032,192	-	-
Notes and bonds payable	<u>24,693,716</u>	<u>30,537,441</u>	<u>-</u>
Total noncurrent liabilities	<u>30,466,026</u>	<u>30,537,441</u>	<u>-</u>
Total liabilities	<u>34,377,726</u>	<u>33,520,312</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension plan	466,832	-	-
OPEB plan	<u>1,434,631</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>1,901,463</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>			
Net investment in capital assets	52,324,848	(1,902,038)	-
Restricted	1,594,657	-	-
Unrestricted	<u>50,926,363</u>	<u>2,200,951</u>	<u>1,195,000</u>
Total net position	<u>104,845,868</u>	<u>298,913</u>	<u>1,195,000</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 141,125,057</u>	<u>\$ 33,819,225</u>	<u>\$ 1,195,000</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED

	Primary Government	Component Unit	Fiduciary Fund
	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2019</u>
Operating revenues:			
Grants income	\$ 34,848,883	\$ -	\$ -
Rental income	3,889,663	203,731	-
Other operating income	<u>1,353,360</u>	<u>82,941</u>	<u>75,276</u>
Total operating revenues	<u>40,091,906</u>	<u>286,672</u>	<u>75,276</u>
Operating expenses:			
Administration	6,774,778	243,390	240
Utilities	1,273,558	7,710	-
Maintenance	1,861,879	16,569	-
Protective services	212,156	-	-
General	586,683	140,394	-
Tenant services	704,647	-	-
Housing assistance payments	23,770,961	-	-
Depreciation	<u>1,568,095</u>	<u>185,125</u>	<u>-</u>
Total operating expenses	<u>36,752,757</u>	<u>593,188</u>	<u>240</u>
Operating income (loss)	<u>3,339,149</u>	<u>(306,516)</u>	<u>75,036</u>
Non-operating revenues (expenses):			
Interest income	611,760	-	68,342
Land donation	36,197,725	-	-
Interest expense	<u>(1,134,676)</u>	<u>(205,594)</u>	<u>-</u>
Net non-operating revenue (expenses)	<u>35,674,809</u>	<u>(205,594)</u>	<u>68,342</u>
Change in net position	39,013,958	(512,110)	143,378
Net position, beginning of year	<u>65,831,910</u>	<u>811,023</u>	<u>1,051,622</u>
NET POSITION, END OF YEAR	<u><u>\$ 104,845,868</u></u>	<u><u>\$ 298,913</u></u>	<u><u>\$ 1,195,000</u></u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Primary Government</u>
Cash flows from operating activities:	
Grants received	\$ 34,564,410
Cash received from tenants	3,908,905
Other miscellaneous cash receipts	853,403
Cash payments to suppliers and landlords	(28,961,722)
Cash payments to employees	<u>(5,929,652)</u>
Net cash provided by operating activities	<u>4,435,344</u>
Cash flows from capital and related financing activities:	
Interest paid on long-term debt	(1,143,876)
Principal paid on notes payable	(1,004,255)
Acquisition of fixed assets	<u>(3,030,423)</u>
Net cash used in capital and related financing activities	<u>(5,178,554)</u>
Cash flows from investing activities:	
Collection of notes receivable	1,927,875
Issuance of notes receivable	(1,000,000)
Interest received from investments	<u>659,514</u>
Net cash provided by investing activities	<u>1,587,389</u>
Net increase in cash	844,179
Cash and cash equivalents - beginning	<u>31,698,600</u>
Cash and cash equivalents - end	<u>\$ 32,542,779</u>
Cash reconciliation as reported on the statements of net position:	
Cash and cash equivalents - unrestricted	\$ 30,151,949
Cash and cash equivalents - restricted	1,705,077
Cash and cash equivalents - tenant security deposits	<u>685,753</u>
	<u>\$ 32,542,779</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,339,149
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,568,095
Pension and OPEB expense	(30,050)
<i>(Increase) decrease in assets:</i>	
Due from other agencies	(326,809)
Tenant accounts receivable, net	(102,385)
Other accounts receivable, net	(503,240)
Prepaid expenses	(75,318)
Inventory	(2,794)
<i>Increase (decrease) in liabilities:</i>	
Accounts payable	338,538
Accounts payable to other agencies	18,525
Tenant security deposits	133,231
Accrued liabilities	15,139
Accrued compensated absences	13,220
Unearned revenue	58,375
Other noncurrent liabilities	<u>(8,332)</u>
Net cash provided by operating activities	<u>\$ 4,435,344</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of the City of Alameda (the "Authority") conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to governmental entities. The following is a summary of the more significant procedures:

Definition of reporting entity

The Authority was established on August 8, 1940, by a resolution of the City of Alameda City Council. The Authority is governed by a seven-member Board of Commissioners which is appointed by the Mayor of the City of Alameda, California (the "City"). However, the Authority is not considered to be a component unit of the City or any other primary government. Two members of the Board of Commissioners are participants in programs administered by the Commission. The members of the Commission are selected to serve for either two-year or four-year terms.

The basic financial statements includes the financial activities of the Authority, its blended component unit, Alameda Affordable Housing Corporation, its discretely presented component unit, Island City Development, and its fiduciary fund, the Other Post Employment Benefits ("OPEB") Trust Fund.

Island City Development (a California nonprofit corporation) was established in 2014 primarily to engage in acquiring, developing, rehabilitating, owning, and managing affordable housing for low-income and moderate-income individuals and families in the City. The executive director of the Authority appoints the members of the nonprofit corporation's board of directors. The nonprofit corporation has a year end of December 31, 2018, and the financial activity is reported as a separate column titled Component Unit on the accompanying financial statements.

Island City Development is the sole member of Del Monte Senior LLC, the 0.01% managing general partner of Sherman and Buena Vista LP, created June 23, 2016, for the purposes of developing and owning a 31-unit Low-Income Housing Tax Credit property at 1031 Buena Vista Avenue in Alameda. This property was completed in August 2018.

Additionally, Island City Development is the sole member of 2437 Eagle Avenue LLC, the 0.01% managing general partner of Everett and Eagle LP, created November 22, 2016, for the purposes of developing and owning a 20-unit Low-Income Housing Tax Credit property at 2437 Eagle Avenue in Alameda. This property was completed in December 2018. Finally, Island City Development is the 0.1% special limited partner for Stargell Commons LP, created February 20, 2015, to own and operate a 32-unit Low-Income Housing Tax Credit property at 2700 Bette Street in Alameda.

Finally, Island City Development is the sole member of Rosefield, LLC, the 0.01% managing general partner of Constitution and Eagle, LP, created December 18, 2018, for the purpose of building 78 units and renovation of 14 units (total 92 units) on the 700 block of Buena Vista Avenue. The property is expected to start the construction and rehabilitation process in the summer of 2020.

The Authority reports a fiduciary trust fund for its OPEB Trust Fund. The OPEB Trust accounts for the assets are held in trust by the Authority for the beneficiaries of the OPEB plan.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition of reporting entity (continued)

A complete audited financial statement is separately issued for Island City Development and its subsidiary limited partnerships and limited liability companies, and may be obtained at the Authority's administrative offices located at 701 Atlantic Avenue, Alameda, California.

Related Organizations - Blended Component Units - The Authority is the sole member of AHA Islander GP, LLC, which is the 0.05% general partner of the Alameda Islander LP. This limited partnership owns and operates a 62-unit Low-Income Housing Tax Credit property at 2428 Central Avenue in Alameda. The accompanying financial statements include the financial information of AHA Islander GP, LLC.

The Authority is the sole member of 2216 Lincoln AHA, LLC, which is the 0.0049% General Partner of the Jack Capon Villa, LP. This limited partnership owns and operates a 19-unit Low-Income Housing Tax Credit property at 2216 Lincoln Avenue in Alameda. The accompanying financial statements include the financial information of 2216 Lincoln AHA, LLC.

Alameda Affordable Housing Corporation ("AAHC") was established November 1, 2017, as a supporting organization of the Authority. Its primary role is to be a title holding entity for Authority-owned properties. AAHC received federal tax exempt status under Section 501(c)3 in 2017. The board of directors is comprised of all of the current Authority's Board of Commissioners and the directors' terms run concurrent with the commissioners'. AAHC has a fiscal year end on June 30 and the financial activity is not reported separately on the financial statements. During 2018, the Authority sold four of its properties to AAHC and both notes receivable and notes payable were created between the two parties. As these notes were between a primary government and its blended component unit, these notes were eliminated from the financial statements.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows) report the financial information of the Authority's operations as a whole.

For financial reporting purposes, the Authority reports all of its operations as a single business-type activity in a single enterprise housing fund. Therefore, for the Authority the government-wide and fund financial statements are the same. These basic financial statements are presented in accordance with the standards established by the Governmental Accounting Standards Board ("GASB").

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. Non-exchange transactions are those in which the Authority receives value without directly giving equal value in exchange. These transactions include revenues from federal, state, and local assistance programs. Revenues from these sources are recognized in the fiscal year in which all eligibility requirements have been met.

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.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* activities. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise housing fund are grants from federal funding agencies for housing assistance payments earned, administrative and developer fees, and rental income from its owned housing units. The Authority is party to services agreements with the City to provide various housing-related services. The cost of these services is reimbursed on an actual cost basis, plus a fixed fee.

Operating expenses include employee services and supplies, administrative expenses, management fees, utilities, housing assistance payments to landlords, and depreciation of its capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority applies all applicable Financial Accounting Standards Board ("FASB") pronouncements issued before November 30, 1989, in accounting and reporting for its proprietary operations.

Separate statements are also included in the discretely presented component unit and the fiduciary fund as shown on the accompanying financial statements. The discretely presented component unit and the fiduciary fund are separate legal entities from the Authority.

Cash and cash equivalents

For purposes of the accompanying statement of cash flows, all highly liquid cash and investments with a maturity of three months or less when purchased and cash restricted by federal governmental requirements are considered cash and cash equivalents.

