

**HOUSING AUTHORITY OF THE CITY OF
ALAMEDA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
FOR THE YEAR ENDED JUNE 30, 2020**

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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, 2020, 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, 2020, 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 48 through 51 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 52 through 57 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 62 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 July 22, 2021, 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
July 22, 2021

REQUIRED SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. 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 that 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 \$107,445,875 at June 30, 2020, as opposed to \$104,845,868 at June 30, 2019.
- Total assets and deferred outflows of resources at June 30, 2020, were \$142,914,855. Of this, \$32,249,801 represents current assets, \$108,283,988 represents noncurrent assets, and \$2,381,066 represents deferred outflows of resources. Total assets and deferred outflows of resources at June 30, 2019, were \$141,125,057.
- Capital assets, net of accumulated depreciation at June 30, 2020, increased by \$1,187,650 from \$78,069,727 at June 30, 2019, to \$76,882,077 at June 30, 2020. Capital assets are reflected at cost, less accumulated depreciation for all purchased capital assets.
- Total liabilities and deferred inflows of resources at June 30, 2020, were \$35,468,980. Of this, \$4,254,488 represents current liabilities, \$29,612,920 represents noncurrent liabilities, and \$1,601,572 represents deferred inflows of resources. Net position increased from \$104,845,868 at June 30, 2019, to \$107,445,875 at June 30, 2020, an increase of \$2,600,007.
- Total operating and non-operating revenues for the Authority for fiscal year 2020 were \$42,846,677 versus \$76,901,391 for fiscal year 2019; a decrease of \$34,054,714 as the land transfer of the 12 acres of land from the City of Alameda valued at \$36,197,725 in 2019 was a one-time event. The primary sources of revenue for 2020 were governmental grants including Housing Choice Voucher Program (Section 8) Housing Assistance Payment ("HAP"), and rents collected from the Authority's owned units. For fiscal year 2020 and 2019, please note that \$7,580,220 and \$6,823,178, respectively, of HAP received from the U.S. Department of Housing and Urban Development ("HUD") to Authority-owned properties is 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 2020 were \$40,246,670 versus \$37,887,433 for fiscal year 2019; an increase of \$2,359,237. The major program expenditure, as reflected on the statement of revenues, expenses, and changes in net position, was for HAP. There was \$24,298,568 of HAP expenses for fiscal year 2020 versus \$23,770,961 in fiscal year 2019. For fiscal year 2020 and 2019, please note that \$7,580,220 and \$6,823,178, respectively, of HAP received from HUD and disbursed to landlords is eliminated from financial statement presentation, as these payments are paid to the Authority as landlord for Authority-owned properties.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Financial Highlights (continued)

- Operating revenues for the Authority for fiscal year 2020 were \$42,272,232 and operating expenses were \$39,140,756. Operating revenues and expenses for fiscal year 2019 were \$40,091,906 and \$36,752,757, 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 statements of net position, statements of revenues, expenses, and changes in net position, a 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 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, 2020**

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 the 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, 2020. 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, 2020**

Comparative Statements of Net Position

The following table reflects the statement of net position at June 30, 2020, 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, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current assets	\$ 32,249,801	\$ 34,295,478	\$ (2,045,677)	(5.96)%
Other noncurrent assets	31,401,911	27,254,145	4,147,766	15.22 %
Capital assets, net of accumulated depreciation	<u>76,882,077</u>	<u>78,069,727</u>	<u>(1,187,650)</u>	(1.52)%
Total assets	<u>140,533,789</u>	<u>139,619,350</u>	<u>914,439</u>	0.65 %
Deferred outflow of resources	<u>2,381,066</u>	<u>1,505,707</u>	<u>875,359</u>	58.14 %
Current liabilities	4,254,488	3,911,700	342,788	8.76 %
Noncurrent liabilities	<u>29,612,920</u>	<u>30,466,026</u>	<u>(853,106)</u>	(2.80)%
Total liabilities	<u>33,867,408</u>	<u>34,377,726</u>	<u>(510,318)</u>	(1.48)%
Deferred inflow of resources	<u>1,601,572</u>	<u>1,901,463</u>	<u>(299,891)</u>	15.77 %
Net investment in capital assets	52,213,847	52,324,848	(111,001)	(0.21)%
Restricted	1,232,330	1,594,657	(362,327)	(22.72)%
Unrestricted	<u>53,999,698</u>	<u>50,926,363</u>	<u>3,073,335</u>	6.03 %
Total net position	<u>\$ 107,445,875</u>	<u>\$ 104,845,868</u>	<u>\$ 2,600,007</u>	2.48 %

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, compared to the prior fiscal year.

**Housing Authority of the City Alameda
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating revenues:				
Grants	\$ 38,028,840	\$ 34,848,883	\$ 3,179,957	9.12 %
Rents	3,784,594	3,889,663	(105,069)	(2.70)%
Others	458,798	1,353,360	(894,562)	(66.10)%
Non-operating revenues:				
Interest income	433,945	611,760	(177,815)	(29.07)%
Gain on insurance proceeds	140,500	-	140,500	100.00 %
Land donation	<u>-</u>	<u>36,197,725</u>	<u>(36,197,725)</u>	100.00 %
Total revenues	<u>42,846,677</u>	<u>76,901,391</u>	<u>(34,054,714)</u>	(44.28)%
Operating expenses:				
Administration	7,921,167	6,774,778	1,146,389	16.92 %
Utilities	1,195,788	1,273,558	(77,770)	(6.11)%
Maintenance	2,386,291	1,861,879	524,412	28.17 %
Protective services	291,941	212,156	79,785	37.61 %
General	619,812	586,683	33,129	5.65 %
Tenant services	641,831	704,647	(62,816)	(8.91)%
Housing assistance payments	24,298,568	23,770,961	527,607	2.22 %
Depreciation	1,785,358	1,568,095	217,263	13.86 %
Non-operating expenses:				
Interest expense	<u>1,105,914</u>	<u>1,134,676</u>	<u>(28,762)</u>	(2.53)%
Total expenses	<u>40,246,670</u>	<u>37,887,433</u>	<u>2,359,237</u>	6.23 %
Change in net position	<u>2,600,007</u>	<u>39,013,958</u>	<u>(36,413,951)</u>	(93.34)%
Net position, beginning	<u>104,845,868</u>	<u>65,831,910</u>	<u>39,013,958</u>	59.26 %
Net position, ending	<u>\$ 107,445,875</u>	<u>\$ 104,845,868</u>	<u>\$ 2,600,007</u>	2.48 %

As noted previously, \$7,580,220 and \$6,823,178 of HAP received from HUD by the Authority and paid to Authority-owned properties is eliminated from financial statement presentation for fiscal years 2020 and 2019, respectively.

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, 2020, increased by \$2,600,007 from the June 30, 2019.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Changes in Capital Assets

The following presents the changes in fixed assets (net of accumulated depreciation) at June 30, 2020, versus the prior fiscal year.

