Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Independent Auditor's Report, Basic Financial Statements and Supplementary Information

June 30, 2012

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Index

Independent Auditor's Report

Members of the Board of Commissioners of the
Housing Authority of the County of Santa Clara
San Jose, California

We have audited the accompanying financial statements of the Housing Authority of the County of Santa Clara (the Authority), a component unit of the County of Santa Clara, California, and its discretely presented component units as of and for the year ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of the Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the aggregate discretely presented component units except for AE Associates, Ltd., Fairground Luxury Family Apartments, L.P., HACSC/Choices Family Associates, Opportunity Center Associates, L.P., S.P.G. Housing, Inc. and Subsidiaries, Villa Garcia, Inc., Villa San Pedro HDC, Inc. and Program Responsible in Daring Excellence were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the County of Santa Clara and its aggregate discretely presented component units as of June 30, 2012 and the 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.

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Authority. The combining discretely presented component unit financial statements, program financial schedules and public housing combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. These combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

CohnReznick LLP

Sacramento, California
January 24, 2013

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Management's Discussion and Analysis (Unaudited)

Year Ended June 30, 2012

This section of the Housing Authority of the County of Santa Clara's (the Authority) financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the Authority's financial statements, which follows this section.

Financial Highlights

- Total net assets decreased from $135.7 million to $130.7 million as of June 30, 2012. The decrease of $5 million, is attributed to the following:
    - During the year the operating activity resulted in decrease in net assets by $4.9 million that was mainly related to Move to Work, Section 8 Voucher and Conventional Housing Programs.
- As of June 30, 2012, the Authority had long-term debt outstanding of $9.3 million compared to $9.5 million at June 30, 2011. During the year, the Authority retired $147.5 thousand of debt and did not have any additions to long-term debt.

Overview of the Financial Statements

The financial statements consist of three parts: the management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include three kinds of statements that present different views of the Authority:

- The first two statements are the government-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets.
- The basic financial statements also include a Notes to Financial Statements section that explains some of the information in the Authority-wide and fund financial statements and provides more detailed data.
- The Notes to Financial Statements are followed by a Supplementary Information section, which presents the financial statements of the Authority's combining component unit financial statements, combining schedules on its federal and local programs, and other public housing combining schedules.

The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of these statements. The government-wide statements report information about the Authority as a whole, using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the Authority's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets regardless of when cash is received or paid.

The basic financial statements include both blended and discretely presented component units. Complete financial statements of individual component units can be obtained from the Authority's Finance Department.

Individual Program Financial Schedules

The combining program financial schedules provide more detailed information about the Authority's programs. The net assets of these programs represent accumulated earnings since their inception and are usually restricted for specific purposes by external parties.

Financial Analysis of the Authority

Net Assets - The Authority's net assets decreased by $5 million during the current fiscal year. This represents a decrease of 4% of net assets when compared to the prior fiscal year. For the details explaining this decrease in the Net Assets, refer to the Financial Highlights section noted above. The following table indicates the net assets as of June 30, 2012 and 2011 (in thousands):

	June 30,		Increase (Decrease)	
	2012	2011	Amount	%
Assets:				
Current and other assets	$ 118,135	$ 125,180	$ (7,045)	-6%
Capital assets	29,329	30,023	(694)	-2%
Total assets	$ 147,464	$ 155,203	$ (7,739)	
Liabilities:				
Current liabilities	$ 2,793	$ 6,578	$ (3,785)	-58%
Noncurrent liabilities	13,953	12,961	992	8%
Total liabilities:	$ 16,747	$ 19,539	$ (2,792)	
Net assets:				
Invest in capital assets, net of related debt	$ 19,735	$ 21,124	$ (1,389)	-7%
Restricted	7,291	15,519	(8,228)	-53%
Unrestricted	103,691	99,021	4,670	5%
Total net assets	$ 130,717	$ 135,664	$ (4,947)	-4%

The net decrease in current and other assets of $7 million was due primarily to the factor as summarized below:

- Net decrease of $5 million to fund for the 6/30/2012 fiscal year deficit from the operational activity, and about $2 million decrease was used to reduce the current liabilities.

The change in capital assets, as described in Note 6, "Capital Assets" was due to the following factors:

- Overall Net decrease in Capital Assets of $0.7 million is due to $0.9 million increase in depreciation and $0.3 million increase in Depreciable Capital Assets

The decrease in current and non-current liabilities is mainly due to the following factors:

- Total current liabilities decreased by $3.8 million mainly due to reduction in PILOT (Payments in Lieu of Taxes) liability of $1.8 million related to the Conventional Public Housing Program, Line of Credit of $0.6 million and $1.4 million in other various current liabilities, including bank overdraft.

- Total non-current liabilities increased by $1.0 million due to increase in deferred revenues of approximately $0.9 million related to Section 8 HCV Program.

Statement of Revenues, Expenses and Changes in Net Assets - The statement shows the sources of the Authority's changes in net assets as they arise through its various programs and functions. A summary of the activities for the fiscal years ended June 30, 2012 and 2011 is shown in the following table (in thousands).

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Management's Discussion and Analysis (Unaudited) - Continued

Year Ended June 30, 2012

	Year ended June 30,		Increase (Decrease)	
	2012	2011	Amount	%
Revenues:				
Assets:				
Rental income	$ 1,147	$ 1,423	$ (276)	-19%
Service fees	432	6,695	(6,263)	-94%
HAP	247,380	247,604	(224)	0%
HUD admin fees	22,170	18,347	3,823	21%
Donations & other	124	3,340	(3,216)	-96%
Nonoperating revenues:				
Intergovernmental	706	1,606	(900)	-56%
Gain on disposal	-	26,592	(26,592)	-100%
Land lease income	161	181	(20)	-11%
Investment income	2,946	1,110	1,836	165%
Total revenues:	275,067	306,898	(31,831)	
Expenses:				
Operating expenses:				
Administrative	20,295	15,985	4,310	27%
Tenant services	67	67	0	0%
Utilities	220	443	(223)	-50%
Maintenance	378	2,469	(2,091)	-85%
General	1,132	9,936	(8,804)	-89%
Depreciation	953	1,080	(127)	-12%
HAP	253,502	241,417	12,085	5%
Other	2,856	374	2,482	664%
Interest expense	612	455	157	34%
Total expenses:	280,014	272,226	7,788	
Change in net assets	(4,947)	34,672	(39,619)	-114%
Net assets, beginning of year	135,664	100,992	34,672	34%
Net assets, end of year	$ 130,717	$ 135,664	$ (4,947)	

Revenues: As compared to 2011, revenues for 2012 decreased by $31.8 million primarily due to the following:

- $26.6 million Gain on disposal of the Public Housing projects was one time revenues that were recognized in 2011, and thus no such revenues earned in 2012.

- As HACSC provided Property management, Property maintenance and Compliance services are contracted out to outside third party Property Management companies by the affiliated partnership properties; HACSC has earned significantly reduced fees from these services. Thus, $6.3 million decrease in Service fees income in 2012 as compared to 2011 year.

- $1.84 million increase in Investment Income due to interest earned in 2012 on the Purchase Money Note that was issued on the Disposition of the various Public Housing Projects- Rincon and Phase 2B.

- **Expenses:** As compared to 2011, expenses for 2012 increased by $7.8 million mainly due to the following:

- $12.1 million increase in HUD Section 8 Programs expenses is mainly comprised of an increase in Housing Assistance Payments of $10 million for Section 8 HCV and $2 million for Special Purpose Voucher program.

- $1.1 million decrease in HUD Conventional Housing Program expenses is mainly due to the disposition of the Phase 2B Public Housing Projects in November 2010; thus, the Authority did not incur such expense in 2012.

- $2.2 million decrease in Real Estate Services Program expenses is mainly due to decrease in operating expenses as property management, property maintenance and compliance services provided to properties owned by the affiliated partnerships were contracted out to outside third party property management companies.

- In 2011 one-time major expense in general expense related to an increase in the OPEB annual required contribution of $4 million due to a change in the amortization period used to fund the Authority's OPEB obligations that affected Section 8 Voucher Program and Real Estate services Program. In 2012 no such significantly required OPEB contribution was recognized. However, in 2012 there is an increase in administrative expenses as compared to 2011.

Financial Analysis of the Authority's Programs

At the end of the fiscal year, the unrestricted net assets for the Moving to Work (MTW) program were $11 million. As discussed in Note 14, "Moving to Work Program", the eligible uses of MTW funds are defined in the MTW agreements and states that the eligibility would be as under Sections 9(d)(1), 9(e)(1) and 8(o) of the 1937 Act and the Authority may use MTW Reserves for activities that would be eligible for Public Housing and Voucher programs. The unrestricted net assets of the separately designated programs, HUD approved MTW activities, Acquisition Development and Facilities Consolidation programs were $15 million and $7 million, respectively, at the end of the fiscal year.

In addition, at the end of the fiscal year, the unrestricted net assets/(deficits) for the Conventional Housing, the Section 8 Rental Voucher, the Real Estate Services and the Development Services programs were ($0.003 million), $19 million, $0.7 million and ($0.5 million), respectively.

Capital Acquisitions and Construction Activities

During the fiscal year ended June 30, 2012, the Authority's activities related to construction and rehabilitation of the various projects was not significant as most of the public housing projects were disposed of during the previous year. Similarly, additions to furniture and equipment were also minimal. Additional information on the Authority's capital assets can be found in Note 6, Capital Assets, to the basic financial statements.

Long-Term Debt Activity (in thousands)

	Year ended June 30,		Increase (Decrease)	
	2012	2011	Amount	%
Notes payable:				
Section 8 Rental Voucher	$ 1,400	$ 1,403	$ (3)	0%
Lease revenue bonds:				
Housing Development	7,940	8,085	(145)	-2%
Total long-term debt	$ 9,340	$ 9,488	$ (148)	

During fiscal year ended June 30, 2012, the Authority's long-term debt decreased by $147,500 due to scheduled principal retirements. Additional information on the Authority's Long-Term Debt Activity can be found in Note 8, Long Term Obligations, to the basic financial statements.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development,
- Future congressional appropriation bills on MTW funding, and particularly due to impact of congressional sequestration federal funding cut backs as expected in 2013.
- Local and national property rental markets that determine Housing Assistance Payments.
- Local labor supply and demand, which can affect salary and wage rates.

- Local inflationary, economic and employment trends that can affect resident income and therefore impact the amount of rental income

- Inflationary pressure on utility rates, supplies and other costs.

Contact

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Housing Authority of the County of Santa Clara, CFO/Director of Finance, 505 W. Julian Street, San Jose, CA 95110.

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Statement of Net Assets

June 30, 2012

	Primary Government	Component Units
Assets		
Current assets		
Cash and cash equivalents (Note 3)	$ 20,477,812	$ 8,702,723
Short-term investments (Note 3)	246,865	-
Accounts receivable		
Tenants	1,883	204,193
HUD	802,102	2,317
Others	142,448	254,888
Interest receivable	1,022,059	-
Due from component units and related parties (Note 10)	14,894,729	928,717
Prepaid expenses	1,178,749	898,248
Restricted cash and cash equivalents (Note 3)	8,892,060	27,122,946
Total current assets	47,658,707	38,114,032
Noncurrent assets		
Long-term Investments (Note 3)	8,871,025	-
Self-help loans receivable (Note 4)	167,740	-
Interest receivable	2,598,290	-
Long-term receivables from component units and related parties (Note 10)	41,055,412	-
Net pension asset (Note 12)	17,784,026	-
Other assets	-	5,499,282
Capital assets (Note 6)		
Nondepreciable	17,884,821	36,735,631
Depreciable	11,444,261	337,676,949
Total capital assets	29,329,082	374,412,580
Total noncurrent assets	99,805,575	379,911,862
Total assets	$ 147,464,282	$ 418,025,894

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Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Statement of Net Assets - Continued

June 30, 2012

	Primary Government	Component Units
Liabilities		
Current liabilities		
Bank overdraft (Note 3)	$ -	$ 26,848
Accounts payable	798,864	5,807,001
Accrued interest payable	119,550	2,095,605
Intergovernmental payable	61	-
Payable to component units and related parties	-	1,715,150
Due to primary government	-	9,758,283
Other accrued liabilities	103,418	663,832
Tenant security deposits	2,600	926,598
Deferred revenue	482,287	129,303
Line of credit payable (Note 7)	1,025,000	-
Current portion of accrued vacation and sick leave (Note 8)	82,167	-
Current portion of long-term obligations (Note 8)	179,500	31,437,289
Total current liabilities	2,793,447	52,559,909
Noncurrent liabilities		
Deferred credit from related parties (Note 10)	1,426,846	-
Deferred revenue	914,130	-
FSS escrow (Note 2)	643,227	-
Accrued vacation and sick leave, net of current portion (Note 8)	999,585	-
Long-term interest payable (Note 8)	554,985	22,251,592
Long-term obligations, net of current portion (Note 8)	9,414,629	258,342,584
Advance from primary government	-	18,363,603
Total noncurrent liabilities	13,953,402	298,957,779
Total liabilities	$ 16,746,849	$ 351,517,688
Net Assets		
Invested in capital assets, net of related debt	$ 19,734,953	$ 93,818,404
Restricted	7,291,423	26,226,191
Unrestricted	103,691,057	(53,536,389)
Total Net Assets	$ 130,717,433	$ 66,508,206

See notes to financial statements

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2012

	Primary Government	Component Units
Operating revenues		
Rental income	$ 1,146,848	$ 31,886,085
Service fees	431,995	54,793
Housing assistance payments earned	247,379,944	-
HUD administrative fees	22,170,343	-
Other revenue	123,747	1,472,440
Total operating revenues	271,252,877	33,413,318
Operating expenses		
Salaries and Benefits	18,380,795	-
Administrative	1,913,964	5,239,706
Tenant services	67,117	-
Utilities	219,642	3,067,489
Maintenance and operations	377,793	5,905,805
General	1,131,973	2,319,417
Depreciation and amortization	952,565	11,165,470
Housing assistance payments	253,501,696	-
Other	2,856,073	-
Total operating expenses	279,401,618	27,697,887
Operating income (loss)	(8,148,741)	5,715,431
Nonoperating revenues (expenses)		
Intergovernmental	670,435	803,683
Operating subsidy	36,058	-
Land lease income	161,404	-
Interest income on investments and loans receivable	2,945,751	216,919
Interest expense	(611,878)	(11,308,201)
Other nonoperating expenses, net	-	(2,272,422)
Total nonoperating revenues (expenses)	3,201,770	(12,560,021)
Income (loss) before capital contributions (distributions)	(4,946,971)	(6,844,590)
Capital Contributions (distributions)	-	832,474
Change in net assets	(4,946,971)	(6,012,116)
Net assets at beginning of year	135,664,404	72,520,322
Net assets at end of year	$ 130,717,433	$ 66,508,206

See notes to financial statements

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Statement of Cash Flows

Year ended June 30, 2012

	Primary Government
Cash Flows from operating activities	
Receipts from tenants	1,211,466
Receipts from customers and others	555,742
Receipts from housing assistance programs	269,550,287
Payments to suppliers for goods and services	(9,188,398)
Housing assistance payments on behalf of tenants	(253,501,696)
Payments to employees for services	(18,582,702)
Net cash used in operating activities	(9,955,301)
Cash flows from noncapital financing activities	
Bank overdraft repayments	(836,652)
Intergovernmental revenue	690,036
Net cash used in noncapital financing activities	(146,616)
Cash flows from capital and related financing activities	
Acquisition of capital assets	(611,041)
Repayment of line of credit	(633,767)
Repayments of short-term and long-term liabilities	(197,107)
Interest paid	(616,726)
Net cash used in capital and related financing activities	(2,058,641)
Cash flows from investing activities	
Interest received	1,864,156
Receipt of land lease income	161,404
Increase of loans and other receivables to related parties and component units	(9,671,577)
Net purchase of investments	(1,679,183)
Net cash provided by investing activities	(9,325,200)
Net decrease in cash and cash equivalents	(21,485,758)
Cash and cash equivalents at beginning of year	50,855,630
Cash and cash equivalents at end of year	$ 29,369,872

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Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Statement of Cash Flows - Continued

Year ended June 30, 2012

		Primary Government
Reconciliation of operating loss to net cash used in operating activities		
Operating loss		(8,148,741)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization		952,565
Decrease (increase) in		
Receivables		6,159
Prepaid expenses		(922,067)
Net pension asset		(1,887,961)
Other assets		99,599
Increase (decrease) in		
Accounts payable		229,059
Tenant security deposits and FSS escrow		(254,504)
Deferred revenue		312,963
Other liabilities		(342,373)
Net cash used in operating activities	$	(9,955,301)
Cash and cash equivalents:		
Cash and cash equivalents		20,477,812
Restricted cash and cash equivalents		8,892,060
Total cash and cash equivalents	$	29,369,872

See notes to financial statements

Note 1 - The Financial Reporting Entity

Primary Government

The Housing Authority of the County of Santa Clara (the Authority) was established in 1967 by the Santa Clara County (County) Board of Supervisors to administer a federal rent subsidy program authorized under the United States Housing Act of 1937. The objective of the Authority is to improve the lives of low-income families, persons with disabilities and seniors in the County by providing affordable, high-quality housing. It accomplishes its objective by providing management, administrative and educational services to tenants and landlords to facilitate the operation of the various federal and state housing assistance programs.