Cash and cash equivalents include amounts in demand deposits and savings accounts. All of the Authority's cash equivalents can be converted to cash in a relatively short amount of time. Therefore, all cash and cash equivalents, including restricted amounts, are reported in the statement of cash flows.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted assets

Restricted cash and cash equivalents represent deposits that are used for replacement reserves, security deposit payable amounts to tenants and amounts that are required by grants from HUD to be used only to provide housing assistance for individuals and families that meet various income, age, and employment standards.

Receivables, net

All receivables are reported at their gross value and are reduced by an allowance for doubtful accounts if such an amount is considered applicable based on management's estimates for collection.

Prepaid expenses and other current assets

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital assets

Capital assets, which include land, buildings, improvements, and furniture and equipment, are reported at historical cost. Contributed capital assets are recorded at fair value at the time received. Interest expense during any development periods is capitalized.

Maintenance, minor repairs and replacements are recorded as expenses; extraordinary replacements of property resulting in property betterments are charged to the property accounts. Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful lives of the various asset categories are as follows:

Buildings	40 years
Improvements	15 years
Furniture and equipment	5 to 10 years

Compensated absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred or at separation. Unpaid sick balances are not paid at separation.

Taxes

The Authority is exempt from federal and state income taxes, and county property taxes. AAHC has received federal tax-exempt status under Internal Revenue Code Section 501(c). AAHC must file IRS Form 990 and its California equivalent no later than the extended deadline of May 2020 for the fiscal year ended June 30, 2019.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net position

Net position represents the differences between assets and liabilities. Net position consists of investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Net position invested in capital assets, net of related debt, consists of capital assets, net of depreciation, reduced by the outstanding balances of borrowing used for the construction, or improvement of those assets. 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.

Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of net position includes separate sections for deferred outflows and inflows of resources. These separate sections represent a consumption or acquisition of net position that applies to future periods and will not be recognized as outflows (revenues) or inflows (expenses) until that time.

Net pension liability/net OPEB asset

For purposes of measuring the net pension liability ("NPL"), net OPEB asset, and deferred outflows/inflows of resources related to pension and OPEB, pension and OPEB expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System ("CalPERS") plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB pronouncements not yet effective

In June 2017, GASB issued Statement No. 87, *Leases* ("GASB No. 87"). The objective of GASB No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB No. 87 increases the usefulness of governments' financial statements by requiring 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 provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB No. 87 will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. GASB No. 87 also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB pronouncements not yet effective (continued)

The requirements of GASB No. 87 are effective for reporting periods beginning after December 15, 2019. The Authority does not believe that there will be any financial statement effect related to GASB No. 87.

Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare the financial statements. Actual results may differ from those estimates.

Budgets and budgetary accounting

Each year the Authority's Board of Commissioners adopts an operating budget. This budget may be revised during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of the adoption of the annual budget.

NOTE 2. CASH AND CASH EQUIVALENTS

Policies

California law requires banks and savings loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the Authority's name and places the Authority ahead of general creditors of the institution.

The Authority and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the Authority employs the trust department of a bank as the custodian of certain managed investments, regardless of their form.

The Authority's cash equivalents are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of cash equivalents to reflect their fair value at each fiscal year end, and it includes the effects of those adjustments in income for that fiscal year.

Cash and cash equivalents are considered to be liquid assets with original maturities of 90 days or less for purposes of measuring cash flows.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Classification

Cash and cash equivalents are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Authority debt instruments or agency agreements. Cash and cash equivalents as of June 30, 2019, are as follows:

Unrestricted	\$ 30,151,949
Restricted	<u>2,390,830</u>
Total cash and cash equivalents	<u>\$ 32,542,779</u>

The \$32,542,779 of cash and cash equivalents consists of \$8,072,502 maintained on deposit in two banks, \$970,633 maintained by loan servicing agencies, \$11,808,187 deposited in the State of California Local Agency Investment Fund ("LAIF"), \$11,691,007 deposited in the California Asset Management Program ("CAMP"), and \$450 in petty cash. Of the amounts on deposit with banks, \$500,000 is covered by federal deposit insurance. Of the remaining balance, \$7,152,522 is collateralized and \$419,980 is uncollateralized.

The \$970,633 of cash equivalents maintained by loan servicing agencies reflects amounts held by trust departments of two lending agencies. These amounts will be used for future rehabilitation and operating costs for some of the Authority's housing complexes.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Investments authorized by the California Government Code and the Authority's investment policy

The Authority's investment policy and the California Government Code allow the Authority to invest in the following, provided rating of the issuers are acceptable to the Authority; and approved percentages and maturities are not exceeded. Each January, the Board of Commissioners approves the Authority's Investment Policy. The table below also identifies certain provisions of the California Government Code or the Authority's Investment Policy where the Authority's Investment Policy is more restrictive.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Repurchase Agreements	N/A	N/A	N/A	N/A
LAIF	On Demand	N/A	N/A	N/A
U.S. Treasury Bonds, Notes and Bills	N/A	N/A	N/A	N/A
U.S. Agency and U.S. Government Bankers Acceptances	N/A	N/A	N/A	N/A
Negotiable Certificates of Deposit	180 Days	N/A	40%	30%
Time Certificates of Deposit	N/A	A	30%	N/A
Medium Term Corporate Notes	N/A	N/A	30%	N/A
Money Market Mutual Funds	5 Years	A	30%	N/A
County Agency Investment Fund	N/A	AAA	15%	10%
Reverse Repurchase Agreement	On Demand	N/A	30%	N/A
	N/A	N/A	20%	N/A

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Investments authorized by debt agreements and governmental grants

The Authority must maintain required amounts of cash and investments at fiscal agents under terms of certain debt issues and governmental grants. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Authority fails to meet its obligations under these debt issuances or governmental grants. The California Government Code requires these funds to be invested in accordance with Authority policies, bond indentures or state statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Quality Credit</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
<u>For U.S. Department of Housing and Urban Development Funds</u>				
LAIF	No Limit	N/A	No Limit	No Limit
Repurchase Agreements	N/A	N/A	No Limit	No Limit
U.S. Government Obligations and Agencies	No Limit	N/A	No Limit	No Limit
Sweep Account	No Limit	N/A	No Limit	No Limit
Insured Super NOW Accounts	No Limit	N/A	No Limit	No Limit
Insured Money Market Deposit	No Limit	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	No Limit	N/A	30%	No Limit
Insured Demand and Saving Deposits	N/A	N/A	No Limit	No Limit
STRIPS, Principal Only	No Limit	N/A	No Limit	No Limit
Money Market Mutual Funds	N/A	AAA	20%	No Limit
U.S. Treasury Bills, Notes and Bonds	No Limit	N/A	No Limit	No Limit
<u>For Non-U.S. Department of Housing and Urban Development Funds</u>				
Prime Commercial Paper	180 Days	N/A	10%	30%
City of Alameda Bonds	N/A	N/A	No Limit	No Limit
U.S. Treasury Bills, Notes and Bonds	No Limit	N/A	No Limit	No Limit
Local Agency's Obligations within CA State, including LAIF	No Limit	N/A	No Limit	No Limit
U.S. Government Obligations and Agencies	No Limit	N/A	No Limit	No Limit
Collateralized Bank Deposit	No Limit	N/A	No Limit	No Limit
Bankers Acceptances	180 Days	N/A	40%	30%
Negotiable Certificates of Deposit	No Limit	N/A	30%	No Limit
Repurchase Agreements	92 Days	N/A	20%	No Limit
Money Market Mutual Funds	N/A	N/A	15%	10%
Trust Indentures	N/A	N/A	No Limit	No Limit
Medium Term Notes	5 Years	A	30%	No Limit
Mortgage and Equipment Lease Obligations	5 Years	AA	20%	No Limit

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

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 market interest rates. Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

<u>Cash Equivalent Type</u>	<u>12 Months or Less</u>	<u>One to Five Years</u>	<u>More than Five Years</u>	<u>Total</u>
LAIF	\$11,808,187	\$ -	\$ -	\$11,808,187
CAMP	11,691,007	-	-	11,691,007
Total cash equivalents	<u>\$23,499,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$23,499,194</u>

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. Presented below is the actual rating as of June 30, 2019, for each Authority cash equivalent type as provided by Standard and Poor's, except as noted:

<u>Cash Equivalent Type</u>	<u>Amount</u>
Not Rated:	
LAIF	\$11,808,187
CAMP	\$11,691,007

Concentration of credit risk

The Authority is required to disclose investments that represent a concentration of five percent or more of investments in any issuer, held by individual Authority Funds in the securities of issuers other than U.S. Treasury securities, mutual funds and external investment pools. At June 30, 2019, there were no investments of this type.

Custodial credit risk

Custodial credit risk is the risk that in the event of a bank or brokerage failure, the Authority's deposits may not be returned. As previously stated, with the exception of \$419,980, the Authority's bank deposits are either covered by Federal Deposit Insurance Corporation ("FDIC") insurance or are collateralized.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3. CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2019:

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Non-depreciable assets:				
Land	\$ 22,022,054	\$ 36,197,725	\$ -	\$ 58,219,779
Construction in progress	<u>8,718</u>	<u>15,471</u>	<u>-</u>	<u>24,189</u>
Total non-depreciable assets	<u>22,030,772</u>	<u>36,213,196</u>	<u>-</u>	<u>58,243,968</u>
Depreciable assets:				
Buildings and improvements	44,826,294	2,986,823	-	47,813,117
Equipment	<u>367,024</u>	<u>28,129</u>	<u>-</u>	<u>395,153</u>
Total depreciable assets	45,193,318	3,014,952	-	48,208,270
Accumulated depreciation	<u>(26,814,416)</u>	<u>(1,568,095)</u>	<u>-</u>	<u>(28,382,511)</u>
Net depreciable assets	<u>18,378,902</u>	<u>\$ 1,446,857</u>	<u>\$ -</u>	<u>19,825,759</u>
Total capital assets, net	<u>\$ 40,409,674</u>			<u>\$ 78,069,727</u>

The Authority entered into a joint contract of purchase and sale dated March 19, 2018, for the purchase of a below market rate townhouse at 1911 Mulberry Street, Alameda. This property was purchased in August 2018.

