

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015
(Including Auditors' Report Thereon)**

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
FINANCIAL STATEMENTS
JUNE 30, 2015

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INDEPENDENT AUDITORS' 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, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 Schedule of Funding Progress for OPEB, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, and the Schedule of the Authority's Pension Plan Contribution on page 40 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 Housing Authority of the City of Alameda, California's basic financial statements. The Schedule of Expenditures of Federal Awards on page 42 is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Financial Data Schedule on pages 44 through 50 required by the U.S. Department of Housing and Urban Development is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 67*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of the Housing Authority of the City of Alameda, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control 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 Housing Authority of the City of Alameda, California's internal control over financial reporting and compliance.

Cropper Rowe, LLP

Walnut Creek, California
December 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Alameda's annual financial report presents a discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we furnished in our letter to the Board of Commissioners.

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

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of fiscal year 2015 resulting in a Net Position of \$31,066,682 at June 30, 2015 as opposed to \$31,458,226 at June 30, 2014.
- Total assets and deferred outflows of resources at June 30, 2015 were \$82,358,760. Of this, \$34,600,453 represents current assets, \$47,367,700 represents non-current assets, and \$390,607 represents deferred outflows of resources. Total assets and deferred outflows of resources at June 30, 2014 were \$81,999,564.
- Capital assets, net of accumulated depreciation at June 30, 2015 increased by \$2,240,433 from \$31,568,347 at June 30, 2014 to \$33,808,780 at June 30, 2015. Capital assets are reflected at cost, less accumulated depreciation for all purchased capital assets.
- Total liabilities and deferred inflows of resources at June 30, 2015 were \$51,292,078. Of this, \$20,542,071 represents current liabilities, \$30,060,103 represents non-current liabilities, and \$689,904 represents deferred inflows of resources. Total liabilities and deferred inflows of resources increased from \$50,541,338 at June 30, 2014 to \$51,292,078 at June 30, 2015, an increase of \$750,740.
- Total revenues for the Authority for fiscal year 2015 were \$36,868,548 versus \$32,980,525 for fiscal year 2014; an increase of \$3,888,023. The primary sources of revenue are governmental grants and rents collected from the Authority's owned units. These combined amounts totaled \$34,292,436 for fiscal year 2015, as compared to \$32,275,610 for fiscal year 2014; an increase of \$2,016,826.
- Total expenses for the Authority for fiscal year 2015 were \$34,972,481 versus \$32,958,524 for fiscal year 2014; an increase of \$2,013,957. The major program expenditure, as reflected on the Combined Statement of Revenues, Expenses, and Changes in Net Position, was for housing assistance payments. There was \$22,981,870 of housing assistance payment expenses for fiscal year 2015. This represents a decrease of \$211,689 of the \$23,193,559 amount for fiscal year 2014.
- Operating revenues for the Authority for fiscal year 2015 were \$36,656,551 and operating expenses were \$33,804,868. Operating revenues and expenses for fiscal year 2014 were \$32,925,004 and \$32,352,060 respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and Notes to the Financial Statements.

Government-Wide Financial Statements

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

The *Statement of Net Position* presents information on the Authority's assets and liabilities, 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 Housing 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 the United States Department of Housing and Urban Development (HUD). However, the Authority also administers other programs to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All of the funds of the Authority are classified as an enterprise housing fund as a result of GASB 34.

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.

Component Unit

As is more fully described in Note 1.A. the government-wide financial statements includes the financial information of the Island City Development (a California Nonprofit Corporation) a discrete component unit of the Housing Authority of the City of Alameda.

Supplementary Information

The schedule of expenditures of federal awards, the schedule of funding progress for OPEB, the Schedule of Funding Progress for PERS, and the financial data schedule are presented for purposes of additional analysis as required by the and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, Governmental Accounting Standards Board Statements, and the requirements of the U.S Department of Housing and Urban Development. 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). The Authority uses these capital assets to provide services to clients; consequently, these assets are not available for future spending.

New Significant Accounting Standards Implemented

In fiscal year 2014-2015, the Authority adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB") that relate to the Authority's pension plan. The Statements are:

1. Statement No. 68, *Accounting and Financial Reporting for pensions – an amendment of GASB Statement No. 27.*
2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

The significance of the Authority implementing Statement No. 68 is the reporting of the Authority's unfunded pension liability on the full accrual basis of accounting on the Authority's financial statements. There are new footnote disclosure requirements and supplementary schedules required by the Statement.

The measurement date for the pension liability is June 30, 2014. This date reflects a one year lag and was used so that these financial statements could be issued in a timely manner. Contributions made during fiscal year 2014 – 2015 are reported as deferred outflows of resources in accordance with Statement No. 71.

The implementation of these statements required that a prior period adjustment be made to the Authority's June 30, 2014 previously reported net position. This prior period adjustment decreased the Authority's reported net position at June 30, 2014 by \$2,287,611 from \$31,458,226 to \$29,170,615. Please refer to Notes 7 and 8 for more information regarding the Authority's pension plan and prior period adjustment.

Budgetary Highlights

An agency-wide budget was prepared for the fiscal year ended June 30, 2015. 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.

Comparative Statement of Net Position

The following table reflects the Statement of Net Position at June 30, 2015 compared to the prior fiscal year. The Authority is engaged only in Business-Type Activities.

Housing Authority of the City of Alameda Comparative Statement of Net Position June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Assets and Deferred Outflows:				
Current Assets	\$ 34,600,453	\$ 36,099,416	\$ (1,498,963)	(3.9)%
Notes receivable	13,558,920	14,331,801	(772,881)	(5.4)%
Capital Assets (net of accumulated depreciation)	33,808,780	31,568,347	2,240,433	7.1%
Deferred outflows	<u>390,607</u>	<u>-</u>	<u>390,607</u>	
Total Assets and Deferred Outflows	<u>\$ 82,358,760</u>	<u>\$ 81,999,564</u>	<u>\$ 359,196</u>	0.4%
Liabilities and Deferred Inflows:				
Current Liabilities	\$ 20,542,071	\$ 21,231,412	\$ (689,341)	(3.2)%
Non-current Liabilities	30,060,103	29,309,926	750,177	2.6%
Deferred inflows	<u>689,904</u>	<u>-</u>	<u>689,904</u>	
Total Liabilities and Deferred Inflows	<u>51,292,078</u>	<u>50,541,338</u>	<u>750,740</u>	1.5%
Net Position				
Net investment in Capital Assets	4,977,820	1,624,610	3,353,210	206.4%
Restricted	445,217	979,720	(534,503)	(54.6)%
Unrestricted	<u>25,643,645</u>	<u>28,853,896</u>	<u>(3,210,251)</u>	(11.1)%
Total Net Position	<u>\$ 31,066,682</u>	<u>\$ 31,458,226</u>	<u>\$ (391,544)</u>	(1.2)%

Comparative Statement 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, 2015 compared to the prior fiscal year.