The Authority's general operation is overseen by the Board of Commissioners (Board), members of which are appointed by the County Board of Supervisors. The Board of Commissioners consists of seven commissioners, one from each of the five supervisorial districts and two tenants of the Authority, one being a senior citizen. Each member is appointed for a four-year term except the resident commissioners, who are appointed for two-year terms. As a result of this and because of the financial and operational relationship with the County, the Authority has been classified as a discrete component unit of the County.

Component Units

The governmental reporting entity consists of the Authority (the Primary Government) and its component units. Component units are legally separate organizations for which the Board of Commissioners is financially accountable or other organizations whose nature and significant relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Authority's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Authority.

The basic financial statements include both blended and discretely presented component units. The blended component unit is a legally separate entity, and should be, in substance, part of the Authority's operations, and so data from this unit is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government.

Complete financial statements of individual component units can be obtained from the Finance Department of the Authority. Although the limited partnerships and non-profit corporations and organizations do not follow government accounting for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued information in order to conform to the presentation of the primary government.

Blended Component Unit

- **Housing Development Corporation (HDC)** - A non-profit public benefit corporation organized on September 14, 1983 in the State of California. The HDC engaged in the construction of the Authority's central office building and the leasing of such property to the County. The Authority subleased the building to be used as the site of its central offices. The HDC and the Authority have a financial and operational relationship which requires that the HDC's financial statements be blended into the Authority's financial statements. The HDC's primary assets, the central office building and land on which it is located, will vest with the Authority at the termination of the lease, August 15, 2017, or at such time when all of the principal components of the lease payments have been paid. In addition, HDC's policies are determined by a five-member board. The HDC has no employees and all staff work is done by the Authority staff or by consultants to the HDC.

Discretely Presented Component Units

The discretely presented component units include nonprofit corporations and low income housing tax credit limited partnerships whose limited partners have limited rights regarding the operations of the partnerships and the Authority as general partner (directly or indirectly through a nonprofit corporation under the control of the Authority) controls the day- to-day operations of the Partnerships.

The following discretely presented component units have a December 31, 2011 year end:

- **Avenida Espana HDC, Inc. -** A non-profit corporation organized in April 1990 to serve as the general partner in three limited partnerships (AE Associates, Ltd., Rincon Gardens Associates, L.P. and Julian Street Partners, L.P.). Avenida Espana HDC, Inc's three-member Board of Directors are appointed by the Authority's Board of Commissioners. The Authority is also legally obligated to finance deficits of Avenida Espana HDC, Inc. and to finance operating deficits up to $I,400,000 of Rincon Gardens Associates, L.P. and $1,900,000 of the Julian Street Partners, L.P.

- **Bracher HDC, Inc.** - A California non-profit corporation organized in August 1993 to provide housing for low-income persons, where no adequate housing exists for such groups, including serving as a general partner in two limited partnerships (HACSC/Choices Senior Associates and HACSC/Choices Family Associates) formed to develop housing for low-income persons. Bracher HDC, Inc.'s five-member board is comprised of three Directors appointed by the Authority's Board of Commissioners and two Directors appointed by the Housing Choices Coalition, Inc. Bracher HDC, Inc. is a component unit of the Authority because three out of the five-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is also legally obligated to finance deficits of Bracher HDC, Inc.

- **DeRose HDC, Inc.** - A California non-profit corporation created in October 1988 to serve as the general partner of three limited partnerships (Blossom River Associates, Thunderbird Associates and Bascom HACSC Associates). It is a component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is also legally obligated to finance deficits of DeRose HDC, Inc.

- **Opportunity Center HDC, Inc.** - A California non-profit corporation established in October 2002 to serve as a general partner in Opportunity Center Associates, a California Limited Partnership. It is a component unit of the Authority because the three members of the five-member governing board are employees of the Authority. The other two members are each appointed by the boards of directors from Community Working Group, a California non-profit corporation, and InnVision, The Way Home (InnVision). The Authority is also legally obligated for a loan guarantee with Opportunity Center HDC, Inc.

- **Pinmore HDC, Inc.** - A California non-profit corporation established in September 1993 to serve as a general partner in six limited partnerships (Helzer Associates, Willows/HACSC Associates, Fairground Luxury Family Apartments, 1st and Rosemary Senior Housing, 1st and Rosemary Family Housing and Fairgrounds Senior Housing). As of November 2011, 1st and Rosemary Senior Housing and 1st and Rosemary Family Housing no longer had Pinmore HDC, Inc as their Managing General Partner. Furthermore, since they were still under development at that time as well, there were no audits done on them prior to the General Partner transfer. Pinmore HDC, Inc. is a component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two

Authority staff. The Authority is also legally obligated to finance deficits of the Pinmore HDC, Inc.

- **Rotary Plaza/HACSC HDC, Inc.** - A California non-profit corporation established in May 1991 to serve as the managing general partner of Morrone Gardens Associates and Huff Avenue Associates, which were established to develop, construct, manage and provide living facilities for economically and otherwise disadvantaged persons. The five-member governing board of Rotary Plaza/HACSC HDC, Inc. is comprised of the Executive Director of the Authority, two Authority staff and two directors appointed by the Board of Directors of Rotary Plaza of San Jose. It is a component unit of the Authority because the Authority bears responsibility for financial and operational matters of the corporation.

- **S.P.G. Housing, Inc.** - A California non-profit corporation established in March 1992 to serve as a general partner in four limited partnerships (Bracher Associates, San Pedro Gardens Associates, Klamath Associates, and Pinmore Associates). In 2005, S.P.G. Housing, Inc. acquired DeRose Senior Housing, a 76-unit housing complex for the elderly located in San Jose, California from DeRose Housing Associates, a California limited partnership, of which S.P.G. Housing, Inc. was the general partner. It is a component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is also legally obligated to finance deficits of the S.P.G. Housing, Inc.

  As mentioned above, S.P.G. Housing, Inc. serves as the general partner of San Pedro Gardens Associates, Ltd. (SPGA). SPGA is a limited partnership formed on August 15, 1990 to develop and operate a 20-unit affordable housing complex located in Morgan Hill, California. On September 30, 2007, the limited partner of SPGA assigned its limited partnership interest to the Authority and the Authority assumed ownership of the property and the related debt.

  The component unit presented in the Authority's financial statements includes the accounts of S.P.G. Housing, Inc. and its four controlled limited partnerships.

- **Villa Garcia, Inc.** - A non-profit corporation established in December 1970 to manage an 80-unit apartment project subject to HUD regulations. It is a component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority through contractual arrangements is also responsible for financial and operational matters of Villa Garcia, Inc.

- **Villa San Pedro HDC, Inc.** - A non-profit corporation established in March 1990 to provide low-income families with housing facilities and services related thereto. It is a component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority, through contractual arrangements, is also responsible for financial and operational matters of Villa San Pedro HDC, Inc.

- **Property Management, Inc. (PMI)** - A for-profit corporation founded in March 1992 to provide services relating to management of housing units owned and controlled by the Authority and its related parties. The Authority provides financial, accounting, administrative and maintenance services requested by PMI, which in turn, reimburses actual costs of all services. PMI is presented as a discrete component unit because the Authority owns 100% of PMI stock. As of June 30, 2012, almost all of PMI's services have been contracted out to third party management companies (see note 15 for additional information).

The following discretely presented component unit has a May 31, 2012 fiscal year end:

- **Poco Way HDC, Inc.** - A California non-profit corporation established in July 1994 to serve as a general partner in a limited partnership (Poco Way Associates). It is a component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is also legally obligated to finance deficits of Poco Way HDC, Inc.

The following discretely presented component unit has a June 30, 2012 fiscal year end:

- **Program Responsible in Daring Excellence (PRIDE) -** PRIDE was established as 50I (c)(3) non-profit organization in December 1994 to provide low-income families, elderly persons and persons with disabilities with resident initiative programs and services, to develop and assist in the development of enriched housing with support services for low-income persons and families, and to promote activities and programs that encourage economic self-sufficiency. The Board of Directors of PRIDE is comprised of three employees of the Authority.

Note 2 - Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information of the primary government and its component units. The effect of interfund activity has been removed from these statements. The primary government is reported separately from certain legally separate discrete component units for which the primary government is financially accountable.

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same. Separate financial schedules are provided for the Authority's individual programs.

Basic Financial Statements

The basic financial statements (i.e. the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows) report information on all of the business-type activities of the Authority and its component units. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) standards.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

In accordance with GASB standards, the Authority has elected to apply all Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989, which are not inconsistent with GASB pronouncements. Subsequent to this date, the Authority accounts for its proprietary funds as required by GASB.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 fund are U.S. Housing and Urban Development (HUD) housing assistance payments earned, HUD administrative fees and rental income from its public housing units. Operating expenses include employee services, services and supplies, administrative expenses, utilities, depreciation on capital assets and housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenues because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net assets.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Summary of Significant Programs

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD and other governmental entities at the Authority. A summary of each significant program is provided below:

- **Conventional Housing Program** includes the activity of the Conventional Housing Program, which is used for the operations of the Authority's own rental housing units subsidized by the U.S. Department of Housing and Urban Development (HUD) through annual contributions contract SF-1533. At June 30, 2012, this program has 20 occupied units under management in the following HUD contracts: Deborah Drive (CA059016) and Eklund Gardens I and II (CA059014). During the year ended June 30, 2011, the Authority transferred seller-financed notes receivables and other related balances from its property dispositions and established the Rincon Activity Program and the Phase II Activity Program in the amount of $17.6 million and $35.2 million, respectively.

- **Section 8 Rental Voucher Program** is used to account for the operations of the low income housing program which is funded by HUD under the annual contributions contract numbers CA-056VO and CA-059VO for approximately 16,600 units.

- **Moving to Work (MTW) Program** includes the Authority's demonstration program operations to design and test innovative approaches in assisted housing. The purpose of the Authority's demonstration program is to provide incentives to families to become economically self-sufficient, to reduce the Authority's costs and achieve greater cost effectiveness, and to increase housing choice for low-income families.

- **Real Estate Services Program** is used to account for the operations of the activities related to the Property Management and Maintenance Services, Resident Services, Program Compliance Monitoring Services and Asset Management provided to approximately 2,400 residential housing units that are owned by the Authority and its affiliate entities. Revenues for the Real Estate Services program is mostly derived from the fees earned for these services. During the fiscal year ended June 30, 2012, the Real Estate Services Program has outsourced the property management, maintenance and compliance monitoring services to third party management companies.

- **Development Services Program** is used to account for the operations of development activities related to the development and construction of new housing properties through various different financial arrangements including tax credit, tax revenue bonds, and local soft funding. The Fund also accounts for the major rehabilitation of existing low income housing units/projects and earns development fees and also certain specialized revenues.

Cash and Cash Equivalents

The Authority considers all highly-liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank certificates of deposit and deposits with the State of California Local Agency Investment Fund (LAIF).

Restricted Cash, Cash Equivalents and Investments

Restricted cash, cash equivalents and investments represents deposits that are used as collateral for loans made by a bank, used for replacement reserve and impound accounts, insurance reserve, security deposit and residual receipt accounts.

All investments are stated at fair value. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Receivables, Net

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD and other governments represent reimbursable expenses or grant subsidies earned that have not been collected as of year-end; these amounts are considered fully collectible.

Capital Assets

The Authority defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Land, structures and equipment are recorded at cost. Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	27.5 - 40 years
Site improvements and modernization	10-40 years
Dwelling and non-dwelling equipment	3-5 years
Vehicles	5 years
Computer hardware and software	3-5 years

Intangible Assets

Intangible assets consist of loan costs and are recorded at cost at the date of acquisition. Amortization is charged to the Statement of Revenues, Expenses and Changes in Net Assets over the term of the related debt using the effective yield method from the date they are available for use.

Impairment of Capital Assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2012, there has been no impairment of the capital assets.

Compensated Absences

Employees of the Authority are entitled to paid vacation, depending on job classification, length of service and other factors. Additionally, employees may accumulate unused sick leave benefits based on length of service. In accordance with the provisions of GASB Statement No, 16, “Accounting for Compensated Absences,” the estimated liability for vested leave benefits is recorded when it is earned as an expense and the cumulative unpaid amount is reported as a liability.

Family Self Sufficiency (FSS) Escrow

The FSS Escrow Account is an interest bearing account reported as part of restricted cash and investments and established by the Authority for each participating family in the Section 8 Housing Choice FSS Program. An escrow credit reported as a liability is based on increases in earned income of the family. This escrow is credited to this account by the Authority during the term of the FSS contract. The Authority may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education. If the family completes the contract and no member of the family is receiving welfare, the amount of the FSS account is paid to the head of the family. If the Authority terminates the contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow account is forfeited.

Eliminations

Inter-program due from/due to - In the normal course of operations, certain programs may pay for common costs or advance funds for operational shortfalls that create inter-program receivables or payables. The inter-program receivables and payables net to zero and are eliminated for presentation of the Authority as a whole. For the year ended June 30, 2012, offsetting amounts of $17,608,695 were eliminated.

Fee for Service - The Authority's Central Office Cost Center (COCC) internally charges fees to its Asset Management Programs (AMPs). These charges include management fees, bookkeeping fees, and asset management fees. For financial reporting purposes, $60,575 of fee for service charges have been eliminated for the year ended June 30, 2012.

Internal Charges - The Authority internally charges its costs of support service, indirect costs allocations and rent provided by one department to other Authority departments on a cost-reimbursement basis. For financial reporting purposes, $7,642,607 of internal charges for services has been eliminated for the year ended June 30, 2012.

Net Assets

Net assets comprise the various net earnings from operating income, nonoperating revenues and expenses, and special items. Net assets are classified in the following three components:

Invested In Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Use of 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 these financial statements. Actual results may differ from those estimates.

Effects of New Pronouncements

The Authority is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In December 2010, GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus." GASB Statement No. 61 is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, "The Financial Reporting Entity," and GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments," to better meet the needs of users and address reporting entity issues that have come to light since these statements were issued in 1991 and 1999, respectively. GASB Statement No. 61 improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units) and amends the criteria for blending – reporting component units as if they were part of the primary government – in certain circumstances. Application of this Statement is effective for the Authority's fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and

AICPA Pronouncements." The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources and Net Position." This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements in Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 64, "Derivatives Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53." The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2013.

In March 2012, GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities". The purpose of this Statement is to reclassify certain items currently being reported as assets and liabilities as deferred outflows/inflows of resources (see GASB 64). The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2014.

In March 2012, GASB issued Statement No. 66, "Technical Corrections – 2012-an Amendment of GASB Statements No. 10 and No. 62". The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two previous pronouncements by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service funds. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, (Accounting for Operating Leases with Scheduled Rent Increases), and result in guidance that is consistent with the requirements in Statement No. 48, (Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues), respectively. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2014.

In June 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25". The objective of this Statement is to improve financial reporting by state and local governments for pension plans. Among other improvements, net pension liabilities will be reported on the balance sheet, providing citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees for past services rendered. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2015.

In June 2012, GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2016.

Note 3 - Cash, Cash Equivalents and Investments

Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments are presented on the accompanying statements of net assets as of June 30, 2012 for the Primary Government and as of the various fiscal year ends of the individual discretely presented component units are as follows:

	Primary Government	Component Units	Total
Cash and cash equivalents	$ 20,477,812	$ 8,702,723	$ 29,180,535
Short term investments	246,865	-	246,865
Restricted cash investments	8,892,060	27,122,946	36,015,006
Long term investments	8,871,025	-	8,871,025
Bank overdraft	-	(26,848)	(26,848)
Total cash, cash equivalents and investments	$ 38,487,762	$ 35,798,821	74,286,583

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. In addition, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investments Authorized by the Authority

The Authority is empowered by the HUD Notice 96-33 (extended indefinitely by HUD Notice PIH 2002-13) to invest HUD funds in the following:

A. United States Treasury bills, notes and bonds.
B. Obligations issued by Agencies or instrumentalities of the U.S. Government.