The Authority entered into a joint contract of purchase and sale dated April 4, 2018, for the purchase of a below market rate townhouse at 2101 Eagle Avenue, Alameda. This property was purchased in June 2019.

The City transferred approximately 12 acres of land to the control of the Authority in May 2019 for future development of housing. The deemed value for this transaction was \$36,197,725 based on an independent appraisal. This transfer is reflected as a land donation in the accompanying financial statements based on the requirements of GASB Statement No. 72, *Fair Value Measurement and Application*.

NOTE 4. NOTES RECEIVABLE

At June 30, 2019, the Authority's notes receivable balance was \$27,143,635. There is no interest accrued on any of the notes receivable due to the uncertainty of collection based on the varying terms of the notes, which include no provision for interest, deferral of payments, and future value determinations of the properties. Interest income will be recorded by the Authority as received.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. NOTES RECEIVABLE (CONTINUED)

Related party loans from the Authority and AAHC have been eliminated, as the Authority is a primary government and AAHC is its blended component unit.

Effective January 5, 2004, Resources for Community Development ("RCD") entered into a promissory note with the Authority for an amount not to exceed \$2,015,000 for the Breakers at Bayport property located at 459 Neptune Gardens Avenue. This loan was assigned to the Breakers at Bayport LP on October 14, 2004. This loan accrues no interest. Payments shall be deferred until January 5, 2059. The outstanding balance on the note at June 30, 2019, was \$1,408,790.

Effective March 9, 2007, Tamiko L. Taplin and Anthony Taplin entered into a promissory note with the City (and therefore the Successor Agency per ROPS) for \$23,600 for the property at 338 Ansel Avenue. On April 30, 2019, Tamiko L. Taplin and Anthony Taplin entered into the First Amendment to Promissory Note, which removed the balloon payment set for March 9, 2021. The amendment also contained a provision to change the potential amount of interest owed to be the lesser of 5% simple interest or shared appreciation. If the principal amount is paid after March 9, 2011, the borrower must also pay a share of the appreciation of the property, as calculated in the note. The outstanding balance on the note at June 30, 2019, was \$23,600.

Effective December 18, 2007, Bud D. and Jennifer S. Nebeker entered into a promissory note with the City (and therefore the Successor Agency per ROPS) for \$31,800 for the property at 2 Bertero Court. On March 13, 2019, Bud D. and Jennifer S. Nebeker entered into the First Amendment to Promissory Note, which removed the balloon payment set for December 18, 2022. The amendment also contained a provision to change the potential amount of interest owed to be the lesser of 5% simple interest or shared appreciation. If the principal amount is paid after December 19, 2012, the borrower must also pay a share of the appreciation of the property, as calculated in the note. The outstanding balance of the note at June 30, 2019, was \$31,800.

Effective January 23, 2008, Annalisa Moore entered into a promissory note with the City (and therefore the Successor Agency per ROPS) for \$31,800 for the property at 101 Kingfisher Avenue. A balloon payment is due on January 23, 2023. If the principal amount is paid after January 23, 2013, the borrower must also pay a share of the appreciation of the property, as calculated in the note. The outstanding balance on the note at June 30, 2019, was \$31,800.

Effective March 24, 2008, RCD entered into a promissory note with the Community Improvement Commission of the City (and therefore the Successor Agency per ROPS) for an amount not to exceed \$4,000,000 for the Shinsei Gardens property, located at 401 Willie Stargell Avenue. The loan was assigned to Shinsei Gardens Apartments LP on March 24, 2008, and was modified on March 24, 2008, and modified again on May 14, 2010. This loan accrues no interest. Payments shall be deferred until March 23, 2063. The outstanding balance on the note at June 30, 2019, was \$1,367,608.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. NOTES RECEIVABLE (CONTINUED)

Effective September 27, 2011, Alameda Islander LP entered into a promissory note with the Community Improvement Commission of the City of Alameda (and therefore the Successor Agency per ROPS) for \$8,600,000 for the Park Alameda property located at 2428 Central Avenue. This loan accrues no interest. Payments shall be deferred until September 27, 2068. The outstanding balance on the note at June 30, 2019, was \$8,600,000.

Effective January 11, 2013, Jack Capon Villa LP entered into a promissory note with the Authority for the amount of \$225,000 for the Jack Capon Villa property located at 2216 Lincoln Avenue. Interest accrues at 5% per annum. Monthly installments of \$2,386 (principal and interest) are due based on a 10-year amortization schedule. The entire unpaid principal and interest shall be due and payable on April 1, 2024. The outstanding balance on the note at June 30, 2019, was \$135,468.

Effective January 11, 2013, Jack Capon Villa LP entered into an amended and restated promissory note with the Authority for an amount not to exceed \$1,400,000 for the Jack Capon Villa property located at 2216 Lincoln Avenue. Simple interest accrues at 3% per annum. Payments shall be deferred until January 17, 2068. The outstanding balance on the note at June 30, 2019, was \$1,400,000.

Effective January 11, 2013, Jack Capon Villa LP entered into a promissory note with the Authority for the amount of \$200,000 for the Jack Capon Villa property located at 2216 Lincoln Avenue. Simple interest accrues at 3% per annum. Principal and interest shall be due and payable on January 13, 2070. The outstanding balance on the note at June 30, 2019, was \$201,067.

Effective April 16, 2013, Ana M. Rojas entered into a promissory note with the Authority for the amount of \$4,148 for the Regent Street property located at 1129-1131 Regent Street. The loan accrues no interest. The principal is due and payable on demand, on sale of the property, or when the property is no longer the primary residence of the borrower. The outstanding balance on the note at June 30, 2019, was \$2,248.

Effective June 10, 2013, Fikre Assefa entered into a promissory note with the Authority for the amount of \$4,148 for the Regent Street property located at 1129-1131 Regent Street. The loan accrues no interest. The principal is due and payable on demand, on sale of the property, or when the property is no longer the primary residence of the borrower. The outstanding balance on the note at June 30, 2019, was \$4,148.

Effective August 1, 2013, Nicola Petochis entered into a promissory note with the Authority for the amount of \$7,676, for the Regent Street property located at 1129-1131 Regent Street. The loan accrues no interest. The principal is due and payable on demand, on sale of the property, or when the property is no longer the primary residence of the borrower. The outstanding balance on the note at June 30, 2019, was \$7,676.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. NOTES RECEIVABLE (CONTINUED)

Effective February 10, 2016, Island City Development entered into a promissory note with the Authority for the amount of \$1,000,000 for the Rosefield project, located on the 700 block of Buena Vista Avenue. During 2019, Island City Development entered into an amended note, increasing the note to \$2,000,000. The note accrues simple interest at 3% per annum beginning January 1, 2021. The principal and interest are due and payable on December 31, 2026. The outstanding balance on the note at June 30, 2019, was \$1,746,930.

Effective November 24, 2015, Stargell Commons LP entered into a loan agreement with the Authority for the amount of \$2,000,000 for the Stargell Commons property, located at 2700 Bette Street. The loan bears simple interest at 3% per annum. Annual payments shall be made equal to the lender's share of residual receipts. The principal and interest are due and payable on December 2, 2072. The outstanding balance on the note at June 30, 2019, was \$2,000,000.

Effective December 1, 2016, Sherman and Buena Vista LP entered into a loan agreement with the Authority for the amount of \$3,600,000 for the Del Monte Senior property at 1301 Buena Vista Avenue. The loan bears interest at 2.26% compounded annually. Annual payments shall be made equal to the lender's share of residual receipts. The principal and interest are due and payable on December 31, 2073. The outstanding balance on the note at June 30, 2019, was \$3,600,000.

Effective December 1, 2016, Sherman and Buena Vista LP entered into a loan agreement with the Authority for the amount of \$3,410,000 for the Del Monte Senior property at 1301 Buena Vista Avenue. The loan bears interest at 2.26% compounded annually. Annual payments shall be made equal to the lender's share of residual receipts. The principal and interest are due and payable on December 31, 2073. The outstanding balance on the note at June 30, 2019, was \$3,410,000. See related ground lease in Note 10.

Effective April 28, 2017, Island City Development entered into a promissory note with the Authority for the amount of \$250,000. The note accrued simple interest at 3% per annum beginning July 1, 2017. The principal and interest were due and payable on June 30, 2022. The balance was paid off in fiscal year 2019.

Effective June 21, 2017, Everett and Eagle LP entered into a promissory note with the Authority for the amount of \$4,250,000 for the 2437 Eagle Avenue property. The note accrues interest at 2.68% compounded annually. Annual payments shall be made equal to the lender's share of residual receipts. The principal and interest are due and payable on December 31, 2074. The outstanding balance on the note at June 30, 2019, was \$2,872,500.

Effective October 23, 2017, Island City Development entered into a promissory note with the Authority for the amount of \$300,000 for the North Housing Project. The note accrues simple interest at 3% annually beginning of January 1, 2022. The entire amount of outstanding principal and accrued interest is due and payable on December 31, 2074. The outstanding balance on the note at June 30, 2019 was \$300,000.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	<u>Balance</u> <u>6/30/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2019</u>	<u>Current</u> <u>Portion</u>
Bonds payable:					
PNC Bank	\$ 5,226,014	\$ -	\$ (249,860)	\$ 4,976,154	\$ 195,466
Notes payable:					
NorthMarq Capital	13,490,459	-	(234,216)	13,256,243	247,748
NorthMarq Capital	5,411,576	-	(584,134)	4,827,442	-
City of Alameda	1,743,869	-	(1,479)	1,742,390	1,529
County of Alameda	<u>942,650</u>	<u>-</u>	<u>-</u>	<u>942,650</u>	<u>606,420</u>
	<u>\$ 26,814,568</u>	<u>\$ -</u>	<u>\$(1,069,689)</u>	<u>\$ 25,744,879</u>	<u>\$ 1,051,163</u>

As previously discussed, related party loans from the Authority and AAHC have been eliminated, as the Authority is a primary government and AAHC is its blended component unit.