Housing Authority of the City of Alameda Comparative Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Operating Revenues</u>				
Grants	\$ 30,931,166	\$ 29,016,779	\$ 1,914,387	6.6%
Rents	3,361,270	3,258,831	102,439	3.1%
Other	<u>2,364,115</u>	<u>649,394</u>	<u>1,714,721</u>	264.0%
Total operating revenues	<u>36,656,551</u>	<u>32,925,004</u>	<u>3,731,547</u>	11.3%
<u>Operating Expenses</u>				
Administration	4,588,565	3,300,289	1,288,276	39.0%
Utilities	626,539	662,898	(36,359)	(5.5)%
Maintenance	3,418,456	2,836,956	581,500	20.5%
Tenant services	218,421	209,909	8,512	4.1%
Protective services	210,120	210,000	120	0.1%
General	426,812	709,523	(282,711)	(39.8)%
Housing Assistance Payments	22,981,870	23,193,559	(211,689)	(0.9)%
Depreciation	<u>1,334,085</u>	<u>1,228,926</u>	<u>105,159</u>	8.6%
Total operating expenses	<u>33,804,868</u>	<u>32,352,060</u>	<u>1,452,808</u>	4.5%
Operating Income (Loss)	<u>2,851,683</u>	<u>572,944</u>	<u>2,278,739</u>	397.7%
<u>Non-Operating Revenue (Expenses)</u>				
Interest Income	98,367	55,521	42,846	77.2%
Interest Expense	(1,167,613)	(606,464)	(561,149)	92.5%
Pension Income	<u>113,630</u>	<u>-</u>	<u>113,630</u>	-
Net Non-Operating Revenue (Loss)	<u>(955,616)</u>	<u>(550,943)</u>	<u>(404,673)</u>	73.5%
Change in Net Position	<u>1,896,067</u>	<u>22,001</u>	<u>1,874,066</u>	8,518.1%
Net Position, Beginning of Year, as previously stated	31,458,226	31,641,142	(182,916)	(0.6)%
Prior period adjustment (Note 8)	<u>(2,287,611)</u>	<u>(204,917)</u>	<u>(2,082,694)</u>	1016.4%
Net Position, Beginning of Year, as restated	<u>29,170,615</u>	<u>31,436,225</u>	<u>(2,265,610)</u>	(7.2)%
Net Position, End of Year	<u>\$ 31,066,682</u>	<u>\$ 31,458,226</u>	<u>\$ (391,544)</u>	(1.2)%

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, 2015 decreased by \$391,544 from the June 30, 2014 balance.

Changes in Capital Assets

The following presents the changes in fixed assets (net of accumulated depreciation) at June 30, 2015 versus the prior fiscal year.

Housing Authority of the City of Alameda
Changes in Capital Assets
(Net of Accumulated Depreciation)
June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Land	\$ 14,612,054	\$ 13,443,808	\$ 1,168,246	8.7%
Buildings and Improvements	19,138,681	18,068,158	1,070,523	5.9%
Equipment	<u>58,045</u>	<u>56,381</u>	<u>1,664</u>	3.0%
Total	<u>\$ 33,808,780</u>	<u>\$ 31,568,347</u>	<u>\$ 2,240,433</u>	7.1%

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, 2015 versus the prior fiscal year.

Housing Authority of the City of Alameda
Changes in Long-term Debt
June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Bonds Payable	\$ 5,652,847	\$ 5,798,955	\$ (146,108)	(2.5)%
Notes Payable	<u>23,178,113</u>	<u>24,144,782</u>	<u>(966,669)</u>	(4.0)%
Total	<u>\$ 28,830,960</u>	<u>\$ 29,943,737</u>	<u>\$ (1,112,777)</u>	(3.7)%

Additional information pertaining to long-term debt is found in Note 4 to the financial statements.

Economic Factors

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

The Authority's annual revenues for the Housing Choice Voucher Program is based primarily upon the amounts received each year from the U.S. Department of Housing and Urban Development, 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, 2015 the Authority's expenses associated with the Housing Choice Voucher Program exceeded its revenues by \$261,064. For the previous 2014 fiscal year the Authority's expenses for the Housing Choice Voucher Program exceeded its revenues by \$1,130,356. These excess of expenses over revenues were funded by a reduction in the Authority's Net Position for the Housing Choice Voucher Program.