C. State or Municipal Depository Funds, such as the Local Agency Investment Fund (LAIF).
D. Insured demand and savings deposits, provided that deposits in excess of the insured amount must be 100 percent collateralized by securities listed in A and B above.
E. Insured money market deposit accounts, provided that deposits in excess of the insured amount must be 100 percent collateralized by securities listed in A and B above.
F. Insured super NOW accounts, provided that deposits in excess of the insured amount must be 100 percent collateralized by securities listed in A and B above.
G. Repurchase Agreements of any securities authorized above. Securities purchased under repurchase agreements shall be no less than 102 percent of market value.
H. Reverse Repurchase Agreements of any U.S. Treasury and Federal Agency securities in the portfolio.
I. Sweep accounts that are 100 percent collateralized by securities listed in A and B above.
J. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized above (money market mutual funds). Such funds must carry the highest rating of at least two national rating agencies. Not more than 15 percent or 20 percent of surplus funds can be invested in money market mutual funds.
K. Funds held under the terms of a trust indenture or other contract or agreement, including the HUD/Public Housing Agency Annual Contributions Contract, may be invested according to the provisions of those indentures or contracts.
L. Any other investment security authorized under the provisions of HUD Notice 96-33, as extended by HUD Notice PIH 2002-13.

The Authority is empowered by the California Government Code Sections 5922 and 53601 et seq. and its Investment Policy to investment non-HUD funds in the following:

A. Bonds issued by local government agencies with a maximum maturity of five years.
B. United States Treasury bills, notes and bonds.
C. Registered warrants, treasury notes or bonds issued by the State of California.
D. Bonds, notes, warrants or other evidence of debt issue by a local agency

within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurer, other local agencies or joint power agencies.

E. Obligations issued by Agencies or instrumentalities of the U.S. Government.

F. Bankers Acceptances with a term not to exceed 270 days. Not more than 40 percent of surplus funds can be invested in Bankers' Acceptances and no more than 30 percent of surplus funds can be invested in the Bankers' Acceptances of any single commercial bank.

G. Prime Commercial Paper with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service (Moody's) or Standard & Poor's Corporation (S&P). Commercial Paper cannot exceed 15 percent of total surplus funds, provided that if the average maturity of all Commercial Paper does not exceed 31 days, up to 30 percent of surplus funds can be invested in Commercial Paper.

H. Repurchase Agreements of any securities authorized by this section. Securities purchased under repurpose agreements shall be no less than 102 percent of market value.

I. Reverse Repurchase Agreements of any U.S. Treasury and Federal Agency Securities in the portfolio.

J. Medium term notes (not to exceed 2 years) of U.S. Corporations rated "A" or better by Moody's and S&P. Not more than 30 percent of surplus funds can be invested in medium term notes.

K. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this section (Money Market Mutual Funds). Such funds must carry the highest rating of at least two national rating agencies. Not more than 15 percent of surplus funds can be invested in Money Market Mutual Funds.

L. Funds held under the terms of a trust indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.

M. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.

N. Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category must be rated AA or better by a national rating service. No more than 30 percent of surplus funds can be invested in this category of securities.

O. Any other investment security authorized under the provisions of the California Government Code section 5922 and 53601.

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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. The Local Agency Investment Fund (LAIF) does not have a rating provided by a nationally recognized statistical rating organization.

The Authority is a participant in the LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are U.S. Treasuries, federal Agency obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. More information on LAIF investment pool can be found at http://www.treasurer.ca.gov/pmia-laif/.

Notes to Financial Statements - Continued

June 30, 2012

A summary of the Authority's Cash, Cash Equivalents and Investments at June 30, 2012 is shown below.

	S&P/Moody's Credit Rating	Fair Value	Maturities (in years) Less than 1	1 - 3	3 - 5
Conventional Housing Program/Rincon					
Cash and Cash Equivalents	Not rated	$ 20,878	$ 20,878	$ -	$ -
State Local Agency Investment Fund	Not rated	832,611	832,611	-	-
Subtotal Conventional Housing Program/Rincon Activity		853,489	853,489	-	-
Moving to Work Program					
Cash and Cash Equivalents	Not rated	3,020,488	3,020,488	-	-
GE Capital Retail BK CD 6/15/17 1.8%	Not rated	79,270	-	-	79,270
UBOC MTW Reserve Money Market Account	Not rated	1,808,528	1,808,528	-	-
Wunderlich - Fixed income securities - AMEX CD	Not rated	246,865	246,865	-	-
Wunderlich - Cash and sweep accounts	Not rated	20,077	20,077	-	-
State Local Agency Investment Fund	Not rated	784,114	784,114	-	-
Prime Money Market Mutual Fund	Not rated	3,457	3,457	-	-
Subtotal Moving to Work Program		5,962,799	5,883,529	-	79,270
Acquisition Development/Facilities Consolidation					
Cash and Cash Equivalents	Not rated	7,289,444	7,289,444	-	-
Compass Bank Birmingham Ala CD 12/23/13 0.55%	Not rated	142,492	-	142,492	-
ALLY Bank Midvale Utah CD 6/27/14 0.85%	Not rated	149,457	-	149,457	-
GE Cap Retail Bank CD 6/22/15 1.15%	Not rated	99,436	-	99,436	-
GE Cap Bank CD 6/22/16 1.35%	Not rated	99,244	-	-	99,244
Discover Bank CD 6/20/17 1.8%	Not rated	198,214	-	-	198,214
Federal Home Loan Banks 5/16/13 0.3%	Moody Aaa	1,000,350	-	1,000,350	-
Federal Home Loan Banks 8/8/13 0.22%	Moody Aaa	2,098,488	-	2,098,488	-
Federal Home Loan Bank - 8/16/13	Moody Aaa	999,790	-	999,790	-
Federal Home Loan Bank - 9/16/13	S&P AA+	1,399,664	-	1,399,664	-
Federal Home Loan Mtg Corp - 10/30/13	Moody Aaa	1,603,920	-	1,603,920	-
Federal Home Loan Mtg Corp - 11/29/13	Moody Aaa	1,000,700	-	1,000,700	-
Comerica pledge account - MTW Reserve Acct	Not rated	5,025,596	5,025,596	-	-
Prime Money Market Mutual Fund	Not rated	199,064	199,064	-	-
State Local Agency Investment Fund	Not rated	139,519	139,519	-	-
Subtotal Acquisition Development/Facilities Consolidation		21,445,378	12,653,623	8,494,297	297,458
Other Programs					
Cash and Cash Equivalents	Not rated	1,964,536	1,964,536	-	-
State Local Agency Investment Fund	Not rated	8,257,939	8,257,939	-	-
Prime Money Market Mutual Fund	Aaa	3,621	3,621	-	-
Subtotal Other Programs		10,226,096	10,226,096	-	-
Total		$ 38,487,762	$ 29,616,737	$ 8,494,297	$ 376,728

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. More than 5 % of the Authority's investments are invested in Union Bank of California money market account (7%), Federal Home Loan Banks (21%), Federal Home Loan Mortgage Corporation (10%), Comerica Pledge for Line of Credit account (19%) and State Local Agency Investment Funds (38%).

Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of June 30, 2012, none of the Authority's investments are exposed to custodial credit risk.

Note 4 - Self Help Loans Receivable

The San Pedro Gardens project consists of 20 rental apartments and 16 self-help owner-built units. The Authority held seven individual loans, net of allowance, totaling $167,740 at June 30, 2012 secured by deeds of trust on the individual properties. The loan agreements allow the Authority to repurchase units during the first four years of ownership at a restricted sales price and at market rates thereafter. If the borrower has occupied the unit for 20 years, 10% of the balance outstanding will be forgiven each year thereafter and the loan will be totally canceled at year 30. Due to the uncertainty of payment, no income was recognized and a deferred revenue liability has been set aside for the cumulative accrued interest receivable at June 30, 2012 in the amount of $914,130.

Note 5 - Property Dispositions

The Authority's Conventional Housing Program had 555 occupied units under management in the following HUD contracts: Rincon Gardens (CA059004), Sunset Gardens (CA059005), Lucretia/Julian (CA059012), Deborah/Miramar (CA059016), Eklund Gardens (CA059014), Lenzen Gardens (CA059007) and Cypress Gardens (CA059008). On September 26, 2007, HUD approved the Authority's request for the disposition of improvements/buildings at fair market value and the disposition of the underlying land via long-term ground lease for these 555 occupied units.

Disposition of Public Housing Phase I: Rincon Gardens

During the year ended June 30, 2009, the Authority completed the disposition of Rincon Gardens. On April 1, 2008, Avenida Espana HDC, Inc., an affiliate of the Authority and as sole general partner, formed Rincon Gardens Associates LP, a California limited partnership (Partnership) with the Authority as the original limited partner. On April 7, 2008, the Partnership entered into a Ground Lease and agreed to lease from the Authority real property located at 400 West Rincon Avenue, Campbell, California (Property).

On September 16, 2008, the Authority sold the 200 unit multifamily rental housing development located at the Property (Rincon Gardens) with the interest to the Partnership and provided a seller take-back note in the amount of $15,670,000 (Authority Loan) and recognized a gain in the amount of $12,792,581. The Authority Loan is secured by a subordinate deed of trust recorded against the Project, bears interest at 5.35% and matures on October 1, 2063. On September 16, 2008, PNC MultiFamily Capital Institutional Fund XXXIX Limited Partnership, a Delaware limited partnership, and Columbia Housing SLP Corporation, an Oregon corporation, purchased the limited partnership interest while the Authority withdrew as the limited partner and provided a guaranty of the obligations of the General Partner, Avenida Espana HDC, Inc. (see Note 10). The Partnership financed the rehabilitation and development of the Project with bond financing (Bond Loan) and the Authority agreed to guaranty the obligations of Partnership, as borrower, under the Bond Loan (Loan Guaranty). In conjunction, the Authority issued conduit debt, Multifamily Housing Revenue Bonds (Rincon Gardens Apartments), 2008 Series A-1 in an amount of $13,630,000, 2008 Series A-2 in an amount of $3,391,000, and 2008 Series A-3 in an amount of $5,979,000, secured by a Master Pledge and Assignment, to provide financing to Rincon Gardens Associates, LP (Borrower), for the acquisition and rehabilitation of Rincon Gardens (see Note 15).

Disposition of Public Housing Phase IIB Properties: Cypress Gardens, Lenzen Gardens, Sunset Gardens, Lucretia Gardens, Julian Gardens and Miramar Way

During the year ended June 30, 2011, the Authority completed the disposition of six properties. On September 22, 2009, Avenida Espana HOC, Inc., an affiliate of the Authority as sole general partner, formed Julian Street Partners, L.P., a California limited partnership (Partnership) with the Authority as the original limited partner. On November 19, 2010, the Partnership entered into a Ground Lease and agreed to lease from the Authority six real properties located at 3555 Judro Way: San Jose (Cypress Gardens); 893 Lenzen Avenue, San Jose (Lenzen Gardens); 7750 Wren Avenue, Gilroy (Sunset Gardens); 2018-2044 Lucretia Avenue, San Jose (Lucretia Gardens); 345 E. Julian Street, San Jose (Julian Gardens); and 3761 Miramar Way, Santa Clara (Miramar Way).

On November 19, 2010, the Authority sold 335 public housing units located at the six Phase IIB properties (Cypress Gardens, Lenzen Gardens, Sunset Gardens, Lucretia Gardens, Julian Gardens and Miramar Way) with a book value of $7.7 million to the Partnership in the amount of $34,290,000 and recognized a gain from the disposition of $26.6 million. The Authority received proceeds restricted by HUD pursuant to its disposition agreement in the amount of $11.5 million and provided a seller take-back note in the amount of $22,802,850. The Authority loan is secured by a subordinate deed of trust recorded against the Phase IIB properties, bears interest at 4.35% and matures on December 31, 2055. On November 10, 2010, PNC MultiFamily Capital Institutional Fund 45 Limited Partnership, a Delaware limited partnership, and Columbia Housing SLP Corporation, an Oregon corporation, purchased the limited partnership interest while the Authority withdrew as the limited partner and provided a guaranty of the obligations of the General Partner, Avenida Espana HDC, Inc. The Partnership financed the rehabilitation and development of the project with bond financing (Bond Loan) and the Authority agreed to guaranty the obligations of the Parntership, as borrower, under the Bond Loan (Loan Guaranty). In conjunction, the Authority authorized the issuance of conduit debt, Multifamily Housing Revenue Bonds (HACSC Portfolio) 2010 Series A-1 in the amount of $18,035,000 and Series A-2 bonds in the amount of $26,115,000 secured by the Master Pledge and Assignment, to provide financing to Julian Street Partners, L.P. (Borrower) for the acquisition and rehabilitation of the six Phase IIB properties. As of June 30, 2011, the Authority issued the 2010 Series A-1 bonds in the amount of $18,035,000.

Disposition of Public Housing Phase IIA Properties:

As of June 30, 2012, the Authority has 3 remaining public housing projects with a total of 20 rental units managed under HUD’s Public Housing rules and regulations; Deborah Drive, Eklund Gardens #1 and Eklund Gardens #2.

The Authority is waiting for the final confirmation from HUD in order to dispose of these remaining public housing units.

Note 6 - Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance, July 1, 2011	Additions	Reductions/ Transfers	Balance, June 30, 2012
Capital assets, not being depreciated				
Land	$ 17,229,032	$ -	$ -	$ 17,229,032
Construction in progress	1,677,407	299,110	(1,320,728)	655,789
Total capital assets, not being depreciated	18,906,439	299,110	(1,320,728)	17,884,821
Capital assets, being depreciated				
Structures	15,643,602	16,471	948,598	16,608,671
Furniture and equipment	3,183,358	295,460	-	3,478,818
Total capital assets, being depreciated	18,826,960	311,931	948,598	20,087,489
Less accumulated depreciation				
Structures	(4,977,991)	(585,903)	-	(5,563,894)
Furniture and equipment	(2,732,470)	(346,864)	-	(3,079,334)
Less accumulated depreciation	(7,710,461)	(932,767)	-	(8,643,228)
Total capital assets, being depreciated, net	11,116,499	(620,836)	948,598	11,444,261
Total capital assets, net	$ 30,022,938	$ (321,726)	$ (372,130)	$ 29,329,082

Note 7 - Short-Term Borrowings

The Authority maintains a $5,000,000 line of credit, which provides the Authority with a ready means or short-term financing. On November 12, 2010, the Authority agreed to grant the bank a security interest in its money market account (restricted cash) maintained at the bank and extended the maturity date to September 16, 2016. The line of credit bears interest at a rate of prime rate minus 0.5% and is at 3.25% at June 30, 2012, which is payable monthly. During the year ended June 30, 2012, the Authority had the following short-term borrowing activity:

	Conventioal Housing Program	Real Estate Services Program	Development Services Program	Total
Balance, July 1, 2011	$ 295,287	$ 1,025,000	$ 338,480	$ 1,658,767
Additions	-	-	-	-
Reductions	(295,287)	-	(338,480)	(633,767)
Balance, June 30, 2012	$ -	$ 1,025,000	$ -	$ 1,025,000

Note 8 - Long-Term Obligations

Outstanding long-term debt consisted of the following at June 30, 2012:

Type of indebtedness (purpose)	Maturity	Interest Rate	Principal Installments	Original Issue Amount	Balance June 30, 2012
Notes payable					
Section 8 Choice Voucher Program					
Redevelopment Agency of the City of Morgan Hill	6/15/2021	1%	$ 425,000	$ 425,000	$ 425,000
County of Santa Clara (San Pedro Gardens)	11/30/2012	0%	2,500/year	50,000	2,500
City of San Jose (Morrone Gardens)	9/23/2024	4%	972,500	972,500	972,500
Total Section 8 Choice Voucher Program					1,400,000
Lease Revenue Bonds					
Internal Service Program					
2004 Series (Julian Office)	9/1/2029	1%	85,000 - 255,000	3,550,000	3,020,000
2006 (Julian Office Renovation)	9/1/2038	5%	50,000 - 510,000	5,125,000	4,920,000
Total Internal Service Program					7,940,000
Total Primary Government					$ 9,340,000

Changes to the Primary Government long-term obligations are as follows:

Primary Government	June 30, 2011	Addition	Reductions	June 30, 2012	Due within one year
Lease Revenue Bonds	$ 8,085,000	$ -	$ (145,000)	$ 7,940,000	$ 150,000
Notes payable					
City of Morgan Hill	425,000	-	-	425,000	-
County of Santa Clara	5,000	-	(2,500)	2,500	2,500
City of San Jose	972,500	-	-	972,500	20,000
Total Notes Payable	1,402,500	-	(2,500)	1,400,000	22,500
Premium on Lease Revenue Bonds					
Premium on bonds	202,079	-	-	202,079	
Premium - contra	(30,620)	-	(6,124)	(36,744)	
Total Net Premium	171,459	-	(6,124)	165,335	
Payment in Lieu of Taxes	1,835,631	7,000	(1,753,837)	88,794	7,000
Accrued vacation and sick leave	988,571	1,081,748	(988,567)	1,081,752	82,167
Long-term interest payable	531,834	23,151	-	554,985	-
Total Primary Government	$ 13,014,995	$ 1,111,899	$ (2,896,028)	$ 11,230,866	$ 261,667

Lease Revenue Bonds - On September 1, 2004, the Santa Clara County Financing Authority (Financing Authority) issued $3,550,000 of Series 2004A Lease Revenue Bonds that bear interest that set each week by the remarketing agent based upon prevailing interest rates for 7-day variable rate demand bonds of similar credit quality trading in the municipal market place during the week. In connection with the issuance of the Series 2004A Lease Revenue Bonds, the Financing Authority obtained an irrevocable letter of credit as a credit facility with U.S. Bank, N.A. for these bonds. As of June 30, 2012, the letter of credit was set to expire on September 1, 2015. The Financing Authority's repayment of unreimbursed draws made on the credit facilities bear interest at rates as defined in the reimbursement agreement up to LIBOR plus 4% per annum with the principal due at September 1, 2015. The Financing Authority is required to pay U.S. Bank, N.A. an annual commitment fee of 1.50% based on the outstanding principal amount of the bonds supported by the credit facility and for the year ended June 30, 2012 paid annual commitment fee in the amount of $46,598.