**Housing Authority of the City of Alameda
Changes in Capital Assets
(Net of Accumulated Depreciation)
June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Land	\$ 58,219,779	\$ 58,219,779	\$ -	- %
Construction in progress	103,890	24,190	79,700	329.47 %
Buildings and improvements	48,248,833	47,807,431	441,402	0.92 %
Equipment	<u>477,444</u>	<u>400,838</u>	<u>76,606</u>	19.11 %
Total capital assets	107,049,946	106,452,238	597,708	0.56 %
Accumulated depreciation	<u>(30,167,869)</u>	<u>(28,382,511)</u>	<u>(1,785,358)</u>	6.29 %
Capital assets, net of accumulated depreciation	<u>\$ 76,882,077</u>	<u>\$ 78,069,727</u>	<u>\$ (1,187,650)</u>	(1.52)%

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, 2020, versus the prior fiscal year.

**Housing Authority of the City of Alameda
Changes in Long-Term Debt
June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Notes and bonds payable	<u>\$ 24,668,230</u>	<u>\$ 25,744,879</u>	<u>\$ (1,076,649)</u>	(4.18)%

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, 2020**

Unfunded Pension Liability

In 2016, \$1,000,000 was paid to CalPERS for retirement costs associated with the Authority's pension liability. In May 2020, the Board of Commissioners approved an additional discretionary payment of \$1,000,000 to prefund pension liabilities by June 30, 2020, and directed the Authority's staff to fund the balance of the unfunded pension liability through the soft-fresh start payment mechanism.

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 are 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, 2020, the Authority's expenses associated with the Housing Choice Voucher Program exceeded its revenues by \$893,997. For the 2019 fiscal year, the Authority's expenses for the Housing Choice Voucher Program exceeded its revenues by \$108,700. These excesses of expenses over revenues were funded by a reduction in the Authority's net position for the Housing Choice Voucher Program.

On March 11, 2020, the World Health Organization declared an outbreak of a strain of novel coronavirus a pandemic. As a result, economic uncertainties have arisen which may negatively impact rental operations. Furthermore, during the fiscal year ended June 30, 2020, and after, HUD provided additional funding pursuant to the Coronavirus Aid, Relief, and Economic Security Act.

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, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents - unrestricted	\$ 27,449,884	\$ 1,571,493	\$ -
Cash and cash equivalents - restricted	1,268,773	326,006	-
Cash and cash equivalents - restricted - tenant security deposits	618,887	41,500	-
Investments	-	-	1,236,662
Due from other agencies	2,514,272	-	-
Tenant accounts receivable, net	116,003	-	-
Other accounts receivable, net	4,863	99,819	-
Interest receivable	47,682	-	-
Prepaid expenses and other current assets	<u>229,437</u>	<u>5,827,620</u>	<u>-</u>
Total current assets	<u>32,249,801</u>	<u>7,866,438</u>	<u>1,236,662</u>
Noncurrent assets:			
Notes receivable	31,224,401	-	-
Net OPEB asset	177,510	-	-
Capital assets, net	<u>76,882,077</u>	<u>27,823,398</u>	<u>-</u>
Total noncurrent assets	<u>108,283,988</u>	<u>27,823,398</u>	<u>-</u>
Total assets	<u>140,533,789</u>	<u>35,689,836</u>	<u>1,236,662</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension plan	2,322,160	-	-
OPEB plan	<u>58,906</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>2,381,066</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 142,914,855</u>	<u>\$ 35,689,836</u>	<u>\$ 1,236,662</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, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 988,577	\$ 57,917	\$ -
Tenant security deposits	581,499	41,500	-
Other accrued liabilities	321,839	186,232	-
Interest payable	1,075,205	858,796	-
Compensated absences, current portion	187,022	-	-
Notes and bonds payable, current portion	<u>1,100,346</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>4,254,488</u>	<u>1,144,445</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences, net of current portion	141,357	-	-
FSS escrows	73,831	-	-
Prepaid ground lease	3,317,290	-	-
Prepaid tenant rents	57,833	-	-
Net pension liability	2,454,725	-	-
Notes and bonds payable, net of current portion	<u>23,567,884</u>	<u>20,675,495</u>	<u>-</u>
Total noncurrent liabilities	<u>29,612,920</u>	<u>20,675,495</u>	<u>-</u>
Total liabilities	<u>33,867,408</u>	<u>21,819,940</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension plan	390,639	-	-
OPEB plan	<u>1,210,933</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>1,601,572</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>			
Net investment in capital assets	52,213,847	-	-
Restricted	1,232,330	-	-
Unrestricted	<u>53,999,698</u>	<u>13,869,896</u>	<u>1,236,662</u>
Total net position	<u>107,445,875</u>	<u>13,869,896</u>	<u>1,236,662</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 142,914,855</u>	<u>\$ 35,689,836</u>	<u>\$ 1,236,662</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, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>
Operating revenues:			
Grants income	\$ 38,028,840	\$ -	\$ -
Rental income	3,784,594	1,035,412	-
Other operating income	<u>458,798</u>	<u>271,553</u>	<u>-</u>
Total operating revenues	<u>42,272,232</u>	<u>1,306,965</u>	<u>-</u>
Operating expenses:			
Administration	7,921,167	329,616	584
Utilities	1,195,788	31,457	-
Maintenance	2,386,291	93,077	-
Protective services	291,941	-	-
General	619,812	250,553	-
Tenant services	641,831	-	-
Housing assistance payments	24,298,568	-	-
Depreciation	<u>1,785,358</u>	<u>843,528</u>	<u>-</u>
Total operating expenses	<u>39,140,756</u>	<u>1,548,231</u>	<u>584</u>
Operating income (loss)	<u>3,131,476</u>	<u>(241,266)</u>	<u>(584)</u>
Non-operating revenues (expenses):			
Interest income	433,945	-	42,246
Gain on insurance proceeds	140,500	-	-
Equity contributions	-	14,637,897	-
Interest expense	<u>(1,105,914)</u>	<u>(825,648)</u>	<u>-</u>
Net non-operating revenue (expenses)	<u>(531,469)</u>	<u>13,812,249</u>	<u>42,246</u>
Change in net position	2,600,007	13,570,983	41,662
Net position, beginning of year	<u>104,845,868</u>	<u>298,913</u>	<u>1,195,000</u>
NET POSITION, END OF YEAR	<u>\$ 107,445,875</u>	<u>\$ 13,869,896</u>	<u>\$ 1,236,662</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Primary Government</u>
Cash flows from operating activities:	
Grants received	\$ 36,376,788
Cash received from tenants	3,772,379
Other miscellaneous cash receipts	662,670
Cash payments to suppliers and landlords	(29,725,062)
Cash payments to employees	<u>(8,116,331)</u>
Net cash provided by operating activities	<u>2,970,444</u>
Cash flows from capital and related financing activities:	
Interest paid on long-term debt	(1,048,798)
Principal paid on notes payable	(1,076,649)
Acquisition of fixed assets	(607,184)
Gain on sale of capital assets	9,476
Collection of insurance proceeds	<u>140,500</u>
Net cash used in capital and related financing activities	<u>(2,582,655)</u>
Cash flows from investing activities:	
Collection of notes receivable	41,803
Issuance of notes receivable	(4,122,569)
Interest received from investments	<u>487,742</u>
Net cash used in investing activities	<u>(3,593,024)</u>
Net decrease in cash	(3,205,235)
Cash and cash equivalents - beginning	<u>32,542,779</u>
Cash and cash equivalents - end	<u>\$ 29,337,544</u>
Cash reconciliation as reported on the statements of net position:	
Cash and cash equivalents - unrestricted	27,449,884
Cash and cash equivalents - restricted	1,268,773
Cash and cash equivalents - restricted - tenant security deposits	<u>618,887</u>
	<u>\$ 29,337,544</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, 2020**