Requests for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing 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.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Enterprise Fund</u>	<u>Component</u>	<u>Combined</u>
	<u>Housing</u>	<u>Unit</u>	<u>Totals</u>
<u>ASSETS</u>			
Current Assets:			
Cash and investments (Note 2)	\$ 34,096,472	\$ -	\$ 34,096,472
Due from other agencies	110,244	-	110,244
Tenant accounts receivable	53,179	-	53,179
Accounts receivable - other	268,519	-	268,519
Interest receivable	23,364	-	23,364
Prepaid expenses	32,835	-	32,835
Inventory	15,840	-	15,840
Total current assets	<u>34,600,453</u>	<u>-</u>	<u>34,600,453</u>
Noncurrent assets:			
Notes receivable	13,558,920	-	13,558,920
Capital assets, net of accumulated depreciation of \$22,415,362 (Note 3)	<u>33,808,780</u>	<u>-</u>	<u>33,808,780</u>
Total non-current assets	<u>47,367,700</u>	<u>-</u>	<u>47,367,700</u>
Total assets	<u>81,968,153</u>	<u>-</u>	<u>81,968,153</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Plan (Note 8)	390,607	-	390,607
Total assets and deferred outflows of resources	<u>\$ 82,358,760</u>	<u>\$ -</u>	<u>\$ 82,358,760</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable - other	\$ 629,891	\$ 10,080	\$ 639,971
Accounts payable – other agencies	2,345	-	2,345
Tenant security deposits	516,838	-	516,838
Prepaid rents	31,637	-	31,637
Unearned revenue (Note 5)	17,492,110	-	17,492,110
Interest payable	882,769	-	882,769
Compensated absences (Note 6)	110,210	-	110,210
Notes and bonds payable (Note 4)	876,271	-	876,271
Total current liabilities	<u>20,542,071</u>	<u>10,080</u>	<u>20,552,151</u>
Noncurrent liabilities:			
Compensated absences (Note 6)	83,141	-	83,141
OPEB payable (Note 9)	3,825	-	3,825
Other noncurrent liabilities	143,764	-	143,764
Accrued pension liability (note 8)	1,874,684	-	1,874,684
Notes and bonds payable (Note 4)	27,954,689	-	27,954,689
Total noncurrent liabilities	<u>30,060,103</u>	<u>-</u>	<u>30,060,103</u>
Total liabilities	<u>50,602,174</u>	<u>10,080</u>	<u>50,612,254</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Plan (Note 8)	689,904	-	689,904
Total liabilities and deferred inflows of resources	<u>51,292,078</u>	<u>10,080</u>	<u>51,302,158</u>
<u>NET POSITION</u>			
Net Investment in capital assets	4,977,820	-	4,977,820
Restricted	445,217	-	445,217
Unrestricted	25,643,645	(10,080)	25,633,565
Total Net Position	<u>\$ 31,066,682</u>	<u>\$ (10,080)</u>	<u>\$ 31,056,602</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION -
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Enterprise Fund</u> <u>Housing</u>	<u>Component</u> <u>Unit</u>	<u>Combined</u> <u>Totals</u>
<u>Operating Revenues</u>			
Grants	\$ 30,931,166	\$ -	\$ 30,931,166
Rents	3,361,270	-	3,361,270
Other	<u>2,364,115</u>	-	<u>2,364,115</u>
Total operating revenues	<u>36,656,551</u>	-	<u>36,656,551</u>
<u>Operating Expenses</u>			
Administrative	4,588,565	10,080	4,598,645
Utilities	626,539	-	626,539
Maintenance	3,418,456	-	3,418,456
Tenant services	218,421	-	218,421
Protective services	210,120	-	210,120
General	426,812	-	426,812
Housing assistance payments	22,981,870	-	22,981,870
Depreciation	<u>1,334,085</u>	-	<u>1,334,085</u>
Total operating expenditures	<u>33,804,868</u>	<u>10,080</u>	<u>33,814,948</u>
Operating income (loss)	<u>2,851,683</u>	<u>(10,080)</u>	<u>2,841,603</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest income	98,367	-	98,367
Interest expense	(1,167,613)	-	(1,167,613)
Pension income (Note 8)	<u>113,630</u>	-	<u>113,630</u>
Net non-operating revenue	<u>(955,616)</u>	-	<u>(955,616)</u>
Change in net position	<u>1,896,067</u>	<u>(10,080)</u>	<u>1,885,987</u>
Beginning net position, as previously stated	31,458,226	-	31,458,226
Prior period adjustment (Note 7)	<u>(2,287,611)</u>	-	<u>(2,287,611)</u>
Beginning net position, as restated	<u>29,170,615</u>	-	<u>29,170,615</u>
Total net position, ending	<u>\$ 31,066,682</u>	<u>\$ (10,080)</u>	<u>\$ 31,056,602</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Enterprise Fund</u> <u>Housing</u>	<u>Component</u> <u>Unit</u>	<u>Combined</u> <u>Totals</u>
<u>Cash flows from operating activities:</u>			
Cash received from grants	\$ 30,888,244	\$ -	\$ 30,888,244
Cash received from rents	3,374,365	-	3,374,365
Other miscellaneous cash receipts	1,356,007	-	1,356,007
Cash payments to suppliers and landlords	(28,240,501)	-	(28,240,501)
Cash payments to employees	(3,864,190)	-	(3,864,190)
Net cash provided (used) in operating activities	<u>3,513,925</u>	<u>-</u>	<u>3,513,925</u>
<u>Cash flows from capital and related financing activities:</u>			
Interest paid on long-term debt	(1,112,120)	-	(1,112,120)
Acquisition and construction of capital assets	(3,573,848)	-	(3,573,848)
Principal payments of debt	(1,112,777)	-	(1,112,777)
Net cash (used) by capital and related financing activities	<u>(5,798,745)</u>	<u>-</u>	<u>(5,798,745)</u>
<u>Cash flows from investing activities:</u>			
Cash received from loans	772,881	-	772,881
Interest received	87,489	-	87,489
Net cash provided by investing activities	<u>860,370</u>	<u>-</u>	<u>860,370</u>
Net increase (decrease) in cash	(1,424,450)	-	(1,424,450)
Cash, beginning of year	35,520,922	-	35,520,922
Cash, end of year	<u>\$ 34,096,472</u>	<u>\$ -</u>	<u>\$ 34,096,472</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 2,851,683	\$ (10,080)	\$ 2,841,603
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,334,085	-	1,334,085
Changes in assets and liabilities:			
Decrease in accounts receivable	17,663	-	17,663
Increase in accounts receivable – other agencies	(42,922)	-	(42,922)
Decrease in tenants' accounts receivable	19,393	-	19,393
Decrease in prepaid expenses	88,453	-	88,453
Decrease in inventory	2,804	-	2,804
Increase in accounts payable	178,495	10,080	188,575
Increase in amounts due other governments	2,345	-	2,345
Increase in security deposits payable	25,605	-	25,605
Decrease in unearned revenues	(1,025,771)	-	(1,025,771)
Increase in compensated absences	8,288	-	8,288
Increase in other liabilities	59,817	-	59,817
Decrease in OPEB payable	(6,013)	-	(6,013)
Net cash provided by operating activities	<u>\$ 3,513,925</u>	<u>\$ -</u>	<u>\$ 3,513,925</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 (GAAP) as applicable to governmental entities. The following is a summary of the more significant policies:

A. Definition of Reporting Entity

The Housing Authority of the City of Alameda (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 Alameda, California City Council. However, the Housing 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 or four year terms.

The basic financial statements include both the financial activities of the Housing Authority of the City of Alameda and its discretely presented component unit.

Discretely Presented Component Unit

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 and moderate income individuals and families in the City of Alameda, California. The Executive Director of the Housing Authority of the City of Alameda appoints the members of the Nonprofit Corporation's Board of Directors. The financial activity of the Nonprofit Corporation is reported as a separate column on the government-wide financial statements.

A complete audited financial statement is separately issued for Island City Development and may be obtained at the Housing Authority of the City of Alameda's administrative offices located at 701 Atlantic Avenue, Alameda, California.

B. Government-wide and Fund 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, 2015

Note 1 (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements and the Schedule of Expenditures of Federal Awards 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. Nonexchange 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 *nonoperating* activities. Operating revenues and expenses generally result from providing services in connection with a 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. 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 nonoperating 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.