On October 19, 2006, the Financing Authority issued $5,125,000 of 2006 Lease Revenue Bonds (2006 Bonds). The bond proceeds were used to provide additional financing for the renovation of the office building used by the Authority. The 2006 Bonds are on parity with the 2004 Bonds.

The Finance Authority assisted the Authority in financing its office building project. The lease revenue bonds are payable by a pledge of revenues from the base rental payments payable by the Authority pursuant to lease and sub-lease agreements between the County of Santa Clara, the Financing Authority and the Housing Development Corporation for the use of the office building. The leases act like direct financing leases with lease payments equal to debt service payments. Total debt service requirements remaining on the lease revenue bonds is $12,838,921 payable through September 1, 2038. For the current year, the total lease (debt service) payments made by the Authority totaled $396,655.

PILOT - In connection with the Conventional Housing Program, HUD requires the Authority to compute the annual Payment In Lieu Of Taxes (PILOT) based on the lesser of assessable value of owned housing multiplied by the current tax rate or 10% of the dwelling rents net of utilities expense to its taxing jurisdiction (County of Santa Clara). During the year ended June 30, 2012, $1,753,837 of liabilities for previously accrued PILOT fees were removed and accounted for as income during the disposition of the Phase IIB projects. For the year ended June 30, 2012, the Authority accrued $88,794 for PILOT fees for the remaining three public housing units, Deborah Drive, Eklund Gardens #1 and Eklund Gardens #2 for periods through June 30, 2012. Of the total due, $7,000, is expected to be paid off to the County of Santa Clara by June 30, 2013.

Annual debt service requirements of the Primary Government to maturity are as follows:

	Notes Payable		Lease Revenue Bonds	
Year ending June 30,	Principal	Interest	Principal	Interest (1)
2013	$ 22,500	$ 43,150	$ 150,000	$ 249,759
2014	-	43,150	155,000	246,973
2015	-	43,150	165,000	244,169
2016	-	43,150	170,000	241,037
2017	-	43,150	180,000	245,068
2018 - 2022	425,000	215,750	1,050,000	917,718
2023 - 2027	952,500	83,275	1,315,000	1,073,134
2028 - 2032	-	-	1,655,000	975,150
2033 - 2037	-	-	2,105,000	625,125
2038 - 2039	-	-	995,000	111,750
Total	$ 1,400,000	$ 514,775	$ 7,940,000	$ 4,929,881

(1) The Lease Revenue Bonds initially bear variable interest which is set weekly by the remarketing agent based upon prevailing interest rates for seven-day variable rate demand bonds of similar credit quality trading in the municipal market place during the week. On June 30, 2012, the interest rate for the 2004 Series A Bonds was 0.17%.

Note 9 - Deficit Program Net Assets

There is one program with a deficit net assets balance at June 30, 2012. These deficit net assets are expected to be cured through a transfer from the Authority's unrestricted resources. These programs and the related deficits are as follows:

Development Services	$	494,144

The Authority plans to cure the deficits in Development Services with its unrestricted resources in fiscal year 2013.

Note 10 - Related Parties

Receivables from Related Parties

The Authority has the following receivables from related parties and other component units as of June 30, 2012:

	Receivable due to			Long-term Receivable			
Discrete Component Units	Other Advances	Development /Real Estate Services Group	Management, Payroll and Overhead Charges	Notes Receivables	Lease Mortgage Receivables	Seller Take-Back Note	Total
AE Associates	$ -	$ -	$ 2,441	$ 34,237	$ 85,395	$ -	$ 122,073
Bascom HACSC Associates		258,641	37,045				295,686
Blossom River			55,095				55,095
Bracher			15,000				15,000
HACSC Choices Senior Associates	13,081	69,467	15,000				97,548
HACSC Choices Family Associates	37,176	31,042	30,000				98,218
Helzer Associates		437,279					437,279
Julian Street Partners L.P,	131,114					22,802,850	22,933,964
Klamath Associates	15,426		5,845				21,271
Morrone Gardens Associates			6,000		306,235		312,235
Pinmore			5,893				5,893
Poco Way			6,346				6,346
Rincon Gardens Associates			31,827			15,670,000	15,701,827
San Pedro Gardens Associates			5,335	20,000	193,176		218,511
Thunderbird Associates			15,000				15,000
Willows/HACSC Associates	116,710	196,390					313,100
Avenida Espana HDC, Inc.	12,330,000						12,330,000
S.P.G. Housing, Inc.					1,321,919		1,321,919
Villa Garcia, Inc.				621,600			621,600
Property Management, Inc.	1,025,000		2,576				1,027,576
Total	$ 13,668,507	$ 992,819	$ 233,403	$ 675,837	$1,906,725	$38,472,850	$55,950,141

Development and Other Advances - The Authority advanced funds to the partnerships for development costs. These advances are non-interest bearing and are due in future years from available cash flow.

Development Services/Real Estate Group - For services performed in developing the partnerships' projects, the Authority earned developer fees. The receivables from the partnerships bear interest and are due in future years from available cash flow. As a result, at June 30, 2012 the Authority recorded an allowance for bad debts based on estimated collectability of the receivables as follows:

Partnership	Property	Amount	Accrued Interest	Allowance for Bad Debts	Receivable, Net of Allowance
Bascon HACSC Associates	El Parador	$ 238,053	$ 24,895	$ (4,307)	$ 258,641
HASCSC/Choices Senior Associates	John C. Burns Gardens	305,220	-	(235,753)	69,467
HASCSC/Choices Family Associates	River Town	266,104	-	(235,062)	31,042
Helzer Associates	Helzer Court Apartments	414,482	22,797	-	437,279
Willows/HACSC Associates	The Willows	185,577	10,813	-	196,390
Julian Street Partners LP	Total	$ 1,409,436	$ 58,505	$ (475,122)	$ 992,819

Management, Payroll and Overhead Charges - The Authority has entered into agreements with the partnerships and component units to render services in managing the business of the partnerships and component units in return for fees and other reimbursements for payroll, related benefits, operating costs and insurance. Effective June 30, 2012, the Authority no longer provides these services as the partnerships and component units have contracted out the services to outside third party property management companies.

Notes Receivable:

- **AE Associates -** The Authority provided an unsecured loan, in the original amount of $96,693, to the partnership. The loan is non-interest bearing and is due October 2024.

- **San Pedro Gardens Associates -** The Authority provided an unsecured loan to the partnership in the original amount of $50,000. The loan is non-interest bearing and is due on demand.

- **Villa Garcia, Inc. -** The Authority has loaned the corporation the original amount of $355,000 to help fund operating deficits and rehabilitation costs. Interest accrues at 6% compounded annually. Payments of principal and interest are due annually to the extent of 25% of the project net income as defined. Unpaid principal and accrued interest thereon are due in full in May 2016.

Leases/Mortgage Receivable:

- **AE Associates -** The Authority (Lessor) and the partnership (Lessee) have entered into a 65-year land lease agreement for the premises on which the 84 residential apartment units are built. The annual rent is $20,000 and is only payable to the extent of surplus cash. Any unpaid rent shall accrue without interest and is payable at the end of the lease term.

- **Morrone Gardens Associates -** The Authority (Lessor) and the partnership (Lessee) have entered into a 60-year land lease agreement. The annual rent is $20,000 and is payable to the extent of surplus cash, as defined. Any unpaid rent shall accrue interest at 7% compounded annually, and is payable in subsequent years from surplus cash. Due to the uncertainty of payment, interest will be recorded when paid.

- **San Pedro Gardens Associates -** The Authority (Lessor) and the partnership (Lessee) have entered into a 65-year land lease agreement for the premises on which 20 residential apartment units are built. The annual rent is $10,000 and is payable only to the extent of surplus cash, as defined. Any unpaid rent shall accrue interest at 8% compounded annually. Due to the uncertainty of payment, interest will be recorded when paid.

- **S.P.G. Housing, Inc**. **-** S.P.G. Housing, Inc., subleases the land, on which a 76-unit affordable housing complex for the elderly was built, from the Authority. The sublease ends in 2028 and requires a monthly base payment of $5,500 to the lessor which is subject to annual increases and annual payment of $66,000 to the Authority which is payable from distributable cash. The unpaid rent accrues without interest. At the end of the lease term, the Authority has the right to acquire the leasehold improvements at the fair market price as established in the sublease agreement.

Seller Take-back Receivable:

- **Rincon Garden Associates -** On September 16, 2008, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of $15,670,000 for the premises on which a 200-unit multifamily rental housing property (Rincon Gardens) is located. The note is secured by a subordinate deed of trust recorded against the Rincon Gardens property, bears 5.35%, payments are due and payable beginning October 1, 2008 and continues on the first day of each month thereafter until the maturity date October 1, 2063 to the extent of available net cash flow. Due to the uncertainty of payment, interest is recorded when paid.

- **Julian Street Partners** - On November 1, 2010, the Authority (Lessor),and the partnership (Lessee) have entered into a seller take-back note in the amount of $22,802,850 for the premises on which six multifamily rental housing properties (Cypress Gardens, Lenzen Gardens, Sunset Gardens, Lucretia Gardens, Julian Gardens and Miramar Way) are located. The note is secured by a subordinate deed of trust recorded against these properties, bears 4.35%, payments are due and payable beginning July I, 2011 and continues on the first day of each month thereafter until the maturity date, December 31, 2055, to the extent of available net cash flow as defined in the agreement. Due to the uncertainty of payment, interest is recorded when paid.

Deferred Credit from Related Parties

Willows/HACSC Associates - The Authority (Lessor) and the partnership (Lessee) entered into a 60-year land lease agreement. Total cost of the lease was $1,841,094, which was paid in full at inception of the agreement. The lease revenues are being amortized over the life of the lease. At June 30, 2012, the Authority has a deferred credit balance in the amount of $1,426,846 related to this ground lease.

Guarantees, Commitments and Contingencies

Loan Commitments

The Authority has committed funds for loans to various entities as of June 30, 2012. The amount of loans the Authority has committed to fund but has not funded as of June 30, 2012 is $7,725,592.

Lawsuit and Claims

The Authority is subject to lawsuits and claims which arise out of the normal course of its activities. In the opinion of the management of the Authority and based upon the opinions of legal counsel, the disposition of any and all such actions, of which it is aware, will not have a material effect on the financial position of the Authority.

Guarantees

The Authority has agreed to guarantee obligations of affiliated entities that are general partners in affordable housing limited partnerships. These obligations may include operating deficits, development and low income housing tax credit guarantees. At June 30, 2012, the Authority's significant guarantees and commitments are summarized as follows:

Partnership	Operating Deficit Guarantees	General Partner Demand Notes	Tax Indemnification Guarantees	Loan Repayment Guarantee
AE Associates	$ -	$ 150,000	$ -	$ -
Bascom HACSC Associates (El Parador)	-	-	1,173,504	-
Blossom River Associates	-	250,000	602,831	-
Bracher Associates	-	190,000	-	-
DeRose Housing Associates	-	175,000	-	-
Helzer Associates	1,300,000	-	813,673	-
HACSC/Choices Family Associates	840,000	-	907,312	-
HACSC/Choices Senior Associates	630,000	-	751,089	-
Huff Avenue Associates	-	277,000	-	-
Julian Street Associates	1,900,000	-	24,707,899	unlimited
Klamath Associates	-	71,000	-	-
Morrone Gardens Associates	-	194,000	-	95,000
Opportunity Center Associates	404,541	-	-	-
Pinmore Associates	-	186,000	-	-
Poco Way Associates	-	460,000	112,210	-
Rincon Gardens Associates	1,400,000	-	-	-
San Pedro Gardens Associates	-	80,000	-	-
Thunderbird Associates (Villa Hermosa)	-	-	209,726	-
Willows/HACSC Associates	643,000	-	1,962	-
Total	$ 7,117,541	$ 2,033,000	$ 29,280,206	$ 95,000

Conduit Debt

From time-to-time, the Authority has issued multifamily housing revenue bonds to provide funds to builders for the construction of multifamily housing projects. The bonds are payable solely from the revenues collected by the builders of the projects. The Authority is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the Authority's basic financial statements.

Conduit Debt with the Authority's Related Parties:

- **Blossom River Associates -** In March 1998, the Authority participated in the issuance of $13,350,000 of Multifamily Housing Revenue Bonds Series 1998A and 1998A-T. These bonds were issued to provide financing for the construction and development by Blossom River Associates of a 144-unit multifamily rental housing project and related support facilities. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from the project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. At June 30, 2012, the principal amount payable for this issue was $12,120,000.

- **HACSC/Choices Family Associates -** In August 2001, the Authority participated in the issuance of Multifamily Housing Revenue Bonds Series 2001A in the amount of $8,865,000. These bonds were issued to provide a portion of the financing for the construction and development by HACSC/Choices Family Associates of 100 apartment units located in the City of Santa Clara (RiverTown Apartment Project). In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from the project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. At June 30, 2012, the principal amounts payable for this issue was $8,110,000.

- **HACSC/Choices Senior Associates -** In August 2001, the Authority participated in the issuance of Multifamily Housing Revenue Bonds Series 2001A in the amount of $6,715,000. These bonds were issued to provide part of the financing for the construction and development by HACSC/Choices Senior Associates of a 100-unit multifamily rental housing development for seniors and related support facilities to be known as John Burns Gardens Apartments. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from the project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. At June 30, 2012, the principal amount payable for this issue was $6,150,000.

- **Julian Street Partners -** The Authority issued Multifamily Housing Revenue Bonds, 2010 Series A-1 loan in an amount of $18,035,000, 2010 Series A-2 in an amount of $26,115,000 to provide financing to Julian Street Partners LP. (Borrower), for the acquisition and rehabilitation of six affordable housing complexes. At June 30, 2012, the principal amount payable for these issues was $17,993,010.

- **Rincon Garden Associates -** On September 16, 2008, the Authority issued Multifamily Housing Revenue Bonds (Rincon Gardens Apartments), 2008 Series A-1 in an amount of $13,630,000, 2008 Series A-2 in an amount of $3,391,000, and 2008 Series A-3 in an amount of $5,979,000, secured by a Master Pledge and Assignment, to provide financing to Rincon Gardens

Associates, LP. (Borrower), for the acquisition and rehabilitation of Rincon Gardens. At June 30, 2012, the principal amount payable for these issues was $16,313,597.

- **Willows/HACSC Associates –** In April 2005, the Authority issued multifamily housing revenue bonds in the amount of $4,284,000 in tax-exempt Series A bonds. The bonds were issued to provide refunding funds related to the acquisition of a leasehold interest in the land and fee interest in the improvements and rehabilitation by Willows/HACSC Associates of a 47-unit multifamily rental housing project. At June 30, 2012, the principal amount payable on the refunding bond issues was $4,156,000.