The following is a schedule of debt payment requirements to maturity:

<u>Year Ending June 30:</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total Payments</u>
2020	\$ 1,051,163	\$ 1,023,027	\$ 2,074,190
2021	1,100,346	974,079	2,074,425
2022	1,151,939	934,996	2,086,935
2023	1,206,065	897,553	2,103,618
2024	1,262,854	853,804	2,116,658
Thereafter	<u>19,972,512</u>	<u>10,770,074</u>	<u>30,742,586</u>
	<u>\$ 25,744,879</u>	<u>\$ 15,453,533</u>	<u>\$ 41,198,412</u>

A description of the debt recorded at June 30, 2019, with the Authority is as follows:

Bonds Payable

A deed of trust bond payable was issued on May 1, 2005, totaling \$6,800,000 for the Parrot Village and Eagle Village Apartments. The bonds payable are administered by PNC Bank. The bonds accrue interest at a variable rate based upon the weekly short-term bond interest rate. The bonds require annual payments in the amounts necessary to pay all principal of premium, if any, and interest on the bonds as they become due. The bonds mature May 15, 2035. The outstanding balance on the bonds payable totaled \$4,976,154 at June 30, 2019.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable

The Authority assumed a loan, originally entered into by the Filipino American Community Services Agency on July 9, 1996, payable to the County of Alameda on September 8, 2009, for the Lincoln House property at 745 Lincoln Avenue in the amount of \$35,000. This note bears no interest. However, if this note is not paid when due, the note will bear interest at 7% per annum for each day the note is not paid in full. The note is payable upon sale or transfer of the property whose deed of trust secures the note. The outstanding balance on this loan at June 30, 2019, was \$26,250.

A promissory note agreement for \$235,900 was entered into with the City on July 15, 1996, for three condominiums at the following addresses: 2137 Otis Drive, 2209 Otis Drive, 1825 Shoreline Drive. This note bears no interest. Payment on this note was deferred until December 31, 2006, at which time semi-annual payments of principal are due based on an amortization schedule. The principal is due and payable on December 31, 2055. The outstanding balance on this note as of June 30, 2019, was \$218,690.

A promissory note agreement for \$282,700 was entered into with the City on July 26, 1996, for four condominiums at the following addresses: 955 Shorepoint Court and 965 Shorepoint Court. This note bears no interest. Payment on this note is deferred until December 31, 2026, at which time semi-annual payments of principal are due based on an amortization schedule. The principal is due and payable on December 31, 2055. The outstanding balance on this note as of June 30, 2019, was \$282,700.

A promissory note agreement for \$570,000 was entered into with the City on June 18, 1998, for the China Clipper property at 460 Buena Vista Avenue. This note bears interest at 3% per annum. Both interest and principal payments on this loan are deferred until the note's due date of June 30, 2057. The outstanding balance on this note at June 30, 2019, was \$570,000.

A promissory note agreement for \$380,000 was entered into with the County of Alameda on September 1, 2009, for the Lincoln House property at 745 Lincoln Avenue. The note bears simple interest at 3% per annum. The principal and accrued interest are due and payable on July 30, 2067. Principal and interest are payable annually throughout the term of the loan through Residual Receipts as defined in the note. The outstanding balance on this note at June 30, 2019, was \$380,000.

A promissory note agreement for \$536,400 was entered into with the County of Alameda on September 1, 2009, for the 1917 Sherman Street property. The note bears simple interest at 3% per annum. The principal and accrued interest are due and payable on July 30, 2067. Principal and interest are payable annually throughout the term of the loan through Residual Receipts as defined in the note. The outstanding balance on this note at June 30, 2019, was \$536,400.

A promissory note agreement for \$96,000 was entered into with the City on November 21, 2013, for the Anne B. Diamant property at 920 Park Street. The note bears no interest. The principal is deferred and forgivable until November 22, 2028. The outstanding balance on this note at June 30, 2019, was \$96,000.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

On June 30, 2014, the Authority entered into a mortgage note totaling \$14,291,000 with Amerisphere Multifamily Finance, LLC. The mortgage is serviced by NorthMarq Capital. The note is secured by the property referred to as the Esperanza Apartments at 1903 Third Street. The note bears interest at 5.63% per annum and requires combined monthly principal and interest payments totaling \$82,312. The note matures and is payable in full on July 1, 2044. The outstanding balance on the note at June 30, 2019, was \$13,256,243.

On June 30, 2014, the Authority entered into a mortgage note totaling \$7,500,000 with Amerisphere Multifamily Finance, LLC. The mortgage is serviced by NorthMarq Capital. The note is secured by the property referred to as the Independence Plaza at 703 Atlantic Avenue. The note bears interest at 3.75% per annum and requires combined monthly principal and interest payments totaling \$64,758. The note matures and is payable in full on July 1, 2026. The outstanding balance on the note at June 30, 2019, was \$4,827,442.

A first amendment to a promissory note agreement for \$575,000 was entered into with the City on April 1, 2017, retroactive to March 30, 2016, for property located at 738 Eagle Avenue, Alameda, CA. This note bears simple interest at 2.33% per annum. The principal, together with accrued interest, is due and payable on April 1, 2074, and the loan can be forgiven on March 30, 2031. The outstanding balance on this note at June 30, 2019, was \$575,000.

NOTE 6. COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of their annual accrual rate plus 10 days, up to a maximum of 250 hours at any time. This leave will be used in future periods or paid to employees upon separation from the Authority. Accrued vacation leave has been valued by the Authority and has been recorded as current compensated absences of \$145,254 and noncurrent compensated absences of \$104,606 for a total of \$249,860 as of June 30, 2019.

It is the Authority's policy to permit employees to accumulate earned but unused sick leave; however, the value of unused sick leave is not payable upon separation from the Authority.

A summary of the changes in the Authority's accrued compensated absences is as follows:

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
Compensated absences	\$ <u>236,640</u>	\$ <u>13,220</u>	\$ <u>-</u>	\$ <u>249,860</u>	\$ <u>145,254</u>

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7. PENSION PLAN

Plan Description - The plan is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information is listed in the June 30, 2018 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website under "Forms and Publications". All qualified permanent and probationary employees are eligible to participate in the Authority's cost-sharing multiple-employer defined benefit pension plans administered by CalPERS. Benefit provisions under the plans are established by State statute and the Authority's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan is applied as specified by the Public Employees' Retirement Law.

The plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<u>Miscellaneous Plan</u>	
	Prior To January 1, 2013	On or After January 1, 2013
Hire date	1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting formula	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.886%	6.500%
Required employer contribution rates	9.558%	6.930%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The Authority's contribution rates may change if plan contracts are amended. Payments made by the Authority to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. The Authority's contributions to the plan for the year ended June 30, 2019 were \$381,431.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions - The Authority's net pension liability of \$2,032,192 is measured as the proportionate share of the net pension liability of \$3,942,047,621 (or 0.021089%). The net pension liability is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2018, using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the measurement period ended June 30, 2019, the Authority recognized pension expense of \$667,605 for the plan. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,972	\$ 26,533
Changes of assumptions	231,676	56,779
Difference between projected and actual earnings on pension plan investments	10,047	-
Difference between contribution and proportionate share of contribution	162,992	210,062
Adjustment due to differences in proportions	503,050	173,458
Pension contributions subsequent to the measurement date	<u>436,954</u>	<u>-</u>
Total	<u>\$ 1,422,691</u>	<u>\$ 466,832</u>

The \$436,954 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020 (measurement period ended June 30, 2019). These amounts are reflected in the financial statements as part of the deferred outflows of resources and deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ending June 30:</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ 739,134
2021	223,901
2022	11,101
2023	(18,277)
2024	-
Thereafter	-

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7. PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

- For the measurement period ending June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. Both the June 30, 2017 total pension liability and the June 30, 2018 total pension liability were determined using the following actuarial methods and assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%, net of pension plan investment and administrative expenses; includes inflation Derived using CalPERS' Membership Data for all funds
Mortality Rate (1)	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.75% thereafter
Post Retirement Benefit Increase	

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP2016. For more details on this table, please refer to the 2017 Experience Study Report (based on CalPERS' demographic data from 1997 to 2015) that can be found on the CalPERS' website.

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7. PENSION PLAN (CONTINUED)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The expected real rates of return by asset class are as followed:

Asset Class	New Strategic Allocation	Real Return Year 1-10 (a)	Real Return Years 11+ (b)
Global Equity	50.00 %	4.80 %	5.98 %
Fixed Income	28.00 %	2.00 %	2.62 %
Inflation Assets	- %	0.77 %	1.81 %
Private Equity	8.00 %	6.30 %	7.23 %
Real Estate	13.00 %	3.76 %	4.93 %
Liquidity	1.00 %	- %	(0.92)%
Total	<u>100.00 %</u>		

(a) An expected inflation of 2.0% is used for this period.

(b) An expected inflation of 2.92% is used for this period.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 7.15%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Discount Rate less 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate plus 1% (8.15%)
Plan's net pension liability at June 30, 2019	\$ <u>4,333,529</u>	\$ <u>2,032,192</u>	\$ <u>132,476</u>

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS' financial reports.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)

Plan description - The Authority participates in the CalPERS 2% at 55 Public Agency Miscellaneous Employees' pension plan for all regular employees hired before January 1, 2013, and 2% at 62 for those hired on or after January 1, 2013.

Employees who retire with a CalPERS pension (at least age 50, or age 52 for employees hired on or after January 1, 2013, with five years of services) are eligible for post-employment medical benefits.

The Authority contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act (\$136 per month in 2019, increasing to \$139 in 2020). Retirees must contribute any premium amounts in excess of the Authority's contributions described above. Amounts paid by the Authority continue for the lifetime of the retiree and any surviving spouse, subject to CalPERS' eligibility requirements.

During the July 1, 2017 to June 30, 2018 measurement period, the Authority entered into an agreement with CalPERS whereby the Authority participates in the California Employers' Retiree Benefit Trust Fund Program ("CERBT"), an agent-multiple employer post-employment health plan, to prefund other post-employment benefits through CalPERS. The financial statements for CERBT may be obtained by writing the California Public Employees' Retirement System, Constituent Relations Office, CERT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709, or by calling 888-225-7377.