D. Assets, Liabilities, and Net Position

1. 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 investments can be converted to cash in a relatively short amount of time. Therefore, all cash and investments and amounts of restricted are reported in the Statement of Cash Flows.

2. Restricted Assets

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

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 (continued)

3. Receivables

All receivables are reported at their gross value and are reduced by an allowance for doubtful accounts if such an amount is considered applicable.

4. Inventories and prepaid assets

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

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

5. 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

6. 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.

7. Taxes

The Authority is exempt from federal and state income taxes.

8. Encumbrances

Encumbrance accounting is not employed by the Authority.

9. 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 borrowings used for the construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 (continued)

10. 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.

11. Pensions

For purposes of measuring the net pension liability (NPL) and deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) 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.

E. New GASB Pronouncements

During fiscal year 2015 the Authority adopted the following GASB Statements:

Statement No. 68 - *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68.*

F. 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.

G. 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, 2015

Note 2 - CASH AND INVESTMENTS

A. Policies

California law requires banks and savings and 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 investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments 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 for purposes of measuring cash flows.

B. Classification

Cash and investments 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 investments as of June 30, 2015 are as follows:

Unrestricted	\$ 29,568,732
Restricted	<u>4,527,740</u>
Total cash and investments	<u>\$ 34,096,472</u>

The \$34,096,472 of cash and investments consists of \$911,549 maintained on deposit in banks, \$445,231 maintained by loan servicing agencies, \$32,739,442 deposited in the State of California Local Agency Investment Fund (LAIF), and \$250 in petty cash. Of the amounts deposited into banks, \$250,000 is covered by federal deposit insurance. The remaining \$661,649 as previously stated is required by California law to be collateralized by governmental securities with a market value of 110% of the deposit or with first trust deed mortgages with a value of 150% of the uninsured amount.

The \$445,231 of investments 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 ALAMDEA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 (Continued)

C. 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. 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 in Portfolio</u>	<u>Maximum Investment One Issuer</u>
Repurchase Agreements	N/A	N/A	N/A	N/A
California Local Agency Investment Fund (LAIF)	On Demand	N/A	N/A	N/A
U.S. Treasury Bonds, Notes & Bills	N/A	N/A	N/A	N/A
U.S. Agency & U.S. Government Bankers acceptances	N/A	N/A	N/A	N/A
Negotiable Certificates of Deposit	270 Days	N/A	40%	30%
Time Certificates of Deposit	N/A	AA	30%	N/A
Medium Term Corporate Notes	N/A	N/A	30%	N/A
Money Market Mutual Funds	5 Years	N/A	30%	N/A
County Agency Investment fund	N/A	AAA	20%	N/A
Reverse Repurchase Agreements	On Demand	N/A	30%	N/A
	N/A	N/A	N/A	N/A

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 (continued)

D. Investments authorized by Debt Agreements and Governmental Grants

The Authority must maintain required amounts of cash and investments or 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 Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum in Investment In One Issuer</u>
<u>For U.S. Department of Housing and Urban Development Funds</u>				
Repurchase Agreements	N/A	N/A	No Limit	No Limit
U.S. Government Obligations & Agencies	No Limit	N/A	No Limit	No Limit
State Obligations	N/A	N/A	No Limit	No Limit
Commercial Paper	N/A	N/A	No Limit	No Limit
Bankers acceptances	270 Days	N/A	40%	30%
Certificates of Deposit	N/A	N/A	30%	No Limit
Time Deposits	N/A	N/A	No Limit	No Limit
Qualified Financial Institution				
General Obligations	Upon Demand	AAA	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

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 (continued)

For Non U.S. Department of
Housing and Urban
Development Funds

Prime Commercial Paper	180 Days	Highest Rating	15%	30%
Medium Term Notes	5 Years	A	30%	N/A
City of Alameda Bonds	N/A	N/A	No Limit	No Limit
State of California Obligations	N/A	N/A	No Limit	No Limit
U.S. Government Obligations and Agencies	N/A	N/A	No Limit	No Limit
Bankers Acceptances	270 Days	N/A	40%	30%
Certificates of Deposit	N/A	N/A	30%	No Limit
Repurchase Agreements	N/A	N/A	No Limit	No Limit
Money Market Mutual Funds	N/A	N/A	No Limit	No Limit
Trust Indentures	N/A	N/A	No Limit	No Limit
Mortgage & Equipment Lease Obligations	5 Years	AA	30%	No Limit

E. Interest Rate Risk

Interest rate risk is the risk that changes in the 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>Investment Type</u>	<u>12 Months or Less</u>	<u>One to Five Years</u>	<u>More Than Five Years</u>	<u>Total</u>
Local Agency Investment Fund	\$ 32,739,442	-	-	\$ 32,739,442
Total Investments	\$ 32,739,442	\$ -	\$ -	\$ 32,739,442

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 (continued)

F. 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, 2015 for each Authority investment type as provided by Standard and Poor's except as noted:

<u>Investment Type</u>	
Not Rated:	
Local Agency Investment Fund	\$ 32,739,442

G. 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, 2015 there were no investments of this type.

H. 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 FDIC insurance or are collateralized.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 3 - CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2015:

	Balance 6/30/14	Additions	Adjustments And Deletions	Balance 6/30/15
Land	\$ 13,443,808	\$ 1,200,000	\$ (31,754)	\$ 14,612,054
Buildings and improvements	38,842,573	2,426,784	(48,246)	41,221,111
Equipment	363,913	27,064	-	390,977
	<u>52,650,294</u>	<u>3,653,848</u>	<u>(80,000)</u>	<u>56,224,142</u>
Less accumulated Depreciation for:				
Buildings and Improvements	(20,774,415)	(1,308,685)	670	(22,082,430)
Equipment	<u>(307,532)</u>	<u>(25,400)</u>	<u>-</u>	<u>(332,932)</u>
	<u>(21,081,947)</u>	<u>(1,334,085)</u>	<u>670</u>	<u>(22,415,362)</u>
Capital assets, net	<u>\$ 31,568,347</u>	<u>\$ 2,319,763</u>	<u>\$ (79,330)</u>	<u>\$ 33,808,780</u>

Note 4 - LONG-TERM DEBT

Following is a summary changes in long-term debt for the year ended June 30, 2015:

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15	Current Portion
Bonds Payable:					
PNC Bank	\$ 5,798,955	\$ -	\$ (146,108)	\$ 5,652,847	\$ 154,865
Notes Payable:					
Northmarq Capital LLC	14,291,000	-	(171,894)	14,119,106	197,895
Northmarq Capital LLC	7,500,000	-	(461,695)	7,038,305	522,072
City of Alameda	1,079,477	-	(1,425)	1,078,052	1,439
County of Alameda	942,650	-	-	942,650	-
US Bank	331,655	-	(331,655)	-	-
Compensated Absences (Note 6)	185,063	8,288	-	193,351	110,210
	<u>\$ 30,128,800</u>	<u>\$ 8,288</u>	<u>\$ (1,112,777)</u>	<u>\$ 29,024,311</u>	<u>\$ 986,481</u>

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 4 (continued)

The following is a schedule of debt payment requirements to maturity for long-term obligations other than compensated absences:

Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2016	\$ 876,271	\$ 1,211,902	\$ 2,088,173
2017	916,929	1,177,269	2,094,198
2018	959,563	1,140,994	2,100,557
2019	1,004,273	1,102,997	2,107,270
2020	1,051,163	1,063,193	2,114,356
2021-2025	6,043,647	4,649,107	10,692,754
2026-2030	4,374,206	3,555,306	7,929,512
2031-2035	4,681,074	2,704,910	7,385,984
2036-2040	3,463,956	1,762,626	5,226,582
2041-2045	3,639,446	708,593	4,348,039
2046-2050	36,934	307,125	344,059
2051-2055	213,150	347,985	561,135
2056-2060	627,698	151,830	779,528
2061-2065	-	-	-
2066-2070	942,650	1,933,741	2,876,391
	<u>\$ 28,830,960</u>	<u>\$ 21,817,578</u>	<u>\$ 50,648,538</u>

A description of the debt recorded at June 30, 2015 for the housing authority is as follows:

Bonds Payable:

A deed of trust bond payable was issued on April 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 rest rate. The bonds require annual payments of principal and interest at least totaling \$340,016. The bonds mature April 15, 2035. The outstanding balance on the bonds total \$5,652,847 at June 30, 2015.

Notes Payable:

Two loans were issued during the fiscal year ended June 30, 1997 from the City of Alameda. These are non-interest bearing loans originally issued in the combined amount of \$518,600. They are secured by deeds of trust on nine properties located in Alameda, California. One of the notes is deferred until January 1, 2027. The combined balances outstanding on these notes at June 30, 2015 were \$508,052.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 4 (continued)

A promissory note agreement for \$570,000 was entered into with the City of Alameda on June 18, 1998. 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, 2015 was \$570,000.

The Authority entered into two separate note payable agreements with the County of Alameda. One of the notes for \$536,400 was entered into on March 15, 2011 and the other note for \$380,000 was entered into on September 1, 2009. Both of these notes bear interest at 3% per annum. Principal and interest are payable throughout the term of these loans if there are "Residual Receipts" as defined by the loan agreements. A final payment is due on the outstanding loans principal and accrued interest on the earlier of (1) the date of transfer of the properties, (2) the date of any defaults on the loans, (3) July 30, 2067. The combined outstanding balances on these loans at June 30, 2015 were \$916,400.

The Authority assumed a loan payable originally entered into by the Filipino American Community Services Agency payable to the County of Alameda. The principal balance assumed and outstanding at June 30, 2014 is \$26,250. This note bears no interest. However, if this note is not paid when due the note will bear interest at 7% per annum for each day the note is not paid in full. The note is payable upon sale or transfer of the property whose deed of trust secures the note. The outstanding balance on this loan at June 30, 2015 was \$26,250.

On June 30, 2014 the Authority entered into a mortgage note totaling \$14,291,000 with Northmarq Capital, LLC. The note is secured by the property referred to as the Esperanza Apartments. 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, 2015 was \$14,119,106.

On June 30, 2014 the Authority entered into a mortgage note totaling \$7,500,000 with Northmarq Capital, LLC. The note is secured by the property referred to as the Independence Plaza Apartments. 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, 2015 was \$7,038,305.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 5 – UNEARNED REVENUES

On January 4, 2014 the Authority became the “Successor Agency” for the Low and Moderate Income Housing Assets of the former Community Improvement Commission of the City of Alameda. As a condition of becoming the “Successor Agency” the Authority received cash and notes receivable to pay the enforceable obligations of the prior Community Improvement Commission of the City of Alameda. The amounts received to pay these enforceable obligations are recorded as “unearned revenues”. At June 30, 2015 there was \$17,492,110 remaining to pay these enforceable obligations.

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. 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 at \$193,351 as of June 30, 2015.

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.

Note 7 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$2,287,611 was made to decrease the beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of the beginning net position is summarized as follows:

Net position at June 30, 2014, as previously stated	\$ 31,458,226
Net pension liability adjustment	<u>(2,287,611)</u>
Net position at June 30, 2014, as restated	<u>\$ 29,170,615</u>

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 - PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (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, 2013 Annual Actuarial Valuation Report. This report is a publically 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 separate cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits for Benefit Plan 23150; and members with five years of total service are eligible to retire at 52 with statutorily reduced benefits for Benefit Plan 27473. 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 Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous Plans</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2.0% @ 55	2% at 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 2.419%	1.0% to 2.5%
Required employee contribution rates	7%	6.5%
Required employer contribution rates	9.353%	6.73%

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 (continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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 is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2014 (the measurement date), the active employee's contribution rates are 7.0 and 6.5 percent of annual pay, and the average employer's rates are 13.01 and 6.70 percent of annual payroll.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions – employer	\$ 390,155
Contributions – employee	\$ 236,198

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The following table shows the Plan's proportionate share of the miscellaneous risk pool collective net pension liability over the measurement period:

	<u>Proportionate Share of Pension Liability</u>	
Balance at 6/30/13 – Valuation date	\$ 2,733,997	.083%
Balance at 6/30/14 – Measurement date	<u>1,874,684</u>	<u>.076%</u>
Total net changes during 2013 - 2014	<u>\$ (859,313)</u>	<u>.107%</u>

The Authority's net pension liability of \$1,874,684 is measured as the proportionate share of the net pension liability of \$2,471,487,278 (or .076%). The net pension liability is measured as of June 30, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2015

Note 8 (continued)

For the year ended June 30, 2015, the Authority recognized pension expense of \$(113,630) based on the Plan's measurement period ended June 30, 2014.