Conduit Debt with Other Entities:

The Authority participated as a conduit debt issuer for a number of housing development projects that are not part of the Authority's operations. These issues are typically used in multi-family housing acquisition and construction. The Authority usually assigns the financing agreement (including all rights of issuer, except for reserved rights) together with other property to the Trustees. As of June 30, 2012, the Authority has the following outstanding conduit debt with non-Authority related entities.

Partnership	Project	Number of Units	Original Issue	Balance, June 30, 2012
Cedar Glen Associates	Cedar Glen	260	$ 16,550,000	$ 9,920,000
MP Timberwood Associates	Timberwood	286	18,415,000	11,305,000
Monte Vista Associates, LP	Monte Vista Terrace	150	13,000,000	9,190,000
Benton Park Central Apartments	Benton Park Central	172	10,900,000	Redeemed
Elena Gardens	Elena Gardens	168	8,665,000	Redeemed
MP Latham Associates	Latham Park	74	4,500,000	1,666,087
	Total			$ 32,081,087

Note 11 - Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the Authority's insurance coverage in any of the past three fiscal years.

The Authority purchased insurance for comprehensive liability, all-risk property, vehicle liability and property damage and employment practices liability (including errors and omissions) from the Housing Authority Risk Retention Group, Inc. (HARRG), Travelers, and CHARTIS.

Workers compensation and employer's liability insurance are provided through California Housing Workers Compensation Authority (CHWCA), a joint powers insurance authority. The purpose of CHWCA is to pool resources of its members to provide coverage through group self-insurance, purchase insurance beyond what is provided through the pool and obtain favorable rates afforded through purchasing as a pool. Members are assessed premiums to cover both the self-insurance as well as the purchased insurance coverage of this risk management.

The Authority's deductibles and maximum coverage at June 30, 2012 were as follows:

Liabilities	Deductible	Coverage	Excess Coverage
Personal liability	$ 25,000	$ 10,000,000	N/A
Bodily injury and property damage	25,000	10,000,000	N/A
Business auto liability	-	5,000,000	N/A
Mold, other fungi or bacteria liability	25,000	250,000	N/A
Employee benefits	1,000	1,000,000	N/A
Employer's liability	25,000	2,000,000	N/A
Workers' compensation	-	500,000	Statutory

Changes in the Authority's claims liability during the fiscal years ended June 30, 2012 and 2011 were as follows:

	Claims Liability July 1	Claims and Changes in Estimates	Year Claims Payments	Claims Liability June 30
2011	$ -	$ 50,000	$ 50,000	$ -
2012	-	20,000	20,000	-

Note 12 - Retirement Plans

Pension Plan

In January 2009, the Authority entered into a contract with the California Public Employees' Retirement System (CalPERS) in order to participate in a CalPERS defined benefit pension plan (2% at age 55 Supplemental Formula with 100% Prior Service) from and after January 12, 2009. The CalPERS Pension Plan is administered by the Public Employees Retirement System of the State of California. This is for all employees hired after January 12, 2009 and includes 209 employees who as of January 12, 2009 elected CalPERS pension plan coverage.

Plan Description - All eligible Authority employees participate in CalPERS, an agent multiple-employer defined benefit pension plan. CalPERS provides retirement, disability, and death benefits based on the employees' years of service, age and final compensation. Employees vest after five years of CalPERS-credited service and they are eligible for service retirement if they are 50 years old or over and have at least 5 years of CalPERS-credited service. These provisions and all other requirements are established by State statute and Authority resolutions. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy - The contribution requirements of plan members and the Authority are established and may be amended by CalPERS. Effective January 12, 2009, the Authority elected to pay 3% and the employees agreed to pay 4% of the 7% employees' contribution to CalPERS. Effective July 1, 2009, the Authority elected to pay 6% and the employees agreed to pay 1% of the 7% employees' contribution and effective January 1, 2010 the Authority elected to pay 7% of the employees' contribution. The Authority is also required to contribute the remaining amounts necessary to fund CalPERS. Employer contributions are determined by a rate that is subject to annual review and adjustment by CalPERS actuaries and adopted by the CalPERS Board of Administration.

In December 2009, the Authority made a "lump sum" payment in the amount of $14,420,000 to CalPERS to fund its actuarially unfunded liability. As a result, the employer's contribution rate decreased from 19.562% (pre-payment rate) to 7.314% (post-payment rate). For the year ended June 30, 2012, the Authority contributed its annual required contribution of $1,021,983 and prepaid $1,887,961 towards its actuarial unfunded liability.

Annual Pension Cost - The Authority's annual pension cost for CalPERS is equal to the Authority's required contributions and the actual contributions rates which were determined as part of the July 31, 2008 new agency actuarial valuation. This valuation was performed in order to set forth the actuarial assets and funding liabilities of the Authority's plan as of July 31, 2008 and to establish the initial "fresh start" actuarially required contribution rates of this plan. The July 31, 2008 new agency actuarial valuation used the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25% to 14.45% depending on age, service, and type of employment, and (c) 3% per year inflation adjustment. CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period as of June 30, 2009 is 12 years.

The Authority's changes in net pension asset for the year ended June 30, 2012, were as follows:

Annual required contribution	$ 1,021,983
Interest on net pension asset	(389,603)
Amortization of net pension asset	261,229
Annual pension cost	893,609
Contributions made	2,781,570
Change in net pension asset	(1,887,961)
Net pension asset, beginning of year	(15,896,065)
Net pension asset, end of year	$ (17,784,026)

Three-year trend information for the Authority is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2012	$ 893,609	311%	$ (17,784,026)
6/30/2011	1,550,273	195%	(15,896,065)
6/30/2010	1,332,315	1182%	(14,420,000)

Funded Status and Funding Progress

The CalPERS' Board of Administration adopted updated actuarial assumption to be used beginning with the June 30, 2011 valuation. The actuarial cost method, amortization method and investment, inflation and payroll growth assumptions are the same as prior actuarial valuations. However, nearly all of the demographic assumptions have changed including (a) per year inflation adjustment of 2.75%, (b) overall payroll growth assumptions of 3%, and (c) 7.5% of investment return. CalPERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The average remaining amortization period as of June 30, 2012 is 8 years.

Summary of funding progress are as follows:

Actuarial valuation date		6/30/2011
Actuarial asset value	$	37,177,779
Actuarial accrued liability - entry age		38,572,922
Unfunded actuarial accrued liability (UAAL)	$	1,395,143
Funded ratio		96.4%
Covered payroll	$	11,739,875
UAAL as percentage of covered payroll		11.9%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Other Post-Employment Benefits

Plan Description - The Authority provides eligible employees with post-retirement healthcare benefits, which include medical, dental and vision service plan coverage. Medical insurance is provided through a choice of Blue Shield HMO or Kaiser Permanente HMO. Dental insurance is provided through Delta Dental and vision insurance is through Vision Service Plan. The coverage is available for employees who satisfy the requirements for retirement under CalPERS (attained age 50 with 5 years of State or public agency services or approved disability retirement). An employee cannot terminate employment before meeting the age condition and be entitled to receive benefits.

The Authority participates in the CalPERS medical program as permitted under the Public Employees' Medical and Hospital and Care Act (PEMHCA). As such, the

Authority is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. As provided by the PEMHCA, the Authority has been under contract with CalPERS for medical plan coverage since 2008 and has chosen to satisfy its retiree medical benefit commitment using the unequal contribution method. The Authority made contributions toward the medical premiums of employees who meet the conditions set forth in the following table:

Age at	Years of Employment at the Authority		
Retirement	20 - 25	25 - 30	30+
62	80%	90%	100%
63	85%	95%	100%
64	90%	100%	100%
65	100%	100%	100%

The Authority has a $1,200 "cap", as of July 1, 2008, on the premiums paid by the Authority for medical benefits. In addition to its contributions toward the cost of retiree medical coverage, the Authority pays 100% of the cost of dental and vision insurance for all current and future retirees.

During the year ended June 30, 2010, the Authority entered into an agreement with CalPERS whereby the Authority is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for the provision of healthcare insurance programs for both active and retired employees. The Authority participates in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent-multiple employer postemployment health plan, to prefund other postemployment benefits through CalPERS. The financial statements for CERBT may be obtained by writing the California Public Employees' Retirement System, Constituent Relations Office, CERBT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709 or by calling 888-225-7377.

Funding Policy - The contribution requirements of plan members and the Authority are established and may be amended by the Board. The Authority contributes the amounts necessary to fund the annual required contribution.

Annual OPEB Cost - For the year ended June 30, 2012, the Authority's annual other postemployment benefits (OPEB) cost equals to its Annual Required Contributions (ARC), all amount actuarially determined in accordance with the parameters of GASB Statement 45. The Authority's most recent OPEB actuarial valuation was performed as of July 1, 2011.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
6/30/2012	$ 192,089	100.0%	$ -
6/30/2011	283,856	100.0%	-
6/30/2010	4,566,706	126.9%	-

Funding Status and Funding Progress - The table below indicates the funded status of the Retiree Health Plan as of July 1, 2011 (the most recent actuarial study):

Actuarial accrued liability (AAL)	$ 6,899,189
Actuarial value of plan assets	6,556,570
Unfunded actuarial accrued liability (UAAL)	$ 342,619
Funded ratio (actuarial value of plan assets)/AAL	95.0%
Annual covered payroll (active plan members)	$ 11,472,048
UAAL as percentage of covered payroll	3.0%

On April 12, 2010, the Authority transferred $5,724,378 to CERBT to fund its actuarial accrued liability.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the entry age normal cost method was used. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age of hire) and assumed exit (maximum retirement age). The actuarial assumptions included a 6.39 percent investment rate of return and an annual healthcare cost trend rate of 9.0 percent for 2012, reduced by decrements to an ultimate rate of 4.5 percent in year 2019 and beyond. The actuarial assumptions also include a 3.25 salary increase. The actuarial value of assets was determined using the market value of the assets. The Authority's unfunded actuarial accrued liability is being amortized over one year on a closed basis.

Note 13 - Commitments and Contingent Liabilities

Operating Lease

In October 2011, the Authority entered into a two-year office lease for office space in downtown San Jose commencing November 1, 2011. The average monthly rent is $15,000 for the term of the lease.

Grants and Contracts

The Authority participates in various federally and locally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal and other regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from a review or audit may become a liability of the Authority; however, as of the date of this report, no such liabilities are reflected in the accompanying financial statements.

Concentrations

For the year ended June 30, 2012, approximately 99% of operating revenues and 85% of accounts receivables reflected in the financial statements are from HUD. The Authority operates in a highly regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

Note 14 - Moving to Work Program

Pursuant to the 2008 Appropriations Act, HUD and the Housing Authority of the County of Santa Clara (which includes the Housing Authority of the City of San Jose) (collectively, MTW Authority) entered into Moving-to-Work Demonstration (MTW) agreements on February 26, 2008. These agreements are effective from January 2, 2008 until the MTW Authority's fiscal year 2018. Under MTW, the MTW Authority as provided by Section 204(a) of the 1996 Appropriations Act (Section 204(a)), is able to administer its Section 8 and public housing programs with flexibility to reduce costs and achieve efficiencies; to provide incentives to families that are working, seeking work, or participating in job training; and to increase housing choices for low-income families.

According to Section 204(a), HUD may permit agencies to combine funds appropriated under Section 8 and Section 9 of the 1937 Act. Before fiscal year 2010, the Authority consolidated the Section 8 Voucher Excess Housing Assistance Payments (HAPs) and Excess Administrative Fees Reserves as MTW Reserves for reporting purposes. During fiscal year 2010, the Authority established the Moving to Work Fund to separately account for the Excess HAP while the remaining balances are maintained in the Section 8 Rental Voucher Fund. The Conventional Housing Program (Public Housing) and the Public Housing Capital (Capital) Reserves are also considered MTW Reserves and are reported as unrestricted net assets in its separate programs.

The Section 8 Voucher HAPs and Administrative Fees revenues that are not utilized to pay HAPs and/or administrative/operating expenses will be part of the unrestricted net assets balance in accordance with GAAP. Unrestricted net assets also include, but are not limited to, interest and investment income on HAP investments, which is imputed at the 91 days U.S. Treasury rates on the excess HAP reserves monthly balances. The eligible uses of MTW funds are defined in the MTW agreements and states that the eligibility would be as under Sections 9(d)(1), 9(e)(1) and 8(o) of the 1937 Act. Thus the MTW Authority may use MTW Reserves for activities that would be eligible for Public Housing and Voucher programs. Additionally, MTW funds can be used for activities that fall outside of Section 8 and Section 9 provided these activities are HUD approved through the annual MTW plan. Some of these excess HAP reserves may be subject to recapture by HUD based on future Congressional Appropriations Bills and HUD Rules and Regulations.

During the year ended June 30, 2012, the Section 8 Rental Voucher Program and the Moving to Work Unrestricted Net Assets activities are as follows:

	Section 8 Rental Voucher Program			
	Excess Administrative Fee Reserves	Tenant Protection	Total Section 8 Rental Voucher Program	Moving To Work Program
Balance, June 30, 2011	$ 19,411,605	$ 213,452	$ 19,625,057	$ 16,993,409
Year ended June 30, 2012 activity				
HAP Earned	-	-	-	239,149,806
Admin Fee Earned	-	-	-	16,530,698
FSS Coordinator Fees	-	-	-	166,650
Investment and Interest income earned	25,750	-	25,750	9,805
Others income: Land lease, Compliance Fees & Others	217,328	-	217,328	-
50% of fraud recovery	18,569	-	18,569	18,569
Grant Revenue-RHF and Capital Grant	-	-	-	275,748
FSS Escrow Forfeits	-	-	-	6,493
HAP Expenses	(243,041,682)	(46,088)	(243,087,770)	-
Administrative and Operational Expenses	(18,772,018)	(3,416)	(18,775,434)	-
Net increase/(decrease) in long term obligations	(2,500)	-	(2,500)	-
Net (increase)/decrease in capital assets	335,841	-	335,841	-
Transfer in:				
Public housing fund transfer	-	-	-	765,228
Miscellaneous	1,391	238	1,629	(1,631)
Transfer out:				
To FUP covered for HAP deficit in Calendar Year 2011	-	-	-	(186,898)
To Asset Management -Payment for Lifesteps' expenses	-	-	-	(56,439)
To Rincon-Replacement Housing Factor	-	-	-	(259,257)
To Capital fund 2011 (AG1105)	-	-	-	(16,492)
To RESD for payments of MTW activities per MTW agreements	-	-	-	(1,081,548)
MTW programs-transfer in/transfer out			-	
Interfund Transfers between MTW and MTW related Prg.	259,735,614	59,125	259,794,739	(259,794,739)
Trf fr. MTW reserves to Vouchers - Calpers' unfunded liability	1,362,632	-	1,362,632	(1,362,632)
Subtotal year ended June 30, 2012 activity	(119,076)	9,859	(109,217)	(5,836,637)
Balance, June 30, 2012	$ 19,292,529	$ 223,311	$ 19,515,840	$ 11,156,772

Note 15 - Discretely Presented Component Units

The following partnerships are considered discrete component units of the Authority and are presented in accordance with GASB No. 14. Certain items may have changed for presentation purposes from the separately issued audited financial statements to conform to the Authority's presentation. The following footnotes are presented pursuant to GASB No. 14, which states that the reporting entity's financial statements should make those component unit disclosures that are essential to fair presentation of the financial reporting entity's basic financial statements. The following footnotes are those that are material to the Authority and are not meant to be a full representation of each component unit's required disclosures. A copy of each component unit's separately issued audited financial statements can be obtained from the Authority's management.

AE Associates, Ltd.:

AE Associates, Ltd. (the Partnership), a Delaware limited partnership, was formed as a limited partnership on August 14, 1991 to develop and operate a 84-unit affordable housing complex for the elderly located in San Jose, California, which is currently operating under the name of Avenida Espana Gardens (the Project). The Project participates in the low-income housing tax credits program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through year 2049.

Ground Lease - The Partnership leases land on which the Project was built from the Authority. The lease is for 65 years and requires annual payments of $20,000 from excess/distributable cash. Any unpaid rent shall accrue without interest.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
State of California, Department of Housing and Community Development Housing Construction Program (RHCP), bears simple interest at 3%, due in full in December 2048. Annual payments of principal and interest are payable from excess/distributable cash.	$ 1,846,781	$ 3,285,000	$ 5,131,781	$ 25,000

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose, originally amounting to $1,872,400, bears no interest, due in full in October 2022. Annual payments are $20,000 from 2002 through 2006 and $25,000 thereafter. Additional payments are payable from excess/distributable cash.	-	1,393,231	1,393,231	-
Total	$ 1,846,781	$ 4,678,231	$ 6,525,012	$ 25,000

Rincon Gardens Associates, L.P.:

Rincon Gardens Associates, L. P. (the Partnership) was formed on April 1, 2008 to develop and operate a 200-unit affordable housing complex located in Campbell, California, which is currently operating under the name of Rincon Gardens Apartments (the Project). The Project was placed in service in December 2009. The Project was built on land owned by and leased from the Authority. Under the terms of the lease, title to the improvements reverts to the lessor at the end of the lease. The Project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2064.