Plan Membership Information

Active plan members	47
Inactive plan members or beneficiaries currently receiving benefits	<u>7</u>
Total	<u>54</u>

Funding Policy - The Authority intends to contribute the full actuarially determined contribution to the plan each year. Contributions would be made up of cash contributions made to the trust as well as any benefit payments (implicit and explicit) unreimbursed by the trust.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry age normal
Amortization Method	Straight-line amortization
Asset Valuation Method	Market value
Net Investment Return	7.28%, based on the CERBT Strategy 1 investment policy
Inflation Rate	2.26% annual inflation
Payroll Increases	3.25% annual increases
Mortality	Pre-retirement: CalPERS 2017 Mortality for pre-retirement Post-retirement: CalPERS 2017 Mortality for post-retirement.
Healthcare Cost Trend Rates	3.25% pre-65 and 5.00% post-65 initial trend rates for 2018. Decreasing 0.25% per year until ultimate rate of 5.00% is reached in 2040

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past experiences and new estimates are made about the future. Actuarial calculations were performed based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing cost between the Authority and plan members through June 30, 2018. Additionally, actuarial calculations reflect a long-term perspective and include methods and assumptions that were designed to reduce short-term volatility of actuarial accrued liabilities and actuarial value of assets. The Authority has relied on the work of the Authority's actuary to determine the Authority's net OPEB liability, and considers the underlying assumptions used by the actuary to be reasonable.

Long-Term Expected Rate of Return - The valuation uses a discount rate of 7.28% per year, net of investment expenses and including inflation. This is a long-term rate of return assumption on plan assets. This rate is based on the general inflation rate and expected real rate of return required for CalPERS reporting for use by employers who elect certain investment strategies as participants in CERBT. The target allocation and best estimates for long-term expected real rates of return for each major asset class, as of June 30, 2018, the measurement date, are summarized in the following table:

<u>Investment Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00 %	5.49%
Fixed income	32.00 %	1.65%
REITs	<u>8.00 %</u>	5.06%
Total	<u>100.00 %</u>	

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (CONTINUED)

Changes in the Net OPEB Liability - The total OPEB liability (asset) shown below is based on an actuarial valuation performed as of June 30, 2018, and a measurement date of June 30, 2018:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Balance at June 30, 2017	\$ <u>1,198,383</u>	\$ <u>975,722</u>	\$ <u>222,661</u>
Service cost	56,590	-	56,590
Interest	89,980	-	89,980
Differences between expected and actual experience	(348,070)	-	(348,070)
Changes of assumptions	(17,137)	-	(17,137)
Net investment income	-	76,420	(76,420)
Benefit payments	(38,634)	(38,634)	-
Contributions - employer	-	38,634	(38,634)
Contributions - employee	-	-	-
Administrative expense	-	(520)	520
Changes of benefit terms	-	-	-
Net changes	<u>(257,271)</u>	<u>75,900</u>	<u>(333,171)</u>
Balance at June 30, 2018	\$ <u><u>941,112</u></u>	\$ <u><u>1,051,622</u></u>	\$ <u><u>(110,510)</u></u>

The required schedule of changes in the net OPEB liability and related ratios immediately following the notes to the financial statements presents the beginning and ending balances of the total OPEB liability, the plan fiduciary net position available for OPEB benefits, and the net OPEB liability, as well as the itemized changes in those amounts during the fiscal year. The schedule also reports a ratio of plan fiduciary net position as a percentage of the total OPEB liability, the payroll amount for current employees in the plan (covered employee payroll), and a ratio of the net OPEB liability as a percentage of the covered employee payroll. Two years of information are presented and will build to 10 years of information on a prospective basis.

The required schedule of employer contributions immediately following the notes to the financial statements presents the actuarially determined contribution to the OPEB Plan, the actual contribution, the difference between the actual and actuarially determined contributions, and a ratio of actual contributions as a percentage of covered employee payroll.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (CONTINUED)

Sensitivity of the Net OPEB Liability Due to Changes in the Discount Rate - The following table represents the net OPEB liability (asset), calculated using the current discount rate of 7.28%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower (6.28%) or one percentage point higher (8.28%) than the current rate:

	1% Decrease (6.28%)	Current Discount Rate (7.28%)	1% Increase (8.28%)
Net OPEB liability (asset)	\$ <u>12,927</u>	\$ <u>(110,510)</u>	\$ <u>(212,271)</u>

Sensitivity of the Net OPEB Liability Due to Changes in the Health Care Cost Trend Rate - The following table represents the net OPEB liability (asset) of the Authority, calculated using the current health care cost trend rate as well as what it would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)	\$ <u>(175,895)</u>	\$ <u>(110,510)</u>	\$ <u>93,642</u>

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2019, the Authority recognized a decrease in OPEB expense of \$146,796. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 317,173
Changes in assumptions	-	1,117,458
Net difference between projected and actual earnings	7,740	-
Contributions to OPEB plan after measurement date (June 30, 2018)	75,276	-
Total	\$ 83,016	\$ 1,434,631

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8. OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB) (CONTINUED)

Pursuant to GASB Statement No. 75, amounts reported as deferred outflows of resources related to OPEB contributions made subsequent to the measurement date of June 30, 2018, will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020. These amounts are reflected in the financial statements as part of the deferred outflows of resources and deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized OPEB expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2019	\$ (147,596)
2020	(222,872)
2021	(222,870)
2022	(226,894)
2023	(225,812)
Thereafter	(305,571)

NOTE 9. GUARANTEES

Littlejohn Commons

Related to the Littlejohn Commons Senior property located at 1301 Buena Vista Avenue, the Authority entered into a guaranty agreement dated December 1, 2016, and attached as Exhibit E to the amended and restated limited partnership agreement of Sherman and Buena Vista LP for all of its obligations under that agreement, including partnership management duties, development completion, operating deficits, tax credit delivery, and repurchase obligations. The operating deficit guaranty amount is \$245,668. The Authority is released from this operating deficit obligation after two consecutive years of 1.15 debt service coverage ratio after stabilized occupancy and no sooner than 2020. As of June 30, 2019, the outstanding operating deficit guarantee was \$917,283.

Related to the Littlejohn Commons Senior property located at 1301 Buena Vista Avenue, the Authority entered into an unlimited guaranty agreement with Compass Bank related to the construction loan agreement and promissory note for \$10,322,328, any costs required to achieve permanent loan closing, and any environmental claims pursuant to the Environmental Indemnity Agreement. The construction loan was repaid by Littlejohn Commons to Compass Bank during fiscal year 2019. As of June 30, 2019, the outstanding guarantee balance was zero.

Everett Commons

Related to the Everett Commons property located at 2437 Eagle Avenue, the Authority entered into a guaranty agreement dated June 27, 2017, and attached as Exhibit D to the first amended and restated limited partnership agreement of Everett and Eagle LP for performance of all its obligations under that agreement including construction completion, operating deficits, liquidity, and tax credit delivery. The operating deficit loan guarantee obligation is up to \$314,000. The Authority is released from this operating deficit obligation after two consecutive years of 1.15 debt service coverage ratio after stabilized occupancy and no sooner than 2024. As guarantor, the Authority must also maintain liquid assets of at least \$850,000 in bank deposits in aggregate with Island City Development until all obligations are met.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9. GUARANTEES (CONTINUED)

Everett Commons (continued)

Related to Everett Commons property located at 2437 Eagle Avenue, the Authority entered into a payment and performance guaranty dated June 21, 2017, with JP Morgan Chase Bank NA related to a construction loan in the amount of \$9,859,528, which converted to a permanent loan in the amount of \$3,330,168 in July 2019.

NOTE 10. GROUND LEASES

On December 1, 1998, the Authority entered into a ground lease agreement with Regent St. CLT Condominiums located at 1129-1131 Regent Street. The lease term is 99 years, ending in 2097.

On May 7, 2001, the Authority entered into a ground lease agreement with Santa Clara Ave CLT Condominiums located at 2201-2203 Santa Clara Avenue and 1502 Walnut Street. The lease term is 99 years, ending in 2100.

On March 14, 2003, the Authority entered into a ground lease agreement with RCD, as amended by the First Amendment to Ground Lease dated October 14, 2004, for the Breakers at Bayport development located at 459 Neptune Gardens Avenue. The lease term is 75 years, ending March 31, 2081. On October 14, 2004, the lease was assigned to Breakers at Bayport, LP.

On October 4, 2006, the Authority entered into a ground lease agreement with RCD for the Shinsei Gardens Apartments, located at 401 Willie Stargell Avenue. The lease term is 75 years, ending March 31, 2081. On March 24, 2008, the lease was assigned to Shinsei Gardens Apartments, LP.

On May 25, 2012, the Authority entered into a ground lease agreement with Housing Consortium of the East Bay ("HCEB") and Satellite Housing, Inc. for the Jack Capon Villas, located at 2216 Lincoln Avenue. The rent for the entire lease term, \$100, was prepaid at lease signing. The lease term is 75 years, ending May 25, 2087. In November 2012, the lease was assigned to Jack Capon Villas, LP.

On November 14, 2015, the Authority entered into a ground lease agreement with Stargell Commons, LP for the property located at 2700 Bette Street. The lease term is 99 years, ending December 31, 2114. Initial rent of \$400,000 plus \$1 per year in prepaid lease payments for the entire term (\$99) was paid on December 2, 2015.

On December 1, 2016, the Authority entered into a ground lease agreement with Sherman and Buena Vista, LP, a subsidiary of Island City Development, for the property located at 1301 Buena Vista Avenue. The lease term is 99 years, ending December 31, 2115. Unearned rent for the entire lease term of \$3,410,000 was received on December 15, 2016. Unearned revenue will be amortized over the term of the life. See related note receivable in Note 4.