At June 30, 2014, 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
Pension contributions subsequent to measurement date	\$ 390,155	\$ 0
Differences between actual and expected experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	0	(613,356)
Adjustment due to differences in proportions	<u>452</u>	<u>(76,548)</u>
Total	<u>\$ 390,607</u>	<u>\$ (689,904)</u>

At June 30, 2014, the Authority reported \$390,155 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 ended June 30, 2016 (measurement period ended June 30, 2015). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period <u>Ended June 30</u>	Deferred Outflows/(Inflows) <u>of Resources</u>
2015	\$ 209,640
2016	(180,515)
2017	(175,083)
2018	(153,339)
2019	0
Thereafter	0

The amounts above are the net of outflows and inflows recognized in the fiscal 2014 measurement period.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability – For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were determined using the following actuarial methods and assumptions:

	Miscellaneous Plan
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% – 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies. 2.75% thereafter

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment and administrative expenses; including inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. The experience study can be found on CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 (continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	.99%	2.43%
Inflation Sensitive	6.0%	.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-.055%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the Authority's proportionate share of the net pension liability/ (asset), calculated using the discount rate of 7.50 percent, as well as what the Authority's proportionate share of the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	Discount Rate less 1% <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	Discount Rate Plus 1% <u>(8.5%)</u>
Plan's Net Pension Liability/ (Asset)	\$ 3,335,184	\$ 1,874,684	\$ 662,606

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

Payable to the Pension Plan

At June 30, 2015, the Authority reported a payable of \$24,204 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Note 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description:

The Authority provides post-employment medical health care benefits to its retired employees and, in some instances, their spouses. Benefits include coverage in the CALCALPERS health plan. The Authority pays a portion of the premiums for the medical insurance for retirees. Monthly benefit amounts for 2015 were \$122 for eligible retirees. The majority of costs for medical insurance are the responsibility of each retiree.

Eligibility:

The Authority's retirees are eligible for membership in the plan upon retirement. Employees are eligible for retirement at age 50 and with 5 years of service or upon disability. As of June 30, 2015, the Authority had two retirees who were eligible for the program and receiving benefits. The Authority had another 31 active employees, who are eligible for the program, but are not receiving benefits as they have not yet retired from the Authority.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 (continued)

Requirements of GASB 45:

The government Accounting Standards Board (GASB) has mandated disclosure of other post employment benefit (OPEB) liabilities for all government employers beginning in 2009. During fiscal years prior to 2012 the Authority's employees were actually employees of the City of Alameda and not employees of the Authority itself, therefore there was no OPEB obligation or expense recognized in fiscal years prior to 2012. During fiscal year 2015 the Authority administered this program on a pay-as-you-go basis and actual costs were expensed as incurred. To comply with GASB 45, the Authority estimated it's the present value of the projected benefits of the OPEB program using the *Alternative Measurement Method* as permitted by GASB Statements Numbers 43 and 45.

Funding Policy:

The goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned. The entry age normal cost method effectively meets this goal in most circumstances. The Authority has adopted an entry age normal cost method to determine the present value of benefits and the actuarial accrued liability. The plan currently has no assets. The amortization method is a level percent of payroll. The amortization period is thirty years. The Authority has adopted a pay-as-you-go policy and is not currently funding this liability above the monthly requirement. The Authority makes actual monthly payments for its portion of the retirees' premiums. The payments for 2015 totaled \$2,416. The Authority accrued a management determined estimate of \$9,838 at the end of the current fiscal year.

Annual OPEB Cost and Net OPEB Obligation:

The Authority's annual OPEB costs (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Interest on net OPEB obligation is based on the actuarial interest rate of 2% and is computed on the unfunded amount. There was no interest on the net OPEB obligation for fiscal year 2015.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 (continued)

The following table shows the components of the annual OPEB cost, the amount actually contributed to the plan, and any changes in the net OPEB obligation.

Annual required contribution	\$ 1,247
Interest on net OPEB obligation	84
Adjustment of annual required contribution	-
Annual OPEB cost	<u>\$ 1,331</u>
Annual OPEB Cost	\$ 1,331
Contributions made	2,416
Change in net OPEB obligation (asset)	(9,760)
Net OPEB obligation (asset), beginning of year	<u>9,838</u>
Net OPEB obligation (asset), end of year	<u>\$ 3,825</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Obligation (Asset)</u>
6/30/13	\$ 1,598	\$ 230	14.4%	\$ 1,368
6/30/14	\$ 9,874	\$ 1,404	14.2%	\$ 9,838
6/30/15	\$ 1,331	\$ 2,416	181.5%	\$ 3,825

Funded Status and Funding Progress:

The funded status of the plan based on an actuarial valuation as of June 30, 2015, was as follow:

Actuarial accrued liability (AAL)	\$ 37,416
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 37,416</u>
Funded ratio (actuarial value of plan Assets/AAL)	0%
Covered payroll	\$ 1,874,689
UAAL as percentage of covered payroll	2.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 (continued)

Actuarial Methods and Assumptions:

For the actuarial valuation, the entry age normal cost, level percent of pay; closed group method was used. The actuarial assumptions include a 2% discount rate. A long-term inflation assumption of 2% was used in developing level percent amortization. The healthcare trend rate assumption is 9% for 2015 grading down to 6% by 2018. The actuarial value of assets is equal to the market value. The unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll. The amortization period at June 30, 2015 is 30 years reflecting the Authority's use of an open amortization period.

The schedule of funding progress, presented as required supplementary information following the *Notes to the Financial Statements*, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL benefits.

Note 10 - OPERATING LEASE

The Authority on March 14, 2003 entered into a lease agreement with Resources for Community Development (RCD) to lease land to RCD until March 14, 2078. On October 14, 2004 the lease was assigned to Breakers at Bayport, LP. Total rental income for the year ended June 30, 2015 under the lease agreement was \$1.

The Authority on October 4, 2006 entered into an amended lease agreement with Resources for Community Development (RCD) to lease land to RCD until March 31, 2081. On March 24, 2008 the lease was assigned to Shinsei Gardens Apartments, LP. Total rental income for the year ended June 30, 2015 under the lease agreement was \$1.

The Authority on May 25, 2012 entered into a lease agreement with Housing Consortium of the East Bay (HCEB) and Satellite Housing, Inc. to lease land to HCEB and Satellite Housing until May 25, 2087 for \$100 lump sum payment. In November 2012 the lease was assigned to Jack Capon Villas, LP.

At June 30, 2015, the future rental income required under the lease for the land is as follows:

Fiscal Year Ending	
2016	\$ 2
2017	2
2018	2
2019	2
2020	2
Thereafter	117
	<u>\$ 127</u>

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2014, there were thirty-three members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information for the year ended December 31, 2014, is as follows:

Total assets	\$ 24,496,334
Total liabilities	<u>(16,484,222)</u>
Total net assets	<u>\$ 8,012,112</u>
Total revenues	\$ 4,702,889
Total expenses	<u>(3,894,815)</u>
Net decrease in net assets	<u>\$ 808,074</u>

CHWCA had \$15,709,514 of unpaid claims and claim adjustment expenses outstanding at December 31, 2014. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated.