Credit Risk - The Partnership occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately $1,979,000 as of December 31, 2011. The Partnership has not experienced any losses in such accounts.

Developer Fee - The Authority is scheduled to earn a developer fee of $1,400,000 according to the development services agreement between the Partnership and the Authority.

Ground Lease - The Partnership leases land from the Authority on a 75-year term, which expires in 2083. Rent for the lease is equal to $1 annually. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain the Project as an affordable housing complex in accordance with the terms and other requirements as specified in the ground lease agreement.

Seller Take-Back Note - On September 16, 2008, the Authority sold the 200-unit multifamily rental housing development located at the property (Rincon Gardens) with the interest to the Partnership and provided a seller take-back note in the amount of $15,670,000 (Authority Loan). The Authority Loan is secured by a subordinate deed of trust recorded against the property, bears interest at 5.35% and matures on October I, 2063.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Housing Authority of the County of Santa Clara Multifamily Housing Revenue Bonds 2008 Series A-1 and A-2 loans, acquired by Chase Bank, in the maximum amount of $13,630,000 and $3,391,000, respectively, bears interest at 5.33% and 5.02%, respectively. Interest-only payments were due monthly until the conversion date in August 2010, at which time the Series A-1 loan was converted to a 30-year amortizing loan and the Series A-2 loan was converted to a 13-year amortizing loan.	$ -	$ 16,513,214	$ 16,513,214	$ 406,216

Julian Street Partners, L.P.:

As discussed in Note 5, Avenida Espana HDC, inc., an affiliate of the Authority as sole general partner formed Julian Street Partners, L.P., a California limited partnership (Partnership) with the Authority as the original limited partner on September 22, 2009 to develop and operate 6 properties located at 355 Judro Way, San Jose (Cypress Gardens); 893 Lenzen Avenue, San Jose (Lenzen Gardens); 7750 Wren Avenue, Gilroy (Sunset Gardens); 2018-2044 Lucretia Avenue, San Jose (Lucretia Gardens); 345 E. Julian Street, San Jose (Julian Gardens); and 3761 Miramar Way, Santa Clara (Miramar Way). On November 19, 2010, PNC Capital Institutional Fund 45 Limited Partnership, a Delaware limited partnership, and

Columbia Housing SLP Corporation, an Oregon corporation, purchased the limited partnership interest while the Authority withdrew as the limited partner and provided a guaranty of the obligations of the General Partner, Avenida Espana,HDC, Inc.

The projects were built on land owned by and leased from the Authority. Under the terms of the lease, title to the improvements reverts to the lessor at the end of the lease. These projects participate in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2065.

Credit Risk - The Partnership occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately $1,663,000 as of December 31, 2011. The Partnership has not experienced any losses in such accounts.

Developer Fee - The Authority is scheduled to earn a developer fee of $6,981,596 according to the development services agreement between the Partnership and the Authority. This fee is expected to be paid from available proceeds as defined in the agreement.

Ground Lease - The Partnership leases the land from the Authority on a 75-year term, which expires in 2085. Rent for the lease equal to $I per each of the six sites of the real property composing the land or $6 in aggregate annually. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain the Project as an affordable housing complex in accordance with the terms and other requirements as specified in the ground lease agreement

Seller Take-Back Note - On November 19, 2010, the Authority sold 335 public housing units located at the six Phase IIB properties (Cypress Gardens, Lenzen Gardens, Sunset Gardens, Lucretia Gardens, Julian Gardens and Miramar Way) with the interest to the Partnership and provided a seller take-back note in the amount of $22,802,850 (Authority Loan). The Authority Loan is secured by a subordinate deed of trust recorded against the Phase IIB properties, bears interest at 4.35% and matures on December 31, 2055.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Housing Authority of the County of Santa Clara Multifamily Housing Revenue Bonds 2010 Series A-1 and A-2 loans, acquired by US Bank and Chase Bank, respectively, in the maximum amount of $18,035,000 and $26,115,000, respectively, bears interest at 4.21% and variable, respectively. Interest-only payments were due monthly until the conversion date in August 2010, at which time the Series A-1 loan was converted to a 15-year amortizing loan and the Series A-2 loan is due in full in 2012.	$ 126,660	$ 44,150,000	$ 44,276,660	$ 26,115,000

HACSC/Choices Senior Associates

HACSC/Choices Senior Associates (the Partnership), a California limited partnership, was formed on February 22, 2000 to develop and operate a 100-unit affordable housing complex for the elderly in Santa Clara, California, which is currently operating under the name of John Burns Gardens (the Project). The Project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through the year 2058.

Credit Risk - The Partnership occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The uninsured cash balance, including restricted accounts, was approximately $903,000 as of December 31, 2011. The Partnership has not experienced any losses in such accounts.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Redevelopment Agency of the City of Santa Clara, bears simple interest at 2%, due in full in April 2042. Annual payments of principal and interest are payable from excess/distributable cash.	$ 1,089,511	$ 5,317,000	$ 6,406,511	$ -
Housing Authority of the County of Santa Clara, as issuer of the Variable Rate Multifamily Housing Revenue Bonds Series 2001A, originally amounting to $6,715,000, bears interest rates ranging from 3.95% to 6%, to be repaid in full by August 2041. Monthly principal and interest payments of $34,419 are made to a trustee commencing February 2003, and semi-annual payments to bondholders are made in August and February.	151,660	6,185,000	6,336,660	226,660
Total	$ 1,241,171	$ 11,502,000	$ 12,743,171	$ 226,660

HACSC/Choices Family Associates

HACSC/Choices Family Associates (the Partnership) was formed as a limited partnership on February 22, 2000 to develop and operate a 100-unit affordable housing complex (the Project) located in Santa Clara, California. The Project is operating under the name of River Town Apartments. The Project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of tenants and also provide rent restrictions through the year 2058.

Credit Risk - The Partnership occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The uninsured cash balance, including restricted accounts, was approximately $869,000 as of December 31, 2011. The Partnership has not experienced any losses in such accounts.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Redevelopment Agency of the City of Santa Clara, originally amounting to $4,323,000, bears simple interest at 2%, due in full in April 2042. Annual payments of principal and interest are payable from excess/distributable cash.	$ 839,485	$ 3,892,000	$ 4,731,485	$ -
Housing Authority of the County of Santa Clara, as issuer of the Variable Rate Multifamily Housing Revenue Bonds Series 2001A, originally amounting to $8,865,000, bears interest rates ranging from 3.95% to 6%, to be repaid in full by August 2041. Monthly principal and interest payments of $45,385 are made to a trustee commencing February 2003, and semi-annual payments to bondholders are made in August and February.	202,043	8,160,000	8,362,043	302,043

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
California Department of Housing and Community Development Multifamily Housing Program, bears simple interest at 3%, with annual payment of 0.42% of the unpaid principal amount commencing on the last day of initial operating year, to be repaid in full by October 2058.	751,641	4,050,500	4,802,141	-
Total	$ 1,793,169	$ 16,102,500	$ 17,895,669	$ 302,043

Blossom River Associates

Blossom River Associates, a California limited partnership (the Partnership), was organized on August 16, 1996. DeRose HDC, Inc. is the 0.1% General Partner (GP), and California Affordable Housing Fund 2000-1, LLC is the 99.9% Limited Partner (LP). The purpose of the Partnership is to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a family rental housing complex in San Jose, California, which qualities for low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership operates Blossom River Apartments which consists of one residential building containing 144 units. 143 units are made available to very low income seniors, and one unit is set aside as a manager’s unit.

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Notes to Financial Statements - Continued

June 30, 2012

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Tax-exempt Bonds Series A, dated March 1, 1998, in the amount of $13,000,000, the City of San Jose issued tax-exempt multifamily housing revenue bonds Series A, secured by the first deed of trust, a Debt Service Reserve Fund in the amount of $915,000, and an Operating Deficit Guaranty Agreement obligating the issuer (the Authority) to guaranty to the Limited Partner to fund certain operating deficits under the Partnership Agreement. Payments of principal and interest at a rate of 6.5% are due every 6 months on the first of March and September, amortized over a 40-year term.	$ 264,225	$ 12,195,000	$ 12,459,225	$ 455,685
City of San Jose Note, dated March 1, 1998, in the original amount of $5,616,680, secured by a deed of trust on the property. The note bears interest at 5.5%, compounded annually, with a maturity date of May 1, 2040. Payments of interest and principal are due annually on May 1, equal to 100% of Adjusted Net Cash Flow as defined in the note.	4,417,420	4,134,900	8,552,320	-
Total	$ 4,681,645	$ 16,329,900	$ 21,011,545	$ 455,685

Thunderbird Associates

Thunderbird Associates, a California limited partnership (the Partnership), was organized on February 21, 1997. DeRose HDC, Inc. is the 0.1% General Partner (GP) and Fannie Mae Multi-Family Equity Investments is the 99.9% Limited Partner (LP). The purpose of the Partnership is to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a senior rental housing complex in San Jose, California, which qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership operates Villa Hermosa Apartments which consists of 100 units. 99 units are made available to very low income seniors and one unit is set aside as a manager's unit.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Citibank Note, dated October 1, 1999, in the original amount of $2,525,000, secured by the property, bearing variable interest rate. Monthly payments of principal and interest in the amount of $15,447 began November 1, 2009. Final payment of all outstanding principal and interest shall be made October 1, 2029.	$ 9,824	$ 2,075,504	$ 2,085,328	$ 77,324

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose Note, dated June 10, 1998, in the original amount of $1,343,000, secured by "City Deed of Trust." Beginning on September 1999, the date of the close of the permanent loan from Citibank, until the maturity date, the principal sum of the City Note shall accrue interest at the rate of 5% per annum compounded annually. Principal and accrued interest will be repaid annually in an amount of 100% of Net Cash Flow beginning May 1, 2000. The remaining unpaid principal and interest are due August 1, 2029.	19,794	787,236	807,030	19,794
Total	$ 29,618	$ 2,862,740	$ 2,892,358	$ 97,118

Bascom HACSC Associates

Bascom HACSC Associates, a California limited partnership (the Partnership), was organized on December 1, 2000. DeRose HDC. Inc. is the 0.01% General Partner (GP), Newport Fund 2000, L.P. is the 99.98% Investor Limited Partner (ILP), and Newport Partners Management Corporation is the 0.01% Special Limited Partner (SLP). The purpose of the Partnership is to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a senior rental housing complex in San Jose, California, which qualities for low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership operates El Parador Apartments which consists of one residential building containing 125 units; 124 units are made available to very-low-income seniors; and one unit is set aside as a manager's unit.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
The City of San Jose issued Tax-exempt Bonds Series A and Series B, dated December 7, 2000, in the amount of $6,130,000 and $900,000, respectively. These tax-exempt multifamily housing revenue bonds are secured by separate direct pay letter of credits from Union Bank of California through the construction period and stabilization period. The Series A bonds bear interest at a rate of 6.1% from the year 2001 to 2030, and 6.2% from the year 2031 to 2041. Payments of principal and interest are due every 6 months, amortized over a 38- year, 3-month term. The Series B bonds bear interest at a rate of 5.7%. Payments of principal and interest are due every 6 months, amortized over a 13- year, 2-month term.	$ 186,182	$ 6,075,002	$ 6,261,184	$ 331,182

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose Note (City Note), dated December 1, 2000, in the original amount of $7,370,000, secured by a deed of trust on the property. The note bears interest at 2.75%, compounded annually, with a maturity date of December 31, 2043. Payments of interest and principal are due annually on May 1, subject to the availability of Adjusted Net Cash Flow as defined in the note.	1,267,387	6,979,530	8,246,917	-
Total	$ 1,453,569	$ 13,054,532	$ 14,508,101	$ 331,182

Opportunity Center Associates

Opportunity Center Associates, L.P. (the Partnership), a California limited partnership, was formed on October 21. 2002 to develop and operate a 89-unit affordable housings complex located in Palo Alto, California, which is currently operating under the name of Opportunity Center of the Mid-Peninsula (the Project). The Project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through the year 2061.

Credit Risk - The Partnership occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The uninsured cash balance, including restricted accounts, was approximately $248,000 as of December 31, 2011. The Partnership has not experienced any losses in such accounts.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Department of Housing and Community Development Multifamily Housing loan, consisting of a loan for assisted units of $7,000,000 and a loan for nonresidential space for supportive services or $500,000, bears simple interest at 3% per annum, with annual payment of- 0.42% of the unpaid Assisted Unit Portion principal amount. Additional payment is to be made from excess/distributable cash, with the entire principal and accrued interest due by April 2062.	$ 917,321	$ 7,500,000	$ 8,417,321	$ -
City of Palo Alto, bears contingent interest rate-up to 3% depending on the Project's available excess/distributable cash, due in full in April 2062.	-	750,000	750,000	-
County of San Mateo, bears contingent interest rate up to 3% depending on the Project's available excess/distributable cash, due in full in April 2062.	-	450,000	450,000	-
Lenders for Community Development, bears no interest, due in full in April 2062.	-	500,000	500,000	-

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
County of Santa Clara Affordable Housing Funds Loan, bears contingent interest rate up to 3% depending on the Project's available excess/distributable cash, due in full in April 2062.	-	1,000,000	1,000,000	-
County of Santa Clara HOME Program Loan, bears contingent interest rate up to 3% depending on the Project's available excess/distributable cash, due in full in April 2062.	-	500,000	500,000	-
Community Working Group Inc. Loan B, in the original amount of $1,968,777, unsecured, bears no interest, to be fully repaid in 2012. The repayment is to be set aside by Community Working Group Inc. as an operating reserve restricted for the Partnership's use.	-	1,443,463	1,443,463	1,443,463
Total	$ 917,321	$ 12,143,463	$ 13,060,784	$ 1,443,463

Helzer Associates

Helzer Associates, a California limited partnership (the Partnership), was organized on March 9, 1998. Pinmore HDC, Inc. is the 0.1% General Partner (GP) and Union Bank of California, N.A. and California Affordable Housing Fund 2001-1, L.P. are the 99.9% limited Partners (LPs). The purpose of the Partnership is to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a rental housing complex in San Jose, California, which qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership operates Helzer Apartments (the Project) which consists of 155 units; 154 are made available to very low income families; and one unit is set aside as a manager's unit.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
The City of San Jose issued Tax-exempt multi-family revenue bonds Series A, dated May 1, 1999, in the amount of $16,948,000. These bonds mature on December 1, 2041 and are amortized over a 40-year term with an interest rate of 6.34%. Payments of principal and interest are due and payable semi-annually on the first day of June and December.	$ 83,486	$ 15,703,000	$ 15,786,486	$ 258,486

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose Note, dated May 25, 1999, in the original amount of $7,211,000, secured by the property, bearing interest at 2.5% compounded annually, with a maturity date of December 2041. Payments of principal and interest are due annually on April 1, subject to the availability of Adjusted Net Cash Flow as defined in the note.	1,703,472	5,916,366	7,619,838	-
California Housing Finance Agency Note, dated December 1, 2000, in the original amount of $333,547, bearing 0% interest. The outstanding principal amount is due 55 years following the effective date of the Regulatory Agreement.	-	333,547	333,547	-
Total	$ 1,786,958	$ 21,952,913	$ 23,739,871	$ 258,486

Willows/HACSC Associates

Willows HACSC Associates, a California limited partnership (the Partnership), was organized on December 1, 1998. Pinmore HDC. Inc. is the 0.1% General Partner (GP) and California Affordable Housing Fund 2000-1, LLC is the 99.9% Limited Partner (LP). The purpose of the Partnership is to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a senior rental housing complex in San Jose, California, which qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership operates The Willows which consists of 47 units; 46 units are made available to low income tenants; and one unit is set aside as a manager's unit.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Series 2005 Bonds, On April 1, 2005, the Authority issued multi-family housing revenue bonds in the amount of $4,284,000 in tax-exempt Series A bonds and $100,000 in taxable Series A-T bonds, secured by a pledge of revenues under the Indenture and by an irrevocable, direct pay Letter of Credit issued by Union Bank of California, N.A. -The Series A bonds mature on April 1, 2040 and the Series A-T bonds were paid off on June 1, 2009. The bonds have a variable interest rate determined weekly by the Remarketing Agent, not to exceed the Maximum Interest Rate, as defined in the loan agreement. Payments of principal and interest on the New Bonds are due every 6 months on June 1 and December 1.	$ 613	$ 4,180,000	$ 4,180,613	$ 49,613

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
LCD Note, dated June 22, 2005, in the amount of $427.000, secured by the Project, matures on January 1, 2045, bearing a simple interest rate at 2% per annum. Payments shall be paid annually from the residual receipts payment(s) in an amount equal to 50% of the Surplus Cash.	5,608	280,401	286,009	-
Total	$ 6,221	$ 4,460,401	$ 4,466,622	$ 49,613

Fairground Luxury Family Apartments, L.P.