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,131,476
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,785,358
Pension and OPEB expense	(819,717)
<i>(Increase) decrease in assets:</i>	
Due from other agencies	(1,779,345)
Tenant accounts receivable, net	96,947
Other accounts receivable, net	550,426
Prepaid expenses	(91,193)
Inventory	9,810
<i>Increase (decrease) in liabilities:</i>	
Accounts payable	93,735
Accounts payable to other agencies	(26,389)
Tenant security deposits	(104,254)
Accrued liabilities	231,629
Accrued compensated absences	78,519
Prepaid rents and leases	(149,969)
Other noncurrent liabilities	<u>(36,589)</u>
Net cash provided by operating activities	<u>\$ 2,970,444</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2019, 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. 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 started 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 that 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, 2020

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 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 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. During 2020, the Authority sold an additional property, Independence Plaza, to AAHC. 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, 2020

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, 2020

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 the U.S. Department of Housing and Urban Development ("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 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.

Unearned Revenue

Total unearned revenue of \$3,375,123 consists of a prepaid ground lease of \$3,317,290 and prepaid tenant rents of \$57,833 as of June 30, 2020. See additional information on ground lease in Note 10.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021 for the fiscal year ended June 30, 2020.

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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB pronouncements not yet effective (continued)

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.

The requirements of GASB No. 87 are effective for reporting periods beginning after December 15, 2021. 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.

Eliminations

The following inter-program balances have been eliminated as of June 30, 2020:

Due From

Housing Choice Vouchers	\$ 153,818
Family Self-Sufficiency	25,331
Mod Rehab SRO	1,699
Shelter Plus Care	6
State and Local	50,392,856
AAHC - Blended Component Unit	<u>3,710</u>
	<u>\$ 50,577,420</u>

Due To

Housing Choice Vouchers	\$ 2,791,541
Family Self-Sufficiency	58,911
Shelter Plus Care	126,413
State and Local	275,555
AAHC - Blended Component Unit	<u>47,325,000</u>
Net capital assets	<u>\$ 50,577,420</u>

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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

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, 2020, are as follows:

Unrestricted	\$ 27,449,884
Restricted	<u>1,887,660</u>
Total cash and cash equivalents	<u>\$ 29,337,544</u>

The bank balance of cash and cash equivalents consists of \$9,170,656 maintained on deposit in two banks, \$1,194,942 maintained by loan servicing agencies, \$11,547,032 deposited in the State of California Local Agency Investment Fund ("LAIF"), \$7,479,028 deposited in the California Asset Management Program ("CAMP"), and \$700 in petty cash. Of the amounts on deposit with banks, \$500,000 is covered by federal deposit insurance. The remaining balance of \$8,670,656 is collateralized by governmental securities with a market value of 110% of the deposit or with first deed mortgages with a value of 150% of the uninsured amount.

The \$1,194,942 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, 2020

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, 2020

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, 2020

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	\$ 11,547,032	\$ -	\$ -	\$ 11,547,032
CAMP	7,479,028	-	-	7,479,028
Total cash equivalents	<u>\$ 19,026,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,026,060</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, 2020, 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	\$11,547,032
CAMP	\$7,479,028

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, 2020, 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, 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, 2020

NOTE 3. CAPITAL ASSETS

Primary government

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2020:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
Non-depreciable assets:				
Land	\$ 58,219,779	\$ -	\$ -	\$ 58,219,779
Construction in progress	<u>24,190</u>	<u>89,176</u>	<u>(9,476)</u>	<u>103,890</u>
Total non-depreciable assets	<u>58,243,969</u>	<u>89,176</u>	<u>(9,476)</u>	<u>58,323,669</u>
Depreciable assets:				
Buildings and improvements	47,807,431	441,402	-	48,248,833
Equipment	<u>400,838</u>	<u>76,606</u>	<u>-</u>	<u>477,444</u>
Total depreciable assets	48,208,269	518,008	-	48,726,277
Accumulated depreciation	<u>(28,382,511)</u>	<u>(1,785,358)</u>	<u>-</u>	<u>(30,167,869)</u>
Net depreciable assets	<u>19,825,758</u>	<u>\$ (1,267,350)</u>	<u>\$ -</u>	<u>18,558,408</u>
Total capital assets, net	<u>\$ 78,069,727</u>			<u>\$ 76,882,077</u>

Discretely presented component unit

The following is a summary of the discretely presented component unit's capital assets as of December 31, 2019:

Land improvements	\$ 2,170,596
Building and improvements	26,161,709
Furniture and equipment	<u>512,067</u>
Gross capital assets	28,844,372
Less: accumulated depreciation	<u>(1,020,974)</u>
Net capital assets	<u>\$ 27,823,398</u>

NOTE 4. NOTES RECEIVABLE

At June 30, 2020, the Authority's notes receivable balance was \$31,224,401. 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, 2020

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.

The Authority had the following notes receivable outstanding at June 30, 2020:

Notes receivable - other

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, 2020, was \$1,408,790.

Effective March 9, 2007, [Individuals names are redacted] entered into a promissory note with the City (and therefore the Successor Agency per the Recognized Obligation Payment Schedule ("ROPS")) for \$23,600 for the property at 338 Ansel Avenue. On April 30, 2019, [Individuals names are redacted] 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, 2020, was \$23,600.

Effective December 18, 2007, [Individuals names are redacted] 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, [Individuals names are redacted] 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, 2020, was \$31,800.

Effective January 23, 2008, [Redacted] 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, 2020, 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, 2020, was \$1,352,316.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, 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, 2020, was \$113,105.

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, 2020, 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, 2020, was \$201,067.

Effective April 16, 2013, [Redacted] 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, 2020, was \$2,248.

Effective June 10, 2013, [Redacted] 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 was paid off in full during 2020.

Effective August 1, 2013, [Redacted] 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, 2020, was \$7,676.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4. NOTES RECEIVABLE (CONTINUED)

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, 2020, 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, 2020, 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, 2020, was \$3,410,000. See related ground lease in Note 10.

Effective November 1, 2019, MidPen Housing Corporation entered into a promissory note with the Authority for the amount of \$92,569. The note accrued simple interest at 3% annually beginning on November 1, 2021. The entire amount of outstanding principal and accrued interest is due and payable on November 1, 2024. The outstanding balance on the note at June 30, 2020, was \$92,569.

Notes receivable - ICD

The Authority has the following notes receivable outstanding with Island City Development at June 30, 2020:

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. During 2020, Island City Development entered into an amended note, increasing the note to \$2,500,000. 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, 2020, was \$2,246,930.

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, 2020, was \$2,872,500.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4. NOTES RECEIVABLE (CONTINUED)

Effective October 23, 2017, Island City Development entered into a promissory note with the Authority for the amount of \$3,700,000 for the North Housing Project. The note accrues simple interest at 3% annually beginning on January 1, 2022. The entire amount of outstanding principal and accrued interest is due and payable on December 31, 2074. During 2020, Island City Development entered into an amended note, increasing the note to \$3,830,000. The outstanding balance on the note at June 30, 2020, was \$3,830,000.