On June 1, 2017, the Authority entered into a ground lease agreement with Everett and Eagle LP, a subsidiary of Island City Development, for the property located at 2437 Eagle Street. The lease term is 99 years, ending June 1, 2116. Prepaid rent for the entire lease term of \$9,900 was paid on June 29, 2017.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10. GROUND LEASES (CONTINUED)

On May 1, 2018, the Authority entered into a ground lease agreement with AAHC, for the property known as Anne B. Diament and located at 920 Park Street. The lease term is 75 years, ending May 1, 2093. Prepaid rent for the entire lease term of \$75 was paid on May 1, 2018.

On May 1, 2018, the Authority entered into a ground lease agreement with AAHC for the property known as China Clipper Plaza and located at 460 Buena Vista Avenue. The lease term is 75 years, ending May 1, 2093. Prepaid rent for the entire lease term of \$75 was paid on May 1, 2018.

On May 1, 2018, the Authority entered into a ground lease agreement with AAHC, for the property known as Lincoln Willow Apartments and located at 2101-2103 Lincoln Avenue. The lease term is 75 years, ending May 1, 2093. Prepaid rent for the entire lease term of \$75 was paid on May 1, 2018.

On May 1, 2018, the Authority entered into a ground lease agreement with AAHC, for the property known as Stanford House and located at 1917 Stanford Avenue. The lease term is 75 years, ending May 1, 2093. Prepaid rent for the entire lease term of \$75 was paid on May 1, 2018.

At June 30, 2019, the future rental income required under the lease agreements entered into by the Authority are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2020	\$ 45,324
2021	45,324
2022	45,324
2023	45,324
2024	45,324
Thereafter	<u>4,001,721</u>
	<u>\$ 4,228,341</u>

NOTE 11. JOINT POWERS AGREEMENTS

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 is a California joint powers insurance authority established in 1991 for purpose of providing workers' compensation coverage to California public housing authority members. CHWCA is a special district in the state of California providing its members with a comprehensive workers' compensation coverage program for the sharing of risk for self-insured losses, as well as jointly purchasing claims adjusting services, actuarial services, risk control services, and legal services connected with the program.

CHWCA is governed by a seven-member executive committee which is elected by the 33-member board of directors. Each of CHWCA's 33-member agencies appoint one primary and one alternate member to serve on the board of directors.

The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes. Further information can be found at www.chwca.org.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11. JOINT POWERS AGREEMENTS (CONTINUED)

Property and Liability Insurance

The Authority participates in a joint venture under a JPA with the Housing Authorities Risk Retention Pool ("HARRP"). HARRP was formed to provide property and liability insurance coverage for member housing authorities. At December 31, 2018, there were 83 members. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes. Further information can be found at www.harrp.com.

ABAG Natural Gas JPA

The Authority participates in a joint venture under a JPA with ABAG POWER, an association of Bay Area governments service program. The joint powers agency formed in collaboration with many Bay Area cities, and special districts. Currently, ABAG POWER's primary objective is to conduct pooled purchasing of natural gas on behalf of local governments and special districts who voluntarily join the pool. The program enables members to achieve pricing suppliers who are interested in larger and more attractive combined loads. The pool is currently in its twentieth year of operation, and is serving 40 member agencies throughout Pacific Gas and Electric's service territory. Further information can be found at www.abag.ca.gov/our-work/energy-infrastructure/power

NOTE 12. CONTINGENT LIABILITIES

The Authority is exposed to various risks of losses related to torts, theft, or damage to and destruction of asset, errors and omissions, injuries to employees, and natural disasters. Claim liabilities are reported when probable that a loss has occurred and the amount of that loss can be reasonably estimated. As of June 30, 2019, the Authority is not aware of any situations that would warrant a claim liability or disclosure in the financial statements.

Federal 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.

NOTE 13. SUBSEQUENT EVENTS

The Authority has evaluated events and transactions for potential recognition or disclosure through March 18, 2020, which is the date the financial statements were available to be issued. Management has determined that there were no material subsequent events that required additional disclosure in these financial statements except the following:

1. The Authority transferred one of its properties, Independence Plaza, to AAHC during fiscal year 2020, with the remaining properties slated to be transferred to AAHC in fiscal year 2021.
2. Constitution and Eagle LP, created December 18, 2018, for the purposes of building 78 units and renovation of 14 units on the 700 block of Buena Vista Avenue, is expected to start the rehabilitation process in the summer of 2020.

REQUIRED SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2015
Authority's proportion of the net pension liability	0.021089 %	0.021448 %	0.019472 %	0.027020 %	0.030130 %
Authority's proportionate share of the net pension liability	\$ 2,032,192	\$ 2,127,040	\$ 1,684,952	\$ 1,854,640	\$ 1,871,494
Authority's covered-employee payroll	\$ 4,030,351	\$ 3,906,839	\$ 2,752,784	\$ 3,634,051	\$ 2,717,587
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.42 %	54.44 %	61.21 %	51.04 %	68.87 %
Plan fiduciary net position as a percentage of the total pension liability	88.05 %	75.39 %	88.01 %	107.30 %	83.00 %

*These amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PENSION PLAN CONTRIBUTIONS
Last 10 Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 381,431	\$ 336,127	\$ 1,322,171	\$ 1,393,004	\$ 300,316
Contributions in relation to the actuarially determined contribution	<u>(381,431)</u>	<u>(336,127)</u>	<u>(1,322,171)</u>	<u>(1,393,004)</u>	<u>(505,233)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (204,917)</u>
Authority's covered-employee payroll	\$ 4,030,351	\$ 3,906,839	\$ 2,752,784	\$ 3,634,051	\$ 2,717,587
Contributions as a percentage of covered-employee payroll	9.46 %	8.60 %	48.03 %	38.33 %	18.59 %

*These amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

Changes in Actuarial Assumptions:

No changes noted.

Changes in Benefit Terms:

No changes noted.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED
RATIOS
Last 10 Years*

<u>Total OPEB liability</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 56,590	\$ 162,835
Interest	89,980	74,812
Differences between expected and actual experience	(348,070)	(3,275)
Changes of assumptions	(17,137)	(1,482,802)
Benefit payments, including refunds of employee contributions	<u>(38,634)</u>	<u>(30,448)</u>
Net change in total OPEB liability	(257,271)	(1,278,878)
Total OPEB liability - beginning	<u>1,198,383</u>	<u>2,477,261</u>
Total OPEB liability - ending	<u>\$ 941,112</u>	<u>\$ 1,198,383</u>
 <u>Plan fiduciary net position</u>		
Contributions - employer	\$ 38,634	\$ 1,012,388
Net investment income	76,420	(6,213)
Benefit payments, including refunds of employee contributions	(38,634)	(30,448)
Administrative expense	<u>(520)</u>	<u>(5)</u>
Net change in plan fiduciary net position	75,900	975,722
Plan fiduciary net position - beginning	<u>975,722</u>	<u>-</u>
Plan fiduciary net position - ending	<u>\$ 1,051,622</u>	<u>\$ 975,722</u>
Authority's net OPEB liability (asset)	<u>\$ (110,510)</u>	<u>\$ 222,661</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	111.74 %	81.42 %
Covered payroll	<u>\$ 4,030,351</u>	<u>\$ 3,906,839</u>
Authority's net OPEB liability (asset) as a percentage of covered payroll	(2.74)%	5.70 %

*These amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

Changes in Actuarial Assumptions:

The average per capita claims cost was updated to reflect actual 2019 premiums, the health care cost trend rate was updated to reflect 2018 industry survey data, the mortality, withdrawal, and retirement tables were updated to reflect 2017 CalPERS studies. The population for curving and morbidity factors have also been updated to the 2017 CalPERS study.

Changes in Benefit Terms:

No changes noted.

See independent auditor's report.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF THE AUTHORITY'S OPEB PLAN CONTRIBUTIONS
 Last 10 Years***

	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 78,605	\$ 128,377
Contributions in relation to the actuarially determined contribution	<u>(38,634)</u>	<u>(1,012,388)</u>
Contribution deficiency (excess)	<u>\$ 39,971</u>	<u>\$ (884,011)</u>
Authority's covered-employee payroll	\$ 4,030,351	\$ 3,906,839
Contributions as a percentage of covered-employee payroll	0.96 %	25.91 %

*These amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Balance Sheet
June 30, 2019