Fairground Luxury Family Apartments, L.P. (the Partnership) is a limited partnership that was formed on January 14, 2003 for the purpose of constructing and operating a 300-unit affordable housing project known as Corde Terra Family Apartments (the Project) located in San Jose, California. Pursuant to the limited partnership agreement dated September 1, 2005, (the Partnership Agreement), the managing general partner of the Partnership is Pinmore HDC, Inc. (the Managing General Partner) and the co-general partner is ROEM Fairgrounds Family, LLC. The special limited partner of the Partnership is Hudson SLP, LLC. The investor limited partner of the Partnership is Hudson Fairgrounds ROEM, LLC.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
On December 17, 2003, California Housing Finance Authority (CalHFA) made a construction loan to the Partnership in the principal amount of $40,405,000 which converted to a permanent loan of $24,235,000 on February 1, 2008. The construction loan bears interest at a variable rate equal to 200 basis points plus the average one-month LIBOR. The initial rate on the CalHFA loan was 7.11 %. Interest accrues on the permanent loan at a fixed rate of 5.7% per annum with monthly installments of principal and interest of $128,312 beginning March 1, 2008. The loan matures on February 1, 2048. This loan is secured by a first priority leasehold deed of trust on the Project.	$ 111,902	$ 23,558,386	$ 23,670,288	$ 314,039

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
On September 1, 2005, the City of San Jose made a construction loan and permanent loan to the Partnership in the amount of up to $19,235,050 during the construction period and up to $21,084,426 for the period of time after the construction loan period. On February 1, 2008, the loan was converted to a permanent loan. The loan is secured by a deed of trust. The loan bears interest at a fixed rate of 4% per annum and is payable out of available cash flow, as defined in the loan agreement. The maturity date of the loan is March 1, 2046.	1,609,465	17,245,082	18,854,547	1,609,465
Total	$ 1,721,367	$ 40,803,468	$ 42,524,835	$ 1,923,504

Fairgrounds Senior Housing, L.P.

Fairgrounds Senior Housing, L.P. (the Partnership) is a limited partnership that was formed on May 14, 2007 for the purpose of constructing and operating a 201-unit affordable housing project known as Fairgrounds Senior Housing Apartments (the Project) located in San Jose, California. The Project is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits as provided under Section 42 of the Internal Revenue Code (IRC).

As of December 31, 2010, the general partners of the Partnership are Pinmore HDC, Inc. (five thousandths percent (0.005%) and ROEM FG Senior, LLC (five thousandths percent (0.005%)). The limited partners are Alliant Tax Credit Fund 52, Ltd. (ninety-nine and ninety-eight hundredths percent (99.98%) and Alliant ALP 52, (one hundredths percent (0.01%). Generally, profits and losses are allocated based on the partnership percentages shown above. Low-income housing tax credits are allocated in accordance with the Partnership Agreement. Profits and losses from operations and lax credits in anyone-year shall be allocated to the extent allowable under Section 704(b) of the IRC.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
On May 8, 2008, the City of San Jose issued Multifamily Housing Revenue Bonds, secured by the Property, in the amount of $26,000,000, to provide financing to the Project. Citicorp Municipal Mortgage Inc. entered into a loan agreement with the Partnership for the principal amount of $26,000,000, which was converted to a permanent loan of $13,900,000 on July 13, 2010. These notes are collateralized by the bond issue. The notes bear interest at a variable rate equal to SIFMA plus 150 basis points during the first 24 months of the interim phase, a 5.5% fixed interest rate for the remaining six months of the interim phase and a 5.5% fixed interest rate during the permanent phase, The maturity, date of the loan is July 12, 2040.	$ 61,824	$ 13,465,000	$ 13,526,824	$ 376,824

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
On May 1, 2008, the City of San Jose made a construction loan and permanent loan, secured by a leasehold deed of trust, to the Partnership in the amount of up to $12,300,000 during, the construction period and after conversion. The loan converted on July 13, 2010. The loan bears interest at a fixed rate of 4% per annum and is payable out of available cash flow, as defined in the loan agreement. The maturity date of the loan is July 12, 2040.	354,064	8,036,582	8,390,646	-
On May 1, 2008, the County of Santa Clara made a loan, secured by a deed of trust, to the Partnership in the amount of $1,475,000. The loan bears interest at 4% per annum until the Project has obtained a notice of completion, at which point the loan bears interest at 3% per annum until maturity. The maturity date is 55 years from the completion date of the Project. Annual payments of principal and interest are contingent on available residual receipts, as defined in the promissory note.	43,691	1,456,389	1,500,080	-
Total	$ 459,579	$ 22,957,971	$ 23,417,550	$ 376,824

Morrone Gardens Associates

Morrone Gardens Associates, a California limited partnership (the Partnership), was organized on June 29, 1992. Rotary Plaza/HACSC, HDC Inc. is the 1.0% General Partner (GM and MH1FED 94, L.P. is the 99.0% Limited Partner (LP). The purpose of the Partnership is to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a senior rental housing complex in San Jose, California, which qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership operates Morrone Gardens Apartments which consists of 102 units. 101 units are made available to very low-income seniors and one unit is set aside as a manager's unit.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
California Community Reinvestment Corporation Note (CCRC Note) dated September 23, 1994, in the original amount of $2,982,000, secured by the Project. Beginning October 1, 2004, interest accrues at 6.5% per annum. Monthly payment of principal and interest is in the amount of $19,688. Final payment of all outstanding principal and interest shall be made October 1, 2024.	$ -	$ 2,044,219	$ 2,044,219	$ 106,513

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose Note (City Note), dated April 1, 2010, in the amount of $1,802,332, secured by the Project, bearing a simple interest rate at 4% per annum. Payments of principal are due and payable annually during the term of the note. Payments are equal to one hundred percent of Net Cash Flow as defined in the note. Final payment of all outstanding principal and accrued interest shall he made in September 2024.	1,139,118	1,802,333	2,941,451	-
Total	$ 1,139,118	$ 3,846,552	$ 4,985,670	$ 106,513

Huff Avenue Associates

Huff Avenue Associates, a California limited partnership (the Partnership), was organized on March 8, 1994. Rotary Plaza/HACSC, HDC Inc. is the 1.0% General Partner (GP) and Edison Capital Housing Partners VII, L.P. is the 99.0% Limited Partner (LP). The purpose of the Partnership is to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a rental housing complex in San Jose, California, which qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership operates Huff Avenue Apartments which consists of 72 units. Rents for 36 units are being subsidized with project-based Section 8 rental subsidies by the U.S. Department of Housing and Urban Development (HUD). The contract obligates HUD to provide rent subsidies through February 2012.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose Note, dated March 12, 1997, in the original amount of $989,181, secured by Deed of Trust, bearing interest at 2.5% per annum compounded annually. Principal and accrued interest will be repaid annually in an amount of 75% of any Net Cash Flow which shall be applied first to reduce accrued interest, and then shall be applied to reduce the outstanding principal amount. The remaining unpaid principal and accrued interest are due March 11, 2027.	$ 373,880	$ 949,621	$ 1,323,501	$ -
ARCS Commercial Mortgage Co., L.P. Note, dated July 20, 2006, in the original amount of $3,969,000, secured by the property, bearing interest at 6.685% per annum. Monthly payments of principal and interest in the amount of $25,572 began September 1, 2006. Final payment of all outstanding principal and interest shall be made August 1, 2036.	-	3,698,808	3,698,808	61,454
Total	$ 373,880	$ 4,648,429	$ 5,022,309	$ 61,454

S.P.G. Housing, Inc. and Subsidiaries (Bracher Associates, San Pedro Gardens Associates, Klamath Associates and Pinmore Associates)

S.P.G. Housing, Inc. was formed as a California nonprofit public benefit corporation on March 16, 1992 to operate affordable housing and provide related services to low- and moderate-income persons. In 2005 S.P.G. Housing, Inc. acquired DeRose Senior Housing, a 76-unit affordable housing complex for the elderly located in San Jose, California from DeRose Housing Associates, a California limited partnership, of which S.P.G. Housing. Inc. was the general partner.

S.P.G. Housing. Inc. is also a general partner of various California limited partnerships (the Subsidiaries). These partnerships are included in the consolidated financial statements of S.P.G. Housing, Inc. in accordance with generally accepted accounting principles, and are:

- Bracher Associates (Bracher) was formed as a limited partnership on November 24, 1993 to develop and operate a 72-unit affordable housing complex for the elderly (the Project) located in the City of Santa Clara, California. The Project is operating under the name of Bracher Senior Housing.

- San Pedro Gardens Associates (San Pedro) was formed as a limited partnership on August 15, 1990 to develop and operate a 20-unit affordable housing complex (the Project) located in Morgan Hill, California. The Project is operating under the name of San Pedro Gardens.

- Klamath Associates (Klamath) was formed as a limited partnership on November 3, 1993 to develop and operate a 17-unit affordable housing complex (the Project) located in Santa Clara, California. The Project is operating under the name of Klamath Gardens.

- Pinmore Associates (Pinmore) was formed as a limited partnership on November 9, 1993 to develop and operate a 5l-unit affordable housing complex (the Project) located in San Jose, California. The Project is operating under the name of Pinmore Gardens.

Ownership in the Subsidiaries is divided between the general and limited partners with interests of 1% and 99%, respectively. S.P.G. Housing, Inc. has a controlling interest in the Subsidiaries through its status as a general partner. The Projects participate in the low-income housing tax credit program under Section 42 of the Internal Revenue Code. Various agreements dictate the maximum income levels of new tenants and also provide rent restrictions through 2078.

Credit Risk - S.P.G. Housing, Inc. and Subsidiaries occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance, including restricted cash, was approximately $450,000 as of December 31, 2011. S.P.G. Housing, Inc. and Subsidiaries has not experienced any losses in such accounts.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Bracher Associates				
Citibank, serviced by Berkadia Commercial Mortgage, LLC, originally amounting to $1,950,000. bears interest at 7.93% per annum, payable in monthly installments $14,213 starting January 1996, due in full in January 2026. In February 2006, the interest rate was adjusted to 6.5% with monthly installments of $12,736. Another adjustment will occur in February 2016.	$ -	$ 1,402,263	$ 1,402,263	$ 63,550
Citibank Affordable Housing Program. The loan bears no interest. Entire principal is due in full in January 2026.	-	126,000	126,000	-
The Redevelopment Agency of the City of Santa Clara bears simple interest at 6%, due in full in August 2024. Annual payments of principal and interest are payable from excess/distributable cash.	725,186	1,550,000	2,275,186	-
Total Bracher Associates	725,186	3,078,263	3,803,449	63,550

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
San Pedro Gardens Associates				
Citibank (serviced by Berkadia Commercial Mortgage) originally amounting to $337,400, bears interest at 3.750% per annum and payable in monthly installments of $1,665. An interest rate adjustment will occur in 2013.	-	179,875	179,875	13,468
State of California. Department of Housing and Community Development Rental Housing Construction Program (RHCP), bears simple interest at 3%, due in full in January 2047. Annual payments of principal and interest are payable from excess/distributable cash.	845,742	1,489,500	2,335,242	-
Total San Pedro Gardens Associates	845,742	1,669,375	2,515,117	13,468
Klamath Associates				
Citibank, originally amounting to $750,000, bears adjustable interest rate, currently at 6.75%, payable in monthly installments of $5,045, to be repaid in full by May 2027. An adjustment will occur in June 2017 when the interest rate shall be adjusted to 2% over the average monthly ten-year treasury constant maturity yield, not to exceed 12.42% per annum or to fall below 6.42%.	3,258	579,147	582,405	25,381

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
The Redevelopment Agency of the City of Santa Clara, bears simple interest at 6%, due in full in February 2025. Annual payments of principal and Interest are payable from excess/distributable cash.	661,919	681,176	1,343,095	-
Total Klamath Associates	665,177	1,260,323	1,925,500	25,381
Pinmore Associates				
Citibank, originally amounting to $1,976,000, bears interest at 7.6% per annum, payable in monthly installments of $13,952 starting March 1996, due in full in January 2026. In February 2011, the interest rate shall be adjusted to the lower of either the Citibank's then market rate for similar transactions, or at an annual rate equal to 2.25% above the weekly average yield on U.S. Treasury Securities. Another adjustment will occur in February. 2021.	6,788	1,436,190	1,442,978	75,507
The City of San Jose, originally amounting to $1,490,000, bears simple interest at 4%, due in full in January 2025. Annual payments of principal and interest are payable from excess/distributable cash.	951,973	1,488,125	2,440,098	-
Total Pinmore Associates	958,761	2,924,315	3,883,076	75,507

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
S.P.G. Housing, Inc. - DeRose				
Citibank, originally amounting to $1,015,000, bears adjustable interest• rate, currently at 8.79%, payable in monthly installments of $8,014, due in full in October 2026. In November 2006, the interest rate was adjusted to 6.96% with monthly installments of $6,989. Another adjustment will occur in 2016,	-	772,052	772,052	31,113
The City of San Jose, bore interest at 8% compounded annually and is to be repaid in full in December 2020. Any unpaid balance for the year is to be added to the maximum annual payment of the following year. The terms of the loan were amended in 2007 in which the loan shall not accrue interest and the accumulated interest on the loan was forgiven as part of the amendment.	-	1,400,000	1,400,000	-
Total DeRose	-	2,172,012	2,172,012	31,113
Total	$ 3,194,866	$ 11,104,328	$ 14,299,194	$ 209,019

Poco Way Associates

Poco Way Associates, a California limited partnership (the Partnership), was organized on July 22, 1994. Poco Way HDC. Inc. is the 1% General Partner (GP) and MHIFED 96 Limited Partnerships is the 99% Limited Partner (LP). The purpose of the Partnership is to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a senior rental housing complex in San Jose, California, which qualifies for low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership operates the Poco Way Apartments which consists of 130 units of family rental housing. 129 units are made available to low-income tenants and one unit is set aside as a manager's unit.

Long-Term Debt is summarized as follows:

	May 31, 2012			
	Interest payable	Principal	Total	Amounts due within one year
Citibank Note, dated February 2, 2005, in amount of $4,669,000, secured by the Project. The Citibank Note is separated into three tranches: Tranche A in the amount of $3,600,000, maturity date of February 1, 2015, interest rate 6.41%, monthly payment of principal and interest totaling $22,542 began March 1, 2005. Tranche B in the amount of $569,000, maturity date of October 1, 2014, interest rate 6.34%, monthly payment of principal and interest totaling $8,405 began November 1, 2007. Tranche C in the amount of $500,000, maturity date October 1, 2017, interest rate 6.34%, monthly payment of principal and interest totaling $2.953 began November 1, 2007.	$ -	$ 3,922,187	$ 3,922,187	$ 257,055

	May 31, 2012			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose Note dated May 30, 1997, in the amount of $5,786,958, secured by a deed of trust, and bearing no interest (the First Note). On January, 26, 2005, the First Note was amended to increase the amount of the loan by $709,000 to $6,495,958 and the maturity date was extended from June 1, 2027 to June 1, 2036. Payments are equal to 75% of Net Cash Flow, as defined in the First City Note, commencing June 1, 1998 and every June 1 of each year thereafter. In addition, on May 30, 1997, the Partnership executed a second promissory note with the City of San Jose in the amount or $237,300, secured by a deed of trust on the Property and bearing no interest, with a maturity date of June 1, 2027 (the Second Note). The entire unpaid balance of principal on the Second Note shall be due and payable on the maturity date.	-	6,397,326	6,937,326	-
Total	$ -	$ 10,319,513	$ 10,319,513	$ 257,055

Villa Garcia, Inc.

Villa Garcia, Inc. (the Organization) receives Section 8 housing assistance payments from HUD under a contract that expires on June 30, 2024.