The Authority had the following notes receivable outstanding at June 30, 2020:

	Amount
Notes receivable - other	\$ 22,274,971
Notes receivable - ICD	8,949,430
	\$ 31,224,401

NOTE 5. LONG-TERM DEBT

Primary government

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020	Current Portion
Bonds payable:					
PNC Bank	\$ 4,976,154	\$ -	\$ (196,186)	\$ 4,779,968	\$ 207,182
Notes payable:					
NorthMarq Capital	13,256,243	-	(247,748)	13,008,495	262,061
NorthMarq Capital	4,827,442	-	(606,420)	4,221,022	629,555
City of Alameda	1,742,389	-	(44)	1,742,345	1,548
County of Alameda	942,650	-	(26,250)	916,400	-
	\$ 25,744,878	\$ -	\$ (1,076,648)	\$ 24,668,230	\$ 1,100,346

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:

Year Ending June 30:	Principal Payments	Interest Payments	Total Payments
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
2025	1,322,443	756,300	2,078,743
Thereafter	18,624,583	10,770,073	29,394,656
	\$ 24,668,230	\$ 15,186,805	\$ 39,855,035

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5. LONG-TERM DEBT (CONTINUED)

Primary government (continued)

A description of the debt recorded at June 30, 2020, 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 \$4,779,968 at June 30, 2020.

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 was paid off during 2020.

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, 2020, was \$218,645.

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, 2020, 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, 2020, 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, 2020, was \$380,000.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes payable (continued)

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, 2020, was \$536,400.

A promissory note agreement for \$96,000 was entered into with the City on November 21, 2013, for the Anne B. Diament 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, 2020, was \$96,000.

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, 2020, was \$13,008,495.

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, 2020, was \$4,221,022.

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, are 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, 2020, was \$575,000.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5. LONG-TERM DEBT (CONTINUED)

Discretely presented component unit

The following is a summary of term debt for the year ended December 31, 2019:

AHA Rosefield loan	\$ 2,000,000
AHA North Housing loan	700,000
Compass Bank	2,348,793
City of Alameda	195,740
AHA	3,600,000
AHA	3,410,000
JPMorgan Chase Bank, N.A.	3,320,768
City of Alameda	153,282
AHA	4,250,000
County of Alameda	<u>950,000</u>
Total notes payable	20,928,583
Less: unamortized debt issuance costs	<u>(253,088)</u>
Total notes payable, net	<u>\$ 20,675,495</u>

AHA Rosefield loan: Unsecured promissory note payable to AHA for the purpose of funding preacquisition efforts of a project known as Rosefield Village in the original loan amount of \$1,000,000, with interest accruing at a rate of 3.00% commencing January 1, 2018. During 2019, the loan agreement was amended, increasing the maximum loan to \$2,000,000 with interest accruing at 3.00% retroactively commencing January 1, 2021. All unpaid principal and interest is due December 31, 2026.

AHA North Housing loan: Unsecured promissory note payable to AHA for the purpose of funding preacquisition efforts of a project known as North Housing in the original loan amount of \$300,000, with interest accruing at a rate of 3.00% commencing January 1, 2024. During 2018, the loan agreement was amended to a maximum amount of \$3,700,000. All unpaid principal and interest is due December 31, 2074.

Note payable to Compass Bank, an Alabama banking corporation, provides construction financing in the maximum amount of \$10,322,328. The note is secured by a construction and permanent leasehold deed of trust with absolute assignment of leases and rents, security agreement and fixture filing. The note provides for interest only payments based on one-month LIBOR plus 1.80% per annum through the conversion date. The interest rate was 4.15% at December 31, 2018. In February 2019, the construction loan was partially paid off with the Limited Partner's capital contributions, with the remaining balance converted into a permanent loan of \$2,429,400 with California Community Reinvestment Corporation ("CCRC"). The Partnership entered into a promissory note agreement with CCRC for the permanent loan, with an interest rate of 5.39%, which requires monthly payments of principal and interest, and matures on March 1, 2034.

Note payable to the City of Alameda, secured by a subordinate deed of trust, borrowings up to \$195,740, simple interest at 3.00% per annum, payable from Residual Receipts and unpaid principal and interest are due on April 1, 2073.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5. LONG-TERM DEBT (CONTINUED)

Discretely presented component unit (continued)

Note payable to AHA, in the original amount of \$3,600,000, secured by a leasehold deed of trust, assignment of rents, and security agreement, interest at 2.26%, compounded annually; principal and interest payable annually from Residual Receipts; as defined, unpaid principal and interest are due December 31, 2073.

Note payable to AHA, in the original amount of \$3,410,000, secured by a leasehold deed of trust, assignment of rents, and security agreement, interest at 2.26%, compounded annually; principal and interest payable annually from Residual Receipts; unpaid principal and interest are due December 31, 2073.

Note payable to JPMorgan Chase Bank, N.A., a national banking association, provides construction financing in the maximum amount of \$9,858,528. The note is secured by a construction and deed of trust, assignment of rents, security agreement and fixture filing. The note provides for interest-only payments based on adjusted one-month LIBOR plus 1.85% per annum through the conversion date (4.35% as if December 31, 2018). In July 2019, the construction loan was partially repaid and concurrently converted to a \$3,330,168 permanent loan that bears interest of 5.55% that requires monthly payments of principal and interest of \$17,993. The note matures on September 21, 2039.

Note payable to the City of Alameda, secured by a subordinated leasehold deed of trust, assignment of rents, security agreement and fixture filing, borrowings up to \$153,282, simple interest at 3.00%, payable from residual receipts; unpaid principal and interest are due on December 31, 2074.

Note payable to the City of Alameda, secured by a subordinated leasehold deed of trust, assignment of rents, security agreement and fixture filing, borrowings up to \$153,282, simple interest at 3.00%, payable from residual receipts; unpaid principal and interest are due on December 31, 2074.

Note payable to AHA, in the original amount of \$4,250,000 secured by a leasehold deed of trust, assignment of rents, and security agreement and fixture filing, interest at 2.68%, compounded annually; principal and interest payable annually from residual receipts; unpaid principal and interest are due December 31, 2074.

Note payable to County of Alameda (County Loan), in the maximum amount of \$1,000,000, secured by a subordinated leasehold deed of trust, assignment of rents, security agreement and fixture filing, simple interest at 3.00%, payable from residual receipts and unpaid principal and interest are due on December 31, 2074.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5. LONG-TERM DEBT (CONTINUED)

Discretely presented component unit (continued)

Principal payments on notes payable are required as follows:

Year Ending December 31:	Amount
2020	\$ 141,947
2021	150,396
2022	158,784
2023	167,640
2024	176,478
Thereafter	<u>20,133,338</u>
	<u>\$ 20,928,583</u>

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 \$187,022 and noncurrent compensated absences of \$141,357 for a total of \$328,379 as of June 30, 2020.

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 6/30/2019	Additions	Reductions	Balance 6/30/2020	Due Within One Year
Compensated absences	\$ <u>249,860</u>	\$ <u>78,519</u>	\$ <u>-</u>	\$ <u>328,379</u>	\$ <u>187,022</u>

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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. PENSION PLAN (CONTINUED)

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 are applied as specified by the Public Employees' Retirement Law.

The plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous Plan	
	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	6.902%	6.500%
Required employer contribution rates	10.152%	7.266%

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 \$436,954.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions - The Authority's net pension liability of \$2,454,725 is measured as the proportionate share of the net pension liability of \$4,004,500,996 (or 0.023955%). The net pension liability is measured as of June 30, 2019, 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, 2019, 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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. PENSION PLAN (CONTINUED)

For the measurement period ended June 30, 2019, the Authority recognized pension expense of \$996,386 for the plan. At June 30, 2020, 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	\$ 170,491	\$ 13,210
Changes of assumptions	117,053	41,494
Difference between projected and actual earnings on pension plan investments	-	42,916
Difference between contribution and proportionate share of contribution	-	293,019
Adjustment due to differences in proportions	485,101	-
Pension contributions subsequent to the measurement date	1,549,515	-
Total	\$ 2,322,160	\$ 390,639

The \$1,549,515 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, 2021 (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>Year Ended June 30:</u>	Deferred Outflows (Inflows) of Resources
2021	\$ 1,842,749
2022	56,328
2023	23,772
2024	8,672
2025	-
Thereafter	-

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

- The total pension liabilities were determined using the following assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service 7.15%, net of pension plan investment and administrative expenses; includes inflation
Investment rate of return	Derived using CalPERS' Membership Data for all funds
Mortality Rate (1)	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.5% thereafter
Post Retirement Benefit Increase	thereafter

(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.

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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7. PENSION PLAN (CONTINUED)

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 %	1.00 %	2.62 %
Inflation Assets	- %	0.77 %	1.81 %
Private Equity	8.00 %	6.30 %	7.23 %
Real Estate	13.00 %	3.75 %	4.93 %
Liquidity	<u>1.00 %</u>	- %	(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, 2020	\$ <u>4,960,977</u>	\$ <u>2,454,725</u>	\$ <u>385,992</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, 2020**

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><u>54</u></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, 2020

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

Actuarial Methods and Assumptions

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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 2020. Decreasing 0.25% per year until ultimate rate of 5.00% is reached in 2028

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, 2019. 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, 2019, 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, 2020

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, 2019:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Balance at June 30, 2018	\$ 941,112	\$ 1,051,622	\$ (110,510)
Service cost	56,628	-	56,628
Interest	70,891	-	70,891
Differences between expected and actual experience	(2,338)	-	(2,338)
Changes of assumptions	-	-	-
Net investment income	-	68,342	(68,342)
Benefit payments	(48,803)	(48,803)	-
Contributions - employer	-	124,079	(124,079)
Contributions - employee	-	-	-
Administrative expense	-	(240)	240
Changes of benefit terms	-	-	-
Net changes	<u>76,378</u>	<u>143,378</u>	<u>(67,000)</u>
Balance at June 30, 2019	\$ <u>1,017,490</u>	\$ <u>1,195,000</u>	\$ <u>(177,510)</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.

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%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability (asset)	\$ <u>(43,774)</u>	\$ <u>(177,510)</u>	\$ <u>(287,762)</u>

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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)	\$ (249,407)	\$ (177,510)	\$ 42,153

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

- For the year ended June 30, 2020, the Authority recognized an OPEB income of \$172,398. At June 30, 2020, 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	\$ -	\$ 285,536
Changes in assumptions	-	925,397
Net difference between projected and actual earnings	13,519	-
Contributions to OPEB plan after measurement date (June 30, 2019)	45,387	-
Total	\$ 58,906	\$ 1,210,933

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, 2019, will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. 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>Measurement period Ending June 30:</u>	<u>Amount</u>
2020	\$ (175,529)
2021	(220,914)
2022	(224,938)
2023	(223,857)
2024	(185,385)
Thereafter	(121,404)

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, 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.

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.

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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10. GROUND LEASES (CONTINUED)

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 for the entire term. Prepaid rent for the entire lease term of \$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. At June 30, 2020, the unamortized balance was \$3,317,290, which is reflected in the accompanying statement of net position as prepaid ground lease.

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.

On May 1, 2018, the Authority entered into a ground lease agreement with AAHC, for the property known as Anne B. Diament 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 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 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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10. GROUND LEASES (CONTINUED)

At June 30, 2020, the future rental income required under the lease agreements entered into by the Authority are as follows:

<u>Fiscal Year Ending:</u>	<u>Amount</u>
2021	\$ 45,324
2022	45,324
2023	45,324
2024	45,324
2025	45,324
Thereafter	<u>3,956,396</u>
	<u>\$ 4,183,016</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 the 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.

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, 2019, 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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11. JOINT POWERS AGREEMENTS (CONTINUED)

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 assets, 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, 2020, 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 July 22, 2021, 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. Effective July 2021, Esperanza Plaza was transferred from the Authority to AAHC.

NOTE 14. ECONOMIC UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a strain of coronavirus ("COVID-19") a pandemic. As a result, economic uncertainties have arisen which may negatively impact rental operations. Other financial and operational impacts could occur, though such potential impact is unknown at this time. No adjustments or provisions were made in these financial statements related to uncertainties which have arisen or which may arise in the future due to COVID-19.

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***

Measurement date	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
	0.023955 %	0.021089 %	0.021448 %	0.019472 %	0.027020 %	0.030130 %
Authority's proportionate share of the net pension liability	\$ 2,454,725	\$ 2,032,192	\$ 2,127,040	\$ 1,684,952	\$ 1,854,640	\$ 1,871,494
Authority's covered-employee payroll	\$ 3,464,574	\$ 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	70.85 %	50.42 %	54.44 %	61.21 %	51.04 %	68.87 %
Plan fiduciary net position as a percentage of the total pension liability	75.30 %	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 436,954	\$ 381,431	\$ 336,127	\$ 1,322,171	\$ 1,393,004	\$ 300,316
Contributions in relation to the actuarially determined contribution	<u>(436,954)</u>	<u>(381,431)</u>	<u>(336,127)</u>	<u>(1,322,171)</u>	<u>(1,393,004)</u>	<u>(1,393,004)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,092,688)</u>
Authority's covered-employee payroll	\$ 3,464,574	\$ 4,030,351	\$ 3,906,839	\$ 2,752,784	\$ 2,717,587	\$ 2,717,587
Contributions as a percentage of covered-employee payroll	12.61 %	9.46 %	8.60 %	48.03 %	51.26 %	51.26 %

*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>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 56,628	\$ 56,590	\$ 162,835
Interest	70,891	89,980	74,812
Differences between expected and actual experience	(2,338)	(348,070)	(3,275)
Changes of assumptions	-	(17,137)	(1,482,802)
Benefit payments, including refunds of employee contributions	<u>(48,803)</u>	<u>(38,634)</u>	<u>(30,448)</u>
Net change in total OPEB liability	76,378	(257,271)	(1,278,878)
Total OPEB liability - beginning	<u>941,112</u>	<u>1,198,383</u>	<u>2,477,261</u>
Total OPEB liability - ending	<u>\$ 1,017,490</u>	<u>\$ 941,112</u>	<u>\$ 1,198,383</u>
 <u>Plan fiduciary net position</u>			
Contributions - employer	\$ 124,079	\$ 38,634	\$ 1,012,388
Net investment income (loss)	68,342	76,420	(6,213)
Benefit payments, including refunds of employee contributions	(48,803)	(38,634)	(30,448)
Administrative expense	<u>(240)</u>	<u>(520)</u>	<u>(5)</u>
Net change in plan fiduciary net position	143,378	75,900	975,722
Plan fiduciary net position - beginning	<u>1,051,622</u>	<u>975,722</u>	<u>-</u>
Plan fiduciary net position - ending	<u>\$ 1,195,000</u>	<u>\$ 1,051,622</u>	<u>\$ 975,722</u>
Authority's net OPEB liability (asset)	<u>\$ (177,510)</u>	<u>\$ (110,510)</u>	<u>\$ 222,661</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	117.45 %	111.74 %	81.42 %
Covered payroll	<u>\$ 3,464,574</u>	<u>\$ 4,030,351</u>	<u>\$ 3,906,839</u>
Authority's net OPEB liability (asset) as a percentage of covered payroll	(5.12)%	(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:

No changes noted.