		Housing Choice Vouchers 14.871	Family Self-Sufficiency Program 14.896	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Shelter Plus Care 14.238	State/Local 2	Alameda Affordable Housing Corporation	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
111	Cash - Unrestricted	\$ -	\$ 6,755	\$ 77,590	\$ -	\$ 5,806,359	\$ 791,511	\$ 6,682,215	\$ -	\$ 6,682,215	\$ 725,048	\$ -	\$ 7,407,263
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	576,766	-	-	-	1,028,311	100,000	1,705,077	-	1,705,077	-	-	1,705,077
114	Cash - Tenant Security Deposits	-	-	-	-	610,818	74,935	685,753	-	685,753	22,924	-	708,677
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	576,766	6,755	77,590	-	7,445,488	966,446	9,073,045	-	9,073,045	747,972	-	9,821,017
121	Accounts Receivable - PHA Projects	34,538	-	-	-	-	-	34,538	-	34,538	-	-	34,538
122	Accounts Receivable - HUD Other Projects	-	30,325	-	-	-	-	30,325	-	30,325	-	-	30,325
124	Accounts Receivable - Other Government	284,989	-	-	98,670	277,824	8,581	670,064	-	670,064	-	-	670,064
125	Accounts Receivable - Miscellaneous	-	-	-	-	509,933	44,631	554,564	-	554,564	284,518	-	839,082
126	Accounts Receivable - Tenants	-	-	-	-	306,739	2,594	309,333	-	309,333	-	-	309,333
126.1	Allowance for Doubtful Accounts -Tenants	-	-	-	-	(95,751)	(632)	(96,383)	-	(96,383)	-	-	(96,383)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-
128	Fraud Recovery	14,933	-	-	-	21,936	-	36,869	-	36,869	-	-	36,869
128.1	Allowance for Doubtful Accounts - Fraud	(14,933)	-	-	-	(21,211)	-	(36,144)	-	(36,144)	-	-	(36,144)
129	Accrued Interest Receivable	45	-	-	-	101,434	-	101,479	-	101,479	-	-	101,479
120	Total Receivables, Net of Allowances for Doubtful Accounts	319,572	30,325	-	98,670	1,100,904	55,174	1,604,645	-	1,604,645	284,518	-	1,889,163
131	Investments - Unrestricted	-	-	-	-	23,469,734	-	23,469,734	-	23,469,734	-	1,195,000	24,664,734
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	138,205	39	138,244	-	138,244	4,151,332	-	4,289,576
143	Inventories	-	-	-	-	9,810	-	9,810	-	9,810	-	-	9,810
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	60,195	-	1,137	6	2,230,308	-	2,291,646	(2,291,646)	-	-	-	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	956,533	37,080	78,727	98,676	34,394,449	1,021,659	36,587,124	(2,291,646)	34,295,478	5,183,822	1,195,000	40,674,300
161	Land	-	-	-	-	58,219,779	-	58,219,779	-	58,219,779	2,170,596	-	60,390,375
162	Buildings	-	-	-	-	30,615,730	5,759,151	36,374,881	-	36,374,881	26,136,686	-	62,511,567
163	Furniture, Equipment & Machinery - Dwellings	36,429	-	-	-	318,646	-	355,075	-	355,075	-	-	355,075
164	Furniture, Equipment & Machinery - Administration	5,684	-	-	-	40,079	-	45,763	-	45,763	512,067	-	557,830
165	Leasehold Improvements	-	-	-	-	11,432,550	-	11,432,550	-	11,432,550	-	-	11,432,550
166	Accumulated Depreciation	(36,808)	-	-	-	(25,236,991)	(3,108,712)	(28,382,511)	-	(28,382,511)	(183,946)	-	(28,566,457)
167	Construction in Progress	-	-	-	-	16,450	7,740	24,190	-	24,190	-	-	24,190
168	Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	5,305	-	-	-	75,406,243	2,658,179	78,069,727	-	78,069,727	28,635,403	-	106,705,130
171	Notes, Loans and Mortgages Receivable - Non- Current	-	-	-	-	40,918,635	-	40,918,635	(13,775,000)	27,143,635	-	-	27,143,635
172	Notes, Loans, and Mortgages Receivable - Non- Current - Past Due	-	-	-	-	-	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-	-	-
174	Other Assets	29,838	1,105	-	-	70,726	8,841	110,510	-	110,510	-	-	110,510
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	35,143	1,105	-	-	116,395,604	2,667,020	119,098,872	(13,775,000)	105,323,872	28,635,403	-	133,959,275
200	Deferred Outflow of Resources	406,541	15,057	-	-	963,652	120,457	1,505,707	-	1,505,707	-	-	1,505,707
290	Total Assets and Deferred Outflow of Resources	\$ 1,398,217	\$ 53,242	\$ 78,727	\$ 98,676	\$ 151,753,705	\$ 3,809,136	\$ 157,191,703	\$ (16,066,646)	\$ 141,125,057	\$ 33,819,225	\$ 1,195,000	\$ 176,139,282

See accompanying independent auditor's report.

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Balance Sheet
June 30, 2019

		Housing Choice Vouchers 14.871	Family Self-Sufficiency Program 14.896	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Shelter Plus Care 14.238	State/Local 2	Alameda Affordable Housing Corporation	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -			\$ -
312	Accounts Payable <= 90 Days	115,411	453	2,339	1,376	710,121	45,145	874,845		874,845	21,499		896,344
313	Accounts Payable >90 Days Past Due	-	-	-	-	19,997	-	19,997		19,997			19,997
321	Accrued Wage/Payroll Taxes Payable	24,786	-	-	315	57,831	7,278	90,210		90,210			90,210
322	Accrued Compensated Absences - Current Portion	40,481	-	-	-	91,586	13,187	145,254		145,254			145,254
324	Accrued Contingency Liability	-	-	-	-	-	-	-		-			-
325	Accrued Interest Payable	-	-	-	-	614,125	403,964	1,018,089		1,018,089	610,469		1,628,558
331	Accounts Payable - HUD PHA Programs	-	-	5,104	-	-	-	5,104		5,104			5,104
332	Account Payable - PHA Projects	-	-	-	-	-	-	-		-			-
333	Accounts Payable - Other Government	-	-	-	-	21,285	-	21,285		21,285			21,285
341	Tenant Security Deposits	-	-	-	-	610,818	74,935	685,753		685,753	22,924		708,677
342	Unearned Revenue	46,925	-	-	-	3,447,884	30,283	3,525,092		3,525,092			3,525,092
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	1,051,163	-	1,051,163		1,051,163			1,051,163
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-	-	-		-			-
345	Other Current Liabilities	-	-	-	-	-	-	-		-			-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-		-	2,327,979		2,327,979
347	Inter Program - Due To	1,480,638	38,783	-	21,202	681,377	69,646	2,291,646	(2,291,646)	-			-
348	Loan Liability - Current	-	-	-	-	-	-	-		-			-
310	Total Current Liabilities	1,708,241	39,236	7,443	22,893	7,306,187	644,438	9,728,438	(2,291,646)	7,436,792	2,982,871	-	10,419,663
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	24,027,715	13,791,001	37,818,716	(13,125,000)	24,693,716	30,537,441		55,231,157
352	Long-Term Debt, Net of Current - Operating Borrowings	650,000	-	-	-	-	-	650,000	(650,000)	-			-
353	Non-Current Liabilities - Other	110,420	-	-	-	-	-	110,420		110,420			110,420
354	Accrued Compensated Absences - Non-Current	36,251	-	-	-	57,779	10,576	104,606		104,606			104,606
355	Loan Liability - Non Current	-	-	-	-	-	-	-		-			-
356	FASB 5 Liabilities	-	-	-	-	-	-	-		-			-
357	Accrued Pension and OPEB Liabilities	548,692	20,322	-	-	1,300,603	162,575	2,032,192		2,032,192			2,032,192
350	Total Non-Current Liabilities	1,345,363	20,322	-	-	25,386,097	13,964,152	40,715,934	(13,775,000)	26,940,934	30,537,441	-	57,478,375
300	Total Liabilities	3,053,604	59,558	7,443	22,893	32,692,284	14,608,590	50,444,372	(16,066,646)	34,377,726	33,520,312	-	67,898,038
400	Deferred Inflow of Resources	513,395	19,015	-	-	1,216,936	152,117	1,901,463		1,901,463			1,901,463
508.4	Net Investment in Capital Assets	5,305	-	-	-	50,327,365	1,992,178	52,324,848		52,324,848	(1,902,038)	-	50,422,810
511.4	Restricted Net Position	466,346	-	-	-	1,028,311	100,000	1,594,657		1,594,657	-	-	1,594,657
512.4	Unrestricted Net Position	(2,640,433)	(25,331)	71,284	75,783	66,488,809	(13,043,749)	50,926,363		50,926,363	2,200,951	1,195,000	54,322,314
513	Total Equity - Net Assets / Position	(2,168,782)	(25,331)	71,284	75,783	117,844,485	(10,951,571)	104,845,868	-	104,845,868	298,913	1,195,000	106,339,781
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 1,398,217	\$ 53,242	\$ 78,727	\$ 98,676	\$ 151,753,705	\$ 3,809,136	\$ 157,191,703	\$ (16,066,646)	\$ 141,125,057	\$ 33,819,225	\$ 1,195,000	\$ 176,139,282

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Revenue and Expense Summary
June 30, 2019

		Housing Choice Vouchers 14.871	Family Self-Sufficiency Program 14.896	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Shelter Plus Care 14.238	State/Local 2	Alameda Affordable Housing Corporation	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ 3,395,425	\$ 435,185	\$ 3,830,610	\$ -	\$ 3,830,610	\$ 203,731	\$ -	\$ 4,034,341
70400	Tenant Revenue - Other	-	-	-	-	55,965	3,088	59,053	-	59,053	-	-	59,053
70500	Total Tenant Revenue	-	-	-	-	3,451,390	438,273	3,889,663	-	3,889,663	203,731	-	4,093,394
								-					
70600	HUD PHA Operating Grants	31,233,745	60,030	227,115	-	-	-	31,520,890	-	31,520,890	-	-	31,520,890
70610	Capital Grants	-	-	-	-	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	31,233,745	60,030	227,115	-	-	-	31,520,890	-	31,520,890	-	-	31,520,890
								-					
70800	Other Government Grants	-	-	-	341,464	8,544,628	1,265,079	10,151,171	(6,823,178)	3,327,993	-	-	3,327,993
71100	Investment Income - Unrestricted	-	-	-	-	611,760	-	611,760	-	611,760	-	68,342	680,102
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	22,949	-	-	-	-	-	22,949	-	22,949	-	-	22,949
71500	Other Revenue	894,333	533	-	36	434,980	529	1,330,411	-	1,330,411	82,941	75,276	1,488,628
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	32,151,027	60,563	227,115	341,500	13,042,758	1,703,881	47,526,844	(6,823,178)	40,703,666	286,672	143,618	41,133,956
91100	Administrative Salaries	1,205,083	43,828	44,193	16,446	2,302,052	45,404	3,657,006	-	3,657,006	9,991	-	3,666,997
91200	Auditing Fees	5,330	-	300	-	42,090	6,137	53,857	-	53,857	57,877	-	111,734
91300	Management Fee	-	-	-	-	51,858	-	51,858	-	51,858	7,998	-	59,856
91310	Bookkeeping Fee	-	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	149,739	-	149,739
91500	Employee Benefit Contributions - Administrative	298,290	14,851	-	4,658	608,398	142,453	1,068,650	-	1,068,650	2,504	-	1,071,154
91600	Office Expenses	425,557	-	-	1,071	1,125,404	-	1,552,032	-	1,552,032	15,542	-	1,567,574
91700	Legal Expense	99,757	-	-	-	182,649	21,364	303,770	-	303,770	160	-	303,930
91800	Travel	24,410	-	-	283	-	-	24,693	-	24,693	-	-	24,693
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other	62,912	-	-	-	-	-	62,912	-	62,912	4,285	240	67,437
91000	Total Operating - Administrative	2,121,339	58,679	44,493	22,458	4,312,451	215,358	6,774,778	-	6,774,778	248,096	240	7,023,114
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-	2,083	-	2,083
92100	Tenant Services - Salaries	-	-	-	-	138,757	33,297	172,054	-	172,054	-	-	172,054
92200	Relocation Costs	-	-	-	-	94,078	5,932	100,010	-	100,010	-	-	100,010
92300	Employee Benefit Contributions - Tenant Services	40,814	-	-	-	86,295	35,222	162,331	-	162,331	-	-	162,331
92400	Tenant Services - Other	-	664	-	-	222,946	46,642	270,252	-	270,252	-	-	270,252
92500	Total Tenant Services	40,814	664	-	-	542,076	121,093	704,647	-	704,647	-	-	704,647

See accompanying independent auditor's report.