Property and Liability Insurance

The Authority participates in a joint venture under a joint powers agreement (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, 2014 there were 87 members. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information for the year ended December 31, 2014 is as follows:

Total assets	\$ 29,370,151
Total liabilities	<u>(8,843,451)</u>
Total net assets	<u>\$ 20,526,700</u>
Total revenues	\$ 9,618,533
Total expenses	<u>(9,025,225)</u>
Net increase (decrease) in net assets	<u>\$ 593,308</u>

HARRP had \$3,764,659 in outstanding claims liabilities at December 31, 2014. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 12 - CONTINGENT LIABILITIES

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

Management evaluated all activity of the Authority through December 16, 2015, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than The MD&A)

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2015**

Schedule of Funding Progress for OPEB

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of covered Payroll</u>
June 30, 2013	June 1, 2013	\$ 0	\$ 41,033	\$ 41,033	0.0%	\$ 2,620,894	1.6%
June 30, 2014	June 1, 2014	\$ 0	\$ 41,033	\$ 41,033	0.0%	\$ 2,735,657	1.5%
June 30, 2015	June 1, 2015	\$ 0	\$ 37,416	\$ 37,416	0.0%	\$ 1,874,689	2.0%

Note – Prior to April 22, 2012 the employees working at the Authority were actually employees of the City of Alameda. Effective April 22, 2012, these former city employees officially became employees of the Housing Authority of the City of Alameda. The Authority's OPEB information prior to April 22, 2012 was included as a part of the OPEB valuation information for the City of Alameda as a whole and the Authority's portion could not be determined individually.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2015**

Schedule of the Authority's Proportionate Share of the Net Pension Liability

	<u>Plan No. 1</u> <u>6/30/14</u>		<u>Plan No. 2</u> <u>6/30/14</u>
Plans' Proportion of the Net Pension Liability/(Asset)	0.0301%	(1)	.00003%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,873,089	(2)	\$ 1,595
Plan's Covered-Employee Payroll	\$ 2,594,763		\$ 112,824
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	72.19%		1.41%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.97%		83.02%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 446,175	(3/4)	\$ 211

Notes to Schedule:

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (2) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.
- (3) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above.
- (4) This data is not required to be displayed by GASB 68 for employer's participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the plan's pension expense.

Schedule of the Authority's Pension Plan Contributions

	<u>Plan No. 1</u> <u>6/30/14</u>		<u>Plan No. 2</u> <u>6/30/14</u>
Actuarially Determined Contribution	\$ 283,501	(2)	\$ 16,815
Contributions in Relation to the Actuarially Determined Contribution	<u>(488,418)</u>		<u>(16,815)</u>
Contribution Deficiency (Excess)	<u>\$ (204,917)</u>		<u>\$ 0</u>
Covered Payroll	\$ 2,594,763	(3/4)	\$ 112,824
Contributions as a Percentage of Covered-Employee Payroll	18.82%	(3)	14.90%

Notes to Schedule:

*Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (2) Employers are assumed to make contributions equal to the actuarially determined contributions.
- (3) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.
- (4) Payroll from prior year (\$2,519,187 and \$109,538) was assumed to increase by the 3.00 percent payroll growth assumption.

OTHER SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development (HUD):		
Direct Programs:		
Section 8 Moderate Rehabilitation – Single Room Occupancy	14.249	\$ 197,442
Section 8 Housing Choice Vouchers	14.871	24,795,486
Family Self – Sufficiency	14.896	<u>32,522</u>
Total U.S. Department of Housing and Urban Development		<u>25,025,450</u>
Total Federal Expenditures		<u>\$ 25,025,450</u>

See Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Housing Authority of the City of Alameda. The Housing Authority of the City of Alameda's reporting entity is defined in Note 1 to the financial statements.
2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Alameda Housing Authority under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of NRHA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the NRHA.
3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same method of accounting as was used in the preparation of the Authority's basic financial statements.
4. The Housing Authority of the City of Alameda did not pass-through any federal awards to subrecipients during the fiscal year ended June 30, 2015.

CITY OF ALAMEDA HOUSING AUTHORITY (CA062)
ALAMEDA, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14,249 Section 6 Moderate Rehabilitation Single Room Occupancy	14,871 Housing Choice Vouchers	2 State/Local	14,896 PIH Family Self- Sufficiency Program	5.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$119,890	\$119,890	\$848,197			\$1,041,698		\$1,041,698
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$0	\$0	\$445,217			\$445,217		\$445,217
114 Cash - Tenant Security Deposits			\$521,193			\$521,193		\$521,193
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$119,890	\$119,890	\$1,814,607	\$0	\$0	\$2,008,108		\$2,008,108
121 Accounts Receivable - PHA Projects		\$6,019				\$6,019		\$6,019
122 Accounts Receivable - HUD Other Projects		\$10,982				\$10,982		\$10,982
124 Accounts Receivable - Other Government			\$93,243			\$93,243		\$93,243
125 Accounts Receivable - Miscellaneous		\$2,785	\$255,054			\$257,839		\$257,839
126 Accounts Receivable - Tenants			\$66,279			\$66,279		\$66,279
126.1 Allowance for Doubtful Accounts - Tenants			\$-13,100			\$-13,100		\$-13,100
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery		\$155,953				\$155,953		\$155,953
128.1 Allowance for Doubtful Accounts - Fraud		\$-155,283				\$-155,283		\$-155,283
129 Accrued Interest Receivable		\$371	\$22,993			\$23,364		\$23,364
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$30,837	\$30,837	\$424,469	\$0	\$0	\$455,306		\$455,306
131 Investments - Unrestricted		\$375,079	\$28,151,956			\$28,527,034		\$28,527,034
132 Investments - Restricted		\$143,764	\$3,417,556			\$3,561,330		\$3,561,330
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets		\$207	\$32,628			\$32,835		\$32,835
143 Inventories			\$15,840			\$15,840		\$15,840
143.1 Allowance for Obsolete Inventories			\$0			\$0		\$0
144 Inter Program Due From								
145 Assets Held for Sale								
150 Total Current Assets	\$689,767	\$689,767	\$33,657,065	\$0	\$0	\$34,600,453		\$34,600,453