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>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 60,751	\$ 78,605	\$ 128,377
Contributions in relation to the actuarially determined contribution	<u>(124,079)</u>	<u>(38,634)</u>	<u>(1,012,388)</u>
Contribution deficiency (excess)	<u>\$ (63,328)</u>	<u>\$ 39,971</u>	<u>\$ (884,011)</u>
Authority's covered-employee payroll	\$ 3,464,574	\$ 4,030,351	\$ 3,906,839
Contributions as a percentage of covered-employee payroll	3.58 %	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.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Balance Sheet
June 30, 2020

	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	Cares Act Funding	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
111 Cash - Unrestricted	\$ 46,304	\$ 43,586	\$ 62,966	\$ -	\$ 6,194,877	\$ 1,849,503	\$ -	\$ 8,197,236	\$ -	\$ 8,197,236	\$ 1,571,493	\$ -	\$ 9,768,729
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	326,006	-	326,006
113 Cash - Other Restricted	73,831	-	-	-	816,601	378,341	-	1,268,773	-	1,268,773	-	-	1,268,773
114 Cash - Tenant Security Deposits	-	-	-	-	381,032	237,855	-	618,887	-	618,887	41,500	-	660,387
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
100 Total Cash	120,135	43,586	62,966	-	7,392,510	2,465,699	-	10,084,896	-	10,084,896	1,938,999	-	12,023,895
121 Accounts Receivable - PHA Projects	188,220	-	-	-	-	-	-	188,220	-	188,220	-	-	188,220
122 Accounts Receivable - HUD Other Projects	264,323	13,629	9,307	-	-	-	-	287,259	-	287,259	-	-	287,259
124 Accounts Receivable - Other Government	-	-	-	211,790	1,755,098	71,905	-	2,038,793	-	2,038,793	-	-	2,038,793
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	4,138	-	4,138	-	4,138	99,819	-	103,957
126 Accounts Receivable - Tenants	-	-	-	-	197,233	26,375	-	223,608	-	223,608	-	-	223,608
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	(97,973)	(9,632)	-	(107,605)	-	(107,605)	-	-	(107,605)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	49,115,000	-	-	49,115,000	(49,115,000)	-	-	-	-
128 Fraud Recovery	8,721	-	-	-	21,834	-	-	30,555	-	30,555	-	-	30,555
128.1 Allowance for Doubtful Accounts - Fraud	(8,721)	-	-	-	(21,109)	-	-	(29,830)	-	(29,830)	-	-	(29,830)
129 Accrued Interest Receivable	6	-	-	-	47,676	-	-	47,682	-	47,682	-	-	47,682
120 Total Receivables, Net of Allowances for Doubtful Accounts	452,549	13,629	9,307	211,790	51,017,759	92,786	-	51,797,820	(49,115,000)	2,682,820	99,819	-	2,782,639
131 Investments - Unrestricted	-	-	-	-	19,252,648	-	-	19,252,648	-	19,252,648	-	1,236,662	20,489,310
132 Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	9,597	-	-	-	176,226	43,614	-	229,437	-	229,437	5,827,620	-	6,057,057
143 Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
144 Inter Program Due From	153,818	25,331	1,699	6	1,277,856	3,710	-	1,462,420	(1,462,420)	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
150 Total Current Assets	736,099	82,546	73,972	211,796	79,116,999	2,605,809	-	82,827,221	(50,577,420)	32,249,801	7,866,438	1,236,662	41,352,901
161 Land	-	-	-	-	56,059,854	2,159,925	-	58,219,779	-	58,219,779	2,170,596	-	60,390,375
162 Buildings	-	-	-	-	18,771,490	14,974,323	-	33,745,813	-	33,745,813	26,161,709	-	59,907,522
163 Furniture, Equipment & Machinery - Dwellings	36,429	-	-	-	272,755	45,890	-	355,074	-	355,074	-	-	355,074
164 Furniture, Equipment & Machinery - Administration	5,684	-	-	-	116,686	-	-	122,370	-	122,370	512,067	-	634,437
165 Leasehold Improvements	-	-	-	-	7,983,273	6,519,747	-	14,503,020	-	14,503,020	-	-	14,503,020
166 Accumulated Depreciation	(37,192)	-	-	-	(17,619,346)	(12,511,331)	-	(30,167,869)	-	(30,167,869)	(1,020,974)	-	(31,188,843)
167 Construction in Progress	-	-	-	-	89,225	14,665	-	103,890	-	103,890	-	-	103,890
168 Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	4,921	-	-	-	65,673,937	11,203,219	-	76,882,077	-	76,882,077	27,823,398	-	104,705,475
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	31,224,401	-	-	31,224,401	-	31,224,401	-	-	31,224,401
172 Notes, Loans, and Mortgages Receivable - Non-Current - Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-
174 Other Assets	46,153	1,775	-	-	110,056	19,526	-	177,510	-	177,510	-	-	177,510
176 Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	51,074	1,775	-	-	97,008,394	11,222,745	-	108,283,988	-	108,283,988	27,823,398	-	136,107,386
200 Deferred Outflow of Resources	619,077	23,811	-	-	1,476,261	261,917	-	2,381,066	-	2,381,066	-	-	2,381,066
290 Total Assets and Deferred Outflow of Resources	\$ 1,406,250	\$ 108,132	\$ 73,972	\$ 211,796	\$ 177,601,654	\$ 14,090,471	\$ -	\$ 193,492,275	\$ (50,577,420)	\$ 142,914,855	\$ 35,689,836	\$ 1,236,662	\$ 179,841,353