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Revenue and Expense Summary
June 30, 2019

		Housing Choice Vouchers 14.871	Family Self-Sufficiency Program 14.896	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Shelter Plus Care 14.238	State/Local 2	Alameda Affordable Housing Corporation	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
										-			
93100	Water	1,459	-	-	-	255,333	30,082	286,874		286,874	5,283		292,157
93200	Electricity	7,373	-	-	-	89,316	38,547	135,236		135,236	2,305		137,541
93300	Gas	127	-	-	-	50,609	29,094	79,830		79,830	122		79,952
93400	Fuel	-	-	-	-	-	-	-		-			-
93500	Labor	-	-	-	-	-	-	-		-			-
93600	Sewer	198	-	-	-	254,133	42,426	296,757		296,757			296,757
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-		-			-
93800	Other Utilities Expense	2,231	-	-	-	415,620	57,010	474,861		474,861			474,861
93000	Total Utilities	11,388	-	-	-	1,065,011	197,159	1,273,558	-	1,273,558	7,710	-	1,281,268
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	497,032	107,236	604,268		604,268	9,564		613,832
94200	Ordinary Maintenance and Operations - Materials and Other	449	-	-	-	92,159	22,726	115,334		115,334			115,334
94300	Ordinary Maintenance and Operations Contracts	19,836	-	-	-	736,095	122,694	878,625		878,625	7,005		885,630
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	178,110	85,542	263,652		263,652			263,652
94000	Total Maintenance	20,285	-	-	-	1,503,396	338,198	1,861,879	-	1,861,879	16,569	-	1,878,448

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Revenue and Expense Summary
June 30, 2019

		Housing Choice Vouchers 14.871	Family Self-Sufficiency Program 14.896	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Shelter Plus Care 14.238	State/Local 2	Alameda Affordable Housing Corporation	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	186,490	25,666	212,156	-	212,156	-	-	212,156
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	186,490	25,666	212,156	-	212,156	-	-	212,156
96110	Property Insurance	760	-	-	-	112,881	14,575	128,216	-	128,216	3,016	-	131,232
96120	Liability Insurance	16,649	-	-	-	4,627	5,234	26,510	-	26,510	-	-	26,510
96130	Workmens' Compensation	11,098	258	-	137	50,502	7,842	69,837	-	69,837	-	-	69,837
96140	All Other Insurance	8,886	-	-	-	24,152	4,718	37,756	-	37,756	-	-	37,756
96100	Total Insurance Premiums	37,393	258	-	137	192,162	32,369	262,319	-	262,319	3,016	-	265,335
96200	Other General Expenses	69,764	-	-	-	216,186	858	286,808	-	286,808	130,589	-	417,397
96210	Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-
96400	Bad debt - Tenant Rents	-	-	-	-	33,921	632	34,553	-	34,553	-	-	34,553
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	69,764	-	-	-	250,107	1,490	321,361	-	321,361	130,589	-	451,950
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	1,105,925	28,751	1,134,676	-	1,134,676	-	-	1,134,676
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	205,594	-	205,594
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	-	1,105,925	28,751	1,134,676	-	1,134,676	205,594	-	1,340,270
96900	Total Operating Expenses	2,300,983	59,601	44,493	22,595	9,157,618	960,084	12,545,374	-	12,545,374	613,657	240	13,159,271
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	29,850,044	962	182,622	318,905	3,885,140	743,797	34,981,470	(6,823,178)	28,158,292	(326,985)	143,378	27,974,685
97100	Extraordinary Maintenance	-	-	-	-	3,003	-	3,003	-	3,003	-	-	3,003
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	29,227,603	-	182,614	335,183	-	-	29,745,400	(6,823,178)	22,922,222	-	-	22,922,222
97350	HAP Portability-In	848,739	-	-	-	-	-	848,739	-	848,739	-	-	848,739
97400	Depreciation Expense	379	-	-	-	1,332,628	235,088	1,568,095	-	1,568,095	185,125	-	1,753,220
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	32,377,704	59,601	227,107	357,778	10,493,249	1,195,172	44,710,611	(6,823,178)	37,887,433	798,782	240	38,686,455
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(226,677)	962	8	(16,278)	2,549,509	508,709	2,816,233	-	2,816,233	(512,110)	143,378	2,447,501

See accompanying independent auditor's report.

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Revenue and Expense Summary
June 30, 2019

		Housing Choice Vouchers 14.871	Family Self-Sufficiency Program 14.896	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Shelter Plus Care 14.238	State/Local 2	Alameda Affordable Housing Corporation	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
10010	Operating Transfer In	-	-	-	-	-	-	-	-	-			-
10020	Operating Transfer Out	-	-	-	-	-	-	-	-	-			-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-			-
10040	Operating Transfers from/to Component Unit	-	-	-	-	938,553	(938,553)	-	-	-			-
10050	Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-	-			-
10060	Proceeds from Property Sales	-	-	-	-	-	-	-	-	-			-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-			-
10080	Special Items (Net Gain/Loss)	-	-	-	-	36,197,725	-	36,197,725	-	36,197,725			36,197,725
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-			-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-			-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-			-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-			-
10100	Total Other Financing Sources (Uses)	-	-	-	-	37,136,278	(938,553)	36,197,725	-	36,197,725	-	-	36,197,725
								-					
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-	-			-
								-					
	Beginning Net Position	(1,942,105)	(26,293)	71,276	92,061	78,158,698	(10,521,727)	65,831,910		65,831,910	811,023	1,051,622	67,694,555
	Ending Net Position	\$ (2,168,782)	\$ (25,331)	\$ 71,284	\$ 75,783	\$ 117,844,485	\$ (10,951,571)	\$ 104,845,868	\$ -	\$ 104,845,868	\$ 298,913	\$ 1,195,000	\$ 106,339,781

See accompanying independent auditor's report.

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Alameda, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Alameda's basic financial statements and have issued our report thereon dated March 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Alameda's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Alameda's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Alameda'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a material weakness (2019-001).

Compliance and Other Matters


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

The Housing Authority of the City of Alameda's Response to Finding

The Housing Authority of the City of Alameda's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Alameda's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland
March 18, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Alameda'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 City of Alameda's major federal programs for the year ended June 30, 2019. The Housing Authority of the City of Alameda's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of 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 City of Alameda'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 City of Alameda's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Alameda's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Alameda complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Housing Authority of the City of Alameda is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Alameda's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Alameda'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland
March 18, 2020

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Identification Number</u>	<u>Amount Passed to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development ("HUD"):				
Direct Programs:				
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	N/A	\$ -	\$ 227,115
Section 8 Housing Choice Vouchers	14.871	N/A	-	31,233,745
Family Self-Sufficiency	14.896	N/A	<u>-</u>	<u>60,030</u>
			-	31,520,890
Pass-through from County of Alameda:				
Shelter Plus Care	14.238	CA0083L9T02710	<u>-</u>	<u>341,464</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 31,862,354</u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Alameda (the "Authority") under programs of the federal government for the year ended June 30, 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* (the "Uniform Guidance"). Because the schedule presents only a selected 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. The schedule of expenditures of federal awards is presented on the accrual basis of accounting.
3. The Authority did not pass-through any federal awards to subrecipients during the fiscal year ended June 30, 2019.
4. The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report to be issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiencies identified?	None reported
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
Section 8 Housing Choice Vouchers	CFDA 14.871
Dollar threshold to distinguish between Type A and Type B programs	\$ <u>955,871</u>
Auditee qualified as low risk auditee?	No

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2019-001: Material Weakness

Criteria: In accordance with AU 265 *Communicating Internal Control Related Matters*, when a deficiency or a combination of deficiencies in internal control is identified which indicates that there is a reasonable possibility that a material misstatement of the financial statements will not be presented or detected and corrected on a timely basis, a material weakness should be reported.

Condition: Significant adjustments were required to be made by both the Authority and auditor during the audit to conform the financial statements to generally accepted accounting principles in the United States of America ("U.S. GAAP").

Context: Several adjustments were required to cash and cash equivalents, notes receivable, revenue, and expenses to conform the financial statements to U.S. GAAP.

Effect: Numerous accounts had incorrect balances prior to the start of the audit.

Cause: The Authority underwent significant changes during the fiscal year within its finance department. Accounting personnel charged with recording journal entries into the general ledger prior to the new finance department were either inexperienced or did not understand the effect of the information they were provided. These staff are no longer with the Authority.

Auditor's Recommendations: The Authority should assess staffing needs based on the size and complexity of the Authority and develop a review process over the financial close and reporting process to ensure that it reconciles to supporting documentation and that it is reporting in accordance with U.S. GAAP. We further recommend that the Authority utilize a year-end checklist that would assist in closing the fiscal year timely and accurately.

Views of Responsible Officials: The finance department is fully staffed as of the date of this report. A new director of finance, controller and accounting specialists were hired in late fiscal year 2019. The Authority also has the assistance of a fee accountant to provide guidance and training to the new finance department. In addition to hiring and training new staff, the Authority has taken a number of steps since the last audit to improve journal entry control. Balance sheet analysis approach was implemented at the end of the prior fiscal year. Automated IT Yardi checks continue to be in place for journal entries. The director of finance approves all journal entries not created by the director of finance, and any journal entries prepared by the director of finance will be provided to the executive director for approval.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.