161 Land					\$14,612,054		\$14,612,054		\$14,612,054
162 Buildings					\$31,645,009		\$31,645,009		\$31,645,009
163 Furniture, Equipment & Machinery - Dwellings					\$390,977		\$390,977		\$390,977
164 Furniture, Equipment & Machinery - Administration									
165 Leasehold Improvements					\$9,576,102		\$9,576,102		\$9,576,102
166 Accumulated Depreciation					-\$22,415,362		-\$22,415,362		-\$22,415,362
167 Construction In Progress									
168 Infrastructure									
169 Total Capital Assets, Net of Accumulated Depreciation				\$0	\$33,808,780	\$0	\$33,808,780		\$33,808,780
170 Notes, Loans and Mortgages Receivable - Non-Current									
171 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due					\$13,558,920		\$13,558,920		\$13,558,920
172 Grants Receivable - Non-Current									
173 Other Assets									
174 Investments in Joint Ventures									
175 Total Non-Current Assets				\$0	\$47,367,700	\$0	\$47,367,700		\$47,367,700
200 Deferred Outflow of Resources				\$111,195	\$276,563	\$2,849	\$390,607		\$390,607
290 Total Assets and Deferred Outflow of Resources				\$780,962	\$81,501,328	\$73,621	\$82,358,760	\$0	\$82,358,760
311 Bank Overdraft									
312 Accounts Payable <= 90 Days				\$4,831	\$1,220	\$2,785	\$18,916	\$10,080	\$18,916
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable									
322 Accrued Compensated Absences - Current Portion				\$24,866	\$65,324		\$110,210		\$110,210
324 Accrued Contingency Liability									
325 Accrued Interest Payable					\$682,769		\$682,769		\$682,769
331 Accounts Payable - HUD PHA Programs					\$2,345		\$2,345		\$2,345
332 Accounts Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits					\$516,838		\$516,838		\$516,838
342 Unearned Revenue				\$0	\$17,523,747		\$17,523,747		\$17,523,747
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					\$876,271		\$876,271		\$876,271
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other				\$65,365	\$564,453	\$1,237	\$621,055		\$621,055
347 Inter Program - Due To									

CITY OF ALAMEDA HOUSING AUTHORITY (CA062)
ALAMEDA, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	2 State/Local	14.896 PIH Family Self- Sufficiency Program	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$3,361,270			\$3,361,270		\$3,361,270
70400 Tenant Revenue - Other			\$57,262			\$57,262		\$57,262
70500 Total Tenant Revenue	\$0	\$0	\$3,418,532	\$0	\$0	\$3,418,532		\$3,418,532
70600 HUD PHA Operating Grants	\$24,361,166	\$197,442		\$28,500		\$24,587,128		\$24,587,128
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue								
70800 Other Government Grants			\$6,344,038			\$6,344,038		\$6,344,038
71100 Investment Income - Unrestricted	\$1,404		\$96,963			\$98,367		\$98,367
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery	\$16,666					\$16,666		\$16,666
71500 Other Revenue	\$156,146		\$2,138,663	\$0		\$2,294,809		\$2,294,809
71600 Gain or Loss on Sale of Capital Assets			\$109,988			\$109,988		\$109,988
72000 Investment Income - Restricted	\$0		\$0			\$0		\$0
70000 Total Revenue	\$24,534,422	\$197,442	\$12,108,184	\$28,500	\$0	\$36,868,548		\$36,868,548
91100 Administrative Salaries	\$962,864	\$39,429	\$1,686,774	\$23,307		\$2,702,374		\$2,702,374
91200 Auditing Fees	\$6,921	\$300	\$25,079			\$31,300		\$31,300
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing								
91500 Employee Benefit Contributions - Administrative	\$370,011		\$641,177	\$6,764		\$1,017,952		\$1,017,952

95130 Workmen's Compensation	\$16,343		\$8,547	\$498		\$75,388	\$75,388
96140 All Other Insurance	\$469		\$7,148			\$7,617	\$7,617
96100 Total Insurance Premiums	\$22,150	\$0	\$170,278	\$498	\$0	\$192,926	\$192,926
96200 Other General Expenses	\$176,316		\$34,907			\$211,223	\$211,223
96210 Compensated Absences							
96300 Payments in Lieu of Taxes							
96400 Bad debt - Tenant Rents	\$9,030		\$13,633			\$22,663	\$22,663
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96900 Total Other General Expenses	\$185,346	\$0	\$48,540	\$0	\$0	\$233,886	\$233,886
96710 Interest of Mortgage (or Bonds) Payable							
96720 Interest on Notes Payable (Short and Long Term)			\$1,167,613			\$1,167,613	\$1,167,613
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$1,167,613	\$0	\$0	\$1,167,613	\$1,167,613
96900 Total Operating Expenses	\$1,971,329	\$39,729	\$8,098,008	\$32,522	\$10,080	\$10,146,668	\$10,146,668
97000 Excess of Operating Revenue over Operating Expenses	\$22,563,068	\$157,713	\$4,015,176	-\$4,022	-\$10,080	\$26,721,880	\$26,721,880
97100 Extraordinary Maintenance			\$519,938			\$519,938	\$519,938
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments	\$22,756,702	\$157,713				\$22,914,415	\$22,914,415
97350 HAP Portability-In	\$67,455					\$67,455	\$67,455
97400 Depreciation Expense			\$1,334,085			\$1,334,085	\$1,334,085
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$24,795,486	\$197,442	\$9,947,031	\$32,522	\$10,080	\$34,982,561	\$34,982,561
10010 Operating Transfer In							
10020 Operating transfer Out							
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							



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**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***

Independent Auditors' Report

To 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, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 16, 2015.

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, California's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Alameda, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Alameda, California's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist and not have been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Chopper Rowe, LLP

Walnut Creek, California
December 16, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Independent Auditors' Report

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

Report on Compliance for Each Major Program

We have audited the Housing Authority of the City of Alameda, California's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Alameda, California's major federal programs for the year ended June 30, 2015. The Housing Authority of the City of Alameda, California's major 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 the requirements of laws, regulations, contracts, and grants applicable to major federal programs.

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Alameda, California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Alameda, California is responsible for establishing and maintaining effective internal control over compliance with the types of compliance 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 a 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 OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Alameda, California's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities, the one major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda, California as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Alameda's basic financial statements. We issued our report thereon dated December 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Chopper Row, LLP

Walnut Creek, California
December 16, 2015

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

The previous audit report for the year ended June 30, 2014 contained no audit findings.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements?	no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
Section 8 Housing Choice Vouchers	14.871
Dollar threshold to distinguish between Type A and Type B programs	\$750,763
Auditee qualified as low risk auditee?	yes