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Balance Sheet
June 30, 2020

		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	Cares Act Funding	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -			\$ -
312	Accounts Payable <= 90 Days	162,293	460	2,418	1,377	580,411	240,280	-	987,239		987,239	-		987,239
313	Accounts Payable >90 Days Past Due	-	-	-	-	1,338	-	-	1,338		1,338	-		1,338
321	Accrued Wage/Payroll Taxes Payable	40,686	-	-	-	71,230	23,976	-	135,892		135,892	-		135,892
322	Accrued Compensated Absences - Current Portion	60,759	-	-	-	84,490	41,773	-	187,022		187,022	-		187,022
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-		-	-		-
325	Accrued Interest Payable	-	-	-	-	641,617	433,588	-	1,075,205		1,075,205	858,796		1,934,001
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-		-	-		-
332	Account Payable - PHA Projects	-	-	-	-	-	-	-	-		-	-		-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-		-	-		-
341	Tenant Security Deposits	-	-	-	-	365,380	216,119	-	581,499		581,499	41,500		622,999
342	Unearned Revenue	47,765	-	-	-	3,317,290	10,068	-	3,375,123		3,375,123	-		3,375,123
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	470,791	629,555	-	1,100,346		1,100,346	-		1,100,346
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-	-	-	-		-	-		-
345	Other Current Liabilities	1,790,000	-	-	-	-	47,325,000	-	49,115,000	(49,115,000)	-	-		-
346	Accrued Liabilities - Other	185,947	-	-	-	-	-	-	185,947		185,947	244,149		430,096
347	Inter Program - Due To	1,001,541	58,911	-	126,413	275,555	-	-	1,462,420	(1,462,420)	-	-		-
348	Loan Liability - Current	-	-	-	-	-	-	-	-		-	-		-
310	Total Current Liabilities	3,288,991	59,371	2,418	127,790	5,808,102	48,920,359	-	58,207,031	(50,577,420)	7,629,611	1,144,445	-	8,774,056
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	19,310,417	4,257,467	-	23,567,884		23,567,884	20,675,495		44,243,379
352	Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-		-	-		-
353	Non-Current Liabilities - Other	73,831	-	-	-	-	-	-	73,831		73,831	-		73,831
354	Accrued Compensated Absences - Non-Current	51,549	-	-	-	70,227	19,581	-	141,357		141,357	-		141,357
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-		-	-		-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-		-	-		-
357	Accrued Pension and OPEB Liabilities	638,229	24,547	-	-	1,521,929	270,020	-	2,454,725		2,454,725	-		2,454,725
350	Total Non-Current Liabilities	763,609	24,547	-	-	20,902,573	4,547,068	-	26,237,797	-	26,237,797	20,675,495	-	46,913,292
300	Total Liabilities	4,052,600	83,918	2,418	127,790	26,710,675	53,467,427	-	84,444,828	(50,577,420)	33,867,408	21,819,940	-	55,687,348
400	Deferred Inflow of Resources	416,409	16,016	-	-	992,974	176,173	-	1,601,572		1,601,572	-		1,601,572
508.4	Net Investment in Capital Assets	4,921	-	-	-	45,892,729	6,316,197	-	52,213,847		52,213,847	-	-	52,213,847
511.4	Restricted Net Position	-	-	-	-	832,253	400,077	-	1,232,330		1,232,330	-	-	1,232,330
512.4	Unrestricted Net Position	(3,067,680)	8,198	71,554	84,006	103,173,023	(46,269,403)	-	53,999,698		53,999,698	13,869,896	1,236,662	69,106,256
513	Total Equity - Net Assets / Position	(3,062,759)	8,198	71,554	84,006	149,898,005	(39,553,129)	-	107,445,875	-	107,445,875	13,869,896	1,236,662	122,552,433
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 1,406,250	\$ 108,132	\$ 73,972	\$ 211,796	\$ 177,601,654	\$ 14,090,471	\$ -	\$ 193,492,275	\$ (50,577,420)	\$ 142,914,855	\$ 35,689,836	\$ 1,236,662	\$ 179,841,353

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Revenue and Expense Summary
June 30, 2020

	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	Cares Act Funding	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total	
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,857,592	\$ 863,421	\$ -	\$ 3,721,013	\$ -	\$ 3,721,013	\$ 810,664	\$ -	\$ 4,531,677
70400	Tenant Revenue - Other	-	-	-	-	45,134	18,447	-	63,581	-	63,581	496,301	-	559,882
70500	Total Tenant Revenue	-	-	-	-	2,902,726	881,868	-	3,784,594	-	3,784,594	1,306,965	-	5,091,559
70600	HUD PHA Operating Grants	32,202,771	59,387	237,669	-	-	(350,010)	32,499,827	-	32,499,827	-	-	-	32,499,827
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	32,202,771	59,387	237,669	-	-	(350,010)	32,499,827	-	32,499,827	-	-	-	32,499,827
70800	Other Government Grants	-	-	-	437,638	10,392,027	1,929,558	-	12,759,223	(7,580,220)	5,179,003	-	-	5,179,003
71100	Investment Income - Unrestricted	-	-	-	-	433,945	-	-	433,945	-	433,945	-	42,246	476,191
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	6,212	-	-	-	102	-	-	6,314	-	6,314	-	-	6,314
71500	Other Revenue	377,020	-	-	-	75,464	-	-	452,484	-	452,484	-	-	452,484
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	32,586,003	59,387	237,669	437,638	13,804,264	2,811,426	(350,010)	49,936,387	(7,580,220)	42,356,167	1,306,965	42,246	43,705,378
91100	Administrative Salaries	1,347,416	43,785	45,425	14,608	2,536,708	340,203	283,008	4,328,145	-	4,328,145	53,012	-	4,381,157
91200	Auditing Fees	24,036	-	300	-	25,915	12,996	-	63,247	-	63,247	-	-	63,247
91300	Management Fee	-	-	-	-	55,686	-	-	55,686	-	55,686	-	-	55,686
91310	Bookkeeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	33,169	-	33,169
91500	Employee Benefit Contributions - Administrative	215,624	6,671	-	-	1,105,162	73,513	-	1,400,970	-	1,400,970	-	-	1,400,970
91600	Office Expenses	289,368	-	-	-	768,644	135,723	62,752	1,193,735	-	1,193,735	89,901	-	1,283,636
91700	Legal Expense	92,499	-	-	-	194,037	136,488	-	423,024	-	423,024	8,851	-	431,875
91800	Travel	10,364	-	-	-	27,178	3,441	-	40,983	-	40,983	-	-	40,983
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other	57,457	476	-	-	9,303	2,381	-	69,617	-	69,617	100,306	584	170,507
91000	Total Operating - Administrative	2,036,764	50,932	45,725	14,608	4,722,633	704,745	345,760	7,575,407	-	7,575,407	285,239	584	7,861,230
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	10,717	-	10,717
92100	Tenant Services - Salaries	-	-	-	-	153,898	56,806	-	210,704	-	210,704	-	-	210,704
92200	Relocation Costs	-	-	-	-	50,022	20,344	-	70,366	-	70,366	-	-	70,366
92300	Employee Benefit Contributions - Tenant Services	3,270	-	-	-	61,340	20,138	-	84,748	-	84,748	-	-	84,748
92400	Tenant Services - Other	9	-	-	-	211,438	64,566	-	276,013	-	276,013	-	-	276,013
92500	Total Tenant Services	3,279	-	-	-	476,698	161,854	-	641,831	-	641,831	-	-	641,831

See independent auditor's report.

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Revenue and Expense Summary
June 30, 2020

		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	Cares Act Funding	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
											-			
93100	Water	5,399	-	-	-	282,011	67,384	-	354,794	-	354,794	7,598	-	362,392
93200	Electricity	8,443	-	-	-	81,899	59,946	-	150,288	-	150,288	16,159	-	166,447
93300	Gas	190	-	-	-	-	95,430	-	95,620	-	95,620	102	-	95,722
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	917	-	-	-	115,999	21,716	-	138,632	-	138,632	7,598	-	146,230
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	1,243	-	-	-	363,032	92,179	-	456,454	-	456,454	-	-	456,454
93000	Total Utilities	16,192	-	-	-	842,941	336,655	-	1,195,788	-	1,195,788	31,457	-	1,227,245
94100	Ordinary Maintenance and Operations - Labor	103	-	-	-	558,669	182,412	1,286	741,184	-	741,184	77,894	-	819,078
94200	Ordinary Maintenance and Operations - Materials and Other	2,832	-	-	-	109,979	29,953	2,964	142,764	-	142,764	-	-	142,764
94300	Ordinary Maintenance and Operations Contracts	27,183	-	-	-	844,058	256,082	-	1,127,323	-	1,127,323	15,183	-	1,142,506
94500	Employee Benefit Contributions - Ordinary Maintenance	2	-	-	-	314,351	56,417	-	370,770	-	370,770	21,495	-	392,265
94000	Total Maintenance	30,120	-	-	-	1,827,057	524,864	4,250	2,382,041	-	2,382,041	114,572	-	2,496,613
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	38,950	-	-	-	172,853	80,138	-	291,941	-	291,941	-	-	291,941
95300	Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	38,950	-	-	-	172,853	80,138	-	291,941	-	291,941	-	-	291,941
96110	Property Insurance	379	-	-	-	77,075	18,201	-	95,655	-	95,655	14,233	-	109,888
96120	Liability Insurance	9,559	-	-	-	43,336	8,624	-	61,519	-	61,519	14,234	-	75,753
96130	Workmens' Compensation	-	257	-	-	6,470	-	-	6,727	-	6,727	-	-	6,727
96140	All Other Insurance	5,608	-	-	-	22,851	6,570	-	35,029	-	35,029	-	-	35,029
96100	Total Insurance Premiums	15,546	257	-	-	149,732	33,395	-	198,930	-	198,930	28,467	-	227,397
96200	Other General Expenses	66,439	-	-	-	212,282	50,024	-	328,745	-	328,745	222,176	-	550,921
96210	Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	12,075	-	12,075
96400	Bad debt - Tenant Rents	-	-	-	-	38,391	9,000	-	47,391	-	47,391	-	-	47,391
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	44,747	-	-	44,747	-	44,747	-	-	44,747
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	66,439	-	-	-	295,420	59,024	-	420,883	-	420,883	234,251	-	655,134

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Housing Authority of the City of Alameda
Financial Data Schedule
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June 30, 2020

	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	Cares Act Funding	Subtotal	ELIM	Total	Island City Development	OPEB Trust Fund	Grand Total
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	1,021,926	83,988	-	1,105,914	-	1,105,914	-	1,105,914
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	825,648	-	825,648
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	6,500	-	6,500
96700	Total Interest Expense and Amortization Cost	-	-	-	-	1,021,926	83,988	-	1,105,914	-	1,105,914	832,148	1,938,062
96900	Total Operating Expenses	2,207,290	51,189	45,725	14,608	9,509,260	1,984,663	350,010	13,812,735	-	13,812,735	1,536,851	15,350,170
97000	Excess (Deficiency) of Operating Revenue over Operating Expenses	30,378,713	8,198	191,944	423,030	4,295,004	826,763	-	36,123,652	(7,580,220)	28,543,432	(229,886)	28,355,208
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	30,913,164	-	191,674	414,807	-	-	-	31,519,645	(7,580,220)	23,939,425	-	23,939,425
97350	HAP Portability-In	359,142	-	-	-	-	-	-	359,142	-	359,142	-	359,142
97400	Depreciation Expense	384	-	-	-	1,367,498	417,476	-	1,785,358	-	1,785,358	837,028	2,622,386
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	33,479,980	51,189	237,399	429,415	10,876,758	2,402,139	350,010	47,476,880	(7,580,220)	39,896,660	2,373,879	42,271,123
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(893,977)	8,198	270	8,223	2,927,506	409,287	-	2,459,507	-	2,459,507	(1,066,914)	1,434,255

See independent auditor's report.

Housing Authority of the City of Alameda
Financial Data Schedule
Entity-Wide Revenue and Expense Summary
June 30, 2020

		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	Cares Act Funding	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	-	-	-	-	29,010,845	(29,010,845)	-	-		-			-
10050	Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-		-			-
10060	Proceeds from Property Sales	-	-	-	-	-	-	-	-		-			-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-		-			-
10080	Special Items (Net Gain/Loss)	-	-	-	-	140,500	-	-	140,500		140,500	14,637,897		14,778,397
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)	-	-	-	-	29,151,345	(29,010,845)	-	140,500		140,500	14,637,897	-	14,778,397
								-	-					
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-		-			-
	Beginning Net Position	(2,168,782)	-	71,284	75,783	117,819,154	(10,951,571)	350,010	104,845,868		104,845,868	298,913	1,195,000	106,339,781
	Ending Net Position	\$ (3,062,759)	\$ 8,198	\$ 71,554	\$ 84,006	\$ 149,898,005	\$ (39,553,129)	\$ 350,010	\$ 107,445,875	\$ -	\$ 107,445,875	\$ 13,869,896	\$ 1,236,662	\$ 122,552,433

See 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, 2020, 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 July 22, 2021.

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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

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 financial statements. 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
July 22, 2021



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, 2020. 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, 2020.

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
July 22, 2021

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<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:				
Housing Voucher Cluster:				
Housing Choice Vouchers	14.871	N/A	\$ -	\$ 32,202,771
COVID-19 Housing Choice Vouchers Administrative Fees	14.871	N/A	-	350,010
Total Housing Voucher Cluster			-	32,552,781
Section 8 Moderate Rehabilitation -				
Single Room Occupancy	14.249	N/A	\$ -	\$ 237,669
Family Self-Sufficiency	14.896	N/A	-	59,387
Total Direct Programs			-	<u>32,849,837</u>
Pass-through from County of Alameda:				
Shelter Plus Care	14.238	CA0083L9T02710	-	437,638
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 33,287,475</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, 2020

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, 2020. 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, 2020.
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, 2020**

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?	No
Significant deficiencies identified?	Yes
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:	
Housing Voucher Cluster	CFDA 14.871
Dollar threshold to distinguish between Type A and Type B programs	<u>\$ 998,624</u>
Auditee qualified as low risk auditee?	No

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2020-001: Significant Deficiency

Criteria: In accordance with AU-C Section 265, *Communicating Internal Control Related Matters*, when a deficiency or a combination of deficiencies in internal control is identified over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance, a significant deficiency should be reported.

Condition: Significant adjustments were required to be made to the year-end general ledger in order to conform the financial statements to accounting principles generally accepted in the United States of America ("U.S. GAAP").

Context: Several adjustments were required to accounts receivable, accrued liabilities, revenue, and expenses to conform the financial statements to U.S. GAAP.

Effect: Several accounts had incorrect balances which required adjustments.

Cause: The Authority did not perform year-end reconciliations on several accounts.

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 Authority has made substantial improvements in its internal control and approval process from prior years. The Authority has expanded its existing year-end check list to ensure all material adjustments are incorporated to the unaudited financial data submission to HUD by the preliminary deadline and to the financial auditors when fieldwork begins. Segregation of duties between personnel and automated IT checks continue to be utilized.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.