Credit Risk - The Organization occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
Berkadia Commercial Mortgage (formerly Capmark) mortgage note, in the original amount of $1,253,500, bears interest at 8.5%, requires monthly payments of principal and interest of $9,189 to be repaid in full in March 2012. The Mortgage is insured by HUD under the Section 236 Program and receives interest subsidy.	$ -	$ 18,200	$ 18,200	$ 18,200
HUD flexible subsidy note under Section 201 of the National Housing Act, bears simple interest at 1% with entire principal and interest due in March 2012.	235,247	1,415,905	1,651,152	1,651,152
County of Santa Clara note, bears simple interest at 3%, with entire principal and interest due in June 2012. The note is guaranteed by the Authority.	43,578	100,000	143,578	143,578
Total	$ 278,825	$ 1,534,105	$ 1,812,930	$ 1,812,930

Villa San Pedro HDC, Inc.

Villa San Pedro HDC, Inc. (the Organization) receives Section 8 housing assistance payments from HUD under a contract that expires on May 31, 2024. The Organization is especially vulnerable to the inherent risks associated to revenue that is substantially dependent on government funding.

Credit Risk - The Organization occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance, including restricted cash, was approximately $214,000 as of December 31, 2011.

Long-Term Debt is summarized as follows:

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
HUD insured note under Section 221 of the National Housing Act, in the original amount of $1,540,800, bears interest at 3%, with monthly payments of $5,452, to be repaid in full in February 2012.	$ -	$ 10,874	$ 10,874	$ 10,874
HUD flexible subsidy notes under Section 201 of the National Housing Act, bears no interest and is due upon the assignment, refinancing, or sale of the Project.	-	799,933	799,933	-
CHRP note, in the original amount of $4,164,155 dated September 10, 1991, bears simple interest at 3%, with annual payment of interest plus deferred interest due based on determination of CHRP from the Project's annual report. The entire principal and interest will be due in September 2036.	1,230,045	4,156,798	5,386,843	81,345

	December 31, 2011			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose note, bears simple interest at 3%, with annual payments to be made from residual receipts subject to HUD approval, with entire principal and interest due in April 2043.	105,215	691,875	797,090	105,215
Total	$ 1,335,260	$ 5,659,480	$ 6,994,740	$ 197,434

Property Management, Inc.

Property Management, Inc. (PMI) was founded on March 30, 1992 and is incorporated in the State of California. PMI is a property management company that provides residential management and maintenance services for a fee to various non-profit corporations and limited partnerships in Santa Clara County. PMI is a wholly owned subsidiary of the Authority.

Related Party Transactions - PMI is affiliated with several partnerships, whose general partners are controlled by the Board of Directors of the Authority. Agreements between affiliated partnerships provide for fees to be paid to PMI for property and marketing management services which are shown as revenue. Predominantly all fees are related-party transactions totaling $804,034 in 2011. Related-party receivables include the portion of these fees not received by year-end and operating advances.

PMI entered into a service agreement with the Authority. The Authority provided services in the areas of administration and maintenance. PMI pays the Authority the actual costs of all services received for the benefit of PMI, plus a reasonable service charge. Total expenses associated with this service were $743,711 in 2011 and were limited to the net income available to pay for them. Unpaid fees and advances totaling $1,492,276 in 2011 are included in related-party payables.

	Receivable at December 31, 2011	2011 Management Fee Income
AE Associates	$ -	$ 29,075
Blossom River Associates	46,120	15,584

	Receivable at December 31, 2011	2011 Management Fee Income
Bracher Associates	-	20,464
Bascom HACSC Associates	-	20,220
Helzer Associates	281,702	16,310
Huff Avenue Associates	142,796	6,717
HACSC/Choices Senior Associates	-	32,064
Julian Street Partners	-	254,627
Klamath Associates	12,581	1,827
Morrone Gardens Associates	-	27,131
Opportunity Center Associates	-	51,567
Pinmore Associates	197,427	-
Poco Way Associates	-	34,650
Rincon Garden Associates	-	154,128
HACSC/Choices Family Associates	-	35,650
Rose Gardens, Inc.	-	12,589
San Pedro Gardens Associates	-	6,457
Villa Garcia, Inc.	-	44,767
Thunderbird Associates	-	16,558
Villa San Pedro HDC, Inc.	-	23,649
Willows/HACSC Associates	241,486	-
Total	$ 922,112	$ 804,034

Wind Down of Operations - Due to ongoing operational losses sustained by the Authority on the property management business, the board of the Authority approved in 2010 the decision to get out of the business of providing these services. Accordingly, the board of PMI decided to gradually wind down the operation, facilitate the outsourcing of the services to third party providers and get out of the business. Thus, in late 2010, properties started outsourcing PMI's property management services to third party providers. The assets shown on PMI's balance sheet as of December 31, 2011 are expected to be fully recoverable during the wind down process. The liquidation basis of accounting has not been adopted but PMI's balance sheet would not be materially different under a liquidation basis. As of June 30, 2012 PMI has contracted all of its services to outside third party property management companies.

Note 16 - Subsequent Events

Management evaluated all activity of the Authority through January 24, 2013 and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

Required Supplementary Information

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)
Required Supplementary Information (Unaudited)
June 30, 2012

Schedule of Funding Progress - Pension Benefits

The schedule of funding progress presented below provides a consolidated snapshot of the Authority's ability to meet current and future liabilities with the plan assets. The latest actuarial valuation was performed as of June 30, 2011.

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) - Entry Age	(C) Unfunded AAL (UAAL) (B-A)	(D) Funded Ratio (A/B)	(E) Covered Payroll	(F) UAAL as a Percentage of Covered Payroll
6/30/2009	$ 13,317,064	$ 29,304,934	$ 15,987,870	45.4%	$ 12,874,796	124.2%
6/30/2010	31,452,488	35,087,140	3,634,652	89.6%	13,362,748	27.2%
6/30/2011	37,177,779	38,572,922	1,395,143	96.4%	11,739,875	11.9%

Schedule of Funding Progress - Postemployment Healthcare Benefits

The schedule of funding progress presented below provides a consolidated snapshot of the Authority's ability to meet current and future liabilities with the plan assets. The latest actuarial valuation was performed as of July 1, 2011.

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) - Entry Age	(C) Unfunded AAL (UAAL) (B-A)	(D) Funded Ratio (A/B)	(E) Covered Payroll	(F) UAAL as a Percentage of Covered Payroll
6/30/2008	$ -	$ 5,441,404	$ 5,441,404	0.0%	$ 11,630,766	46.8%
7/1/2009	-	5,124,483	5,124,483	0.0%	13,200,689	38.8%
7/1/2011	6,556,570	6,899,189	342,619	95.0%	11,472,048	3.0%

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Combining Statement of Net Assets
Discrete Component Units

June 30, 2012

	AE Associates LTD	Rincon Gardens Associates, L.P.	Julian Street Partners, L.P.	HACSC Choices Senior Associates	HACSC Choices Family Associates	Blossom River Associates	Thunderbird Associates	Bascom HACSC Associates	Opportunity Center Associates, L.P.	Helzer Associates	Willows HACSC Associates
*Component Unit Audit Year End	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011
Assets											
Current Assets:											
Cash:											
Unrestricted	$ 54,874	$ 517,688	$ 1,832,332	$ 144,033	$ 208,357	$ 184,440	$ 300,817	$ 423,389	$ 7,508	$ 94,813	$ 329,597
Tenant security deposits	17,650	47,802	82,455	21,024	27,565	44,501	33,700	30,648	29,401	70,327	9,154
Total cash	72,524	565,490	1,914,787	165,057	235,922	228,941	334,517	454,037	36,909	165,140	338,751
Accounts receivable:											
Tenants	547	1,959	118,390	4,116	2,354	3,346	3,509	266	10,408	5,882	905
HUD	-	-	2,317	-	-	-	-	-	-	-	-
Related Parties	-	6,605	-	-	-	-	-	-	-	-	-
Others	-	-	22,768	-	1,421	8,528	-	-	8,351	183	535
Total accounts receivable, net	547	8,564	143,475	4,116	3,775	11,874	3,509	266	18,759	6,065	1,440
Other current assets:											
Prepaid expenses	46,329	49,700	347,616	6,550	13,179	22,190	19,696	20,296	17,658	41,737	9,429
Restricted cash and investments	117,465	1,759,077	8,862,780	1,407,992	1,619,499	2,196,416	337,512	1,197,889	468,436	1,754,767	348,134
Total current assets	236,865	2,382,831	11,268,658	1,583,715	1,872,375	2,459,421	695,234	1,672,488	541,762	1,967,709	697,754
Noncurrent assets:											
Deferred costs, net	6,857	357,285	889,645	263,997	304,861	224,235	-	2,273	52,161	558,053	1,667,742
Other assets	27,860	-	-	-	-	-	21,769	-	-	-	-
Capital assets:		-									
Nondepreciable	-	-	-	2,612,715	3,818,724	5,870,629	1,524,051	4,049,218	1,953,111	2,690,280	-
Depreciable	4,846,517	39,883,048	73,924,279	9,890,366	13,737,682	9,199,725	4,667,749	10,873,990	14,261,102	18,475,933	2,167,152
Total capital assets	4,846,517	39,883,048	73,924,279	12,503,081	17,556,406	15,070,354	6,191,800	14,923,208	16,214,213	21,166,213	2,167,152
Total noncurrent assets	4,881,234	40,240,333	74,813,924	12,767,078	17,861,267	15,294,589	6,213,569	14,925,481	16,266,374	21,724,266	3,834,894
Total assets	5,118,099	42,623,164	86,082,582	14,350,793	19,733,642	17,754,010	6,908,803	16,597,969	16,808,136	23,691,975	4,532,648
Liabilities:											
Current liabilities:											
Bank overdraft	-	-	-	-	-	-	-	-	-	26,848	-
Accounts payable	38,241	44,021	4,974,413	36,524	30,178	73,539	32,469	13,520	19,525	17,116	4,187
HUD PHA programs payable	-	-	-	-	-	-	-	-	-	-	-
Payable to related parties	112,356	68,591	5,376	20,000	40,000	125,011	15,000	44,545	24,303	281,702	241,486
Due to primary government	75,395	-	5,277,465	318,301	303,280	-	-	258,641	355,499	-	70,795
Other accrued liabilities	-	-		-	-	14,264	12,743	10,845	-	9,000	13,803
Tenant security deposits	17,446	47,800	104,450	18,700	27,641	44,500	33,700	30,648	29,318	70,301	9,455
Deferred revenue	579	6,782	3,076	-	892	2,235	-	985	62,904	2,748	8,895
Interest payable	-	360,500	126,660	151,660	202,043	305,685	29,618	186,182	-	83,486	613
Current portion of long-term obligations	25,000	406,216	26,115,000	75,000	100,000	150,000	67,500	145,000	1,443,463	175,000	49,000
Total current liabilities	269,017	933,910	36,606,440	620,185	704,034	715,234	191,030	690,366	1,935,012	666,201	398,234
Long-term interest payable	1,846,781	153,295	1,159,061	1,089,511	1,591,126	4,375,960	-	1,267,387	917,321	1,861,311	30,239
Long-term obligations, net of current portion	4,653,231	16,106,998	41,669,282	11,427,000	16,002,500	16,179,900	2,795,240	13,016,237	10,700,000	22,100,597	4,778,449
Advance from primary government	34,237	15,670,000	2,659,366	-	-	-	-	-	-	-	
Other noncurrent liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	6,803,266	32,864,203	82,094,149	13,136,696	18,297,660	21,271,094	2,986,270	14,973,990	13,552,333	24,628,109	5,206,922
Net Assets:											
Invested in capital assets, net of related debt	(1,653,495)	23,622,755	31,095,936	(13,430)	(37,220)	(5,485,506)	3,396,560	639,584	4,596,892	(2,795,695)	(2,641,536)
Restricted	117,465	1,759,077	8,862,780	1,407,992	1,619,499	2,196,416	337,512	1,197,889	468,436	1,754,767	348,134
Unrestricted (deficits)	(149,137)	(15,622,871)	(35,970,283)	(180,465)	(146,297)	(227,994)	188,461	(213,494)	(1,809,525)	104,794	1,619,128
Total net assets (deficits)	$ (1,685,167)	$ 9,758,961	$ 3,988,433	$ 1,214,097	$ 1,435,982	$ (3,517,084)	$ 3,922,533	$ 1,623,979	$ 3,255,803	$ (936,134)	$ (674,274)

*All component units audited by other auditors

Combining Statement of Net Assets - Continued
Discrete Component Units

June 30, 2012

	Fairground Luxury Family Apartments	Fairground Senior Housing	Morrone Garden Associates	Huff Avenue Associates	SPG Housing, Inc.	Poco Way Associates	Villa Garcia, Inc.	Villa San Pedro HDC, Inc.	Property Management, Inc.	PRIDE	Total
*Component Unit Audit Year End	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2011	5/31/2012	12/31/2011	12/31/2011	12/31/2011	6/30/2012	
Assets											
Current Assets:											
Cash:											
Unrestricted	$ 996,155	$ 549,615	$ 120,259	$ 175,126	$ 535,526	$ 170,322	$ 1,019,217	$ 490,751	$ 426,132	$ 121,772	$ 8,702,723
Tenant security deposits	183,790	100,928	26,469	37,015	53,343	30,043	27,159	32,631	1,734	-	907,339
Total cash	1,179,945	650,543	146,728	212,141	588,869	200,365	1,046,376	523,382	427,866	121,772	9,610,062
Accounts receivable:											
Tenants	14,285	21,721	1,020	1,297	1,252	65	3,303	9,568	-	-	204,193
HUD	-	-	-	-	-	-	-	-	-	-	2,317
Related Parties	-	-	-	-	-	-	-	-	922,112	-	928,717
Others	-	-	-	2,616	5,520	1,496	1,749	-	52,844	148,877	254,888
Total accounts receivable, net	14,285	21,721	1,020	3,913	6,772	1,561	5,052	9,568	974,956	148,877	1,390,115
Other current assets:											-
Prepaid expenses	28,884	53,830	37,806	7,463	86,439	41,411	8,579	32,951	5,497	1,008	898,248
Restricted cash and investments	1,340,039	1,595,922	242,538	596,680	1,017,543	276,524	422,631	653,763	-	-	26,215,607
Total current assets	2,563,153	2,322,016	428,092	820,197	1,699,623	519,861	1,482,638	1,219,664	1,408,319	271,657	38,114,032
Noncurrent assets:											-
Deferred costs, net	255,670	550,067	145,231	44,426	99,706	27,444	-	-	-	-	5,449,653
Other assets	-	-	-	-	-	-	-	-	-	-	49,629
Capital assets:										-	-
Nondepreciable	-	-	-	2,768,902	4,272,840	5,131,161	144,000	1,900,000	-	-	36,735,631
Depreciable	64,113,176	33,883,745	5,192,123	4,579,338	13,904,707	10,143,715	1,597,687	2,334,915	-	-	337,676,949
Total capital assets	64,113,176	33,883,745	5,192,123	7,348,240	18,177,547	15,274,876	1,741,687	4,234,915	-	-	374,412,580
Total noncurrent assets	64,368,846	34,433,812	5,337,354	7,392,666	18,277,253	15,302,320	1,741,687	4,234,915	-	-	379,911,862
Total assets	66,931,999	36,755,828	5,765,446	8,212,863	19,976,876	15,822,181	3,224,325	5,454,579	1,408,319	271,657	418,025,894
Liabilities:											
Current liabilities:											
Bank overdraft	-	-	-	-	-	-	-	-	-	-	26,848
Accounts payable	26,593	22,536	12,328	27,502	92,255	14,343	51,374	40,759	1,051	234,527	5,807,001
HUD PHA programs payable	-	-	-	-	-	-	-	-	-	-	-
Payable to related parties	156,704	161,308	6,000	145,413	234,171	33,184	-	-	-	-	1,715,150
Due to primary government	-	-	118,353	-	1,488,278	-	-	-	1,492,276	-	9,758,283
Other accrued liabilities	412,784	123,953	8,999	16,405	-	23,101	-	-	-	17,935	663,832
Tenant security deposits	185,200	97,150	26,474	37,915	53,347	30,040	27,135	32,631	2,747	-	926,598
Deferred revenue	2,379	-	-	8,238	11,463	1,304	7,638	5,801	3,384	-	129,303
Interest payable	111,902	61,824	-	-	10,047	-	278,825	186,560	-	-	2,095,605
Current portion of long-term obligations	202,137	315,000	106,513	61,454	198,972	257,055	1,534,105	10,874	-	-	31,437,289
Total current liabilities	1,097,699	781,771	278,667	296,927	2,088,533	359,027	1,899,077	276,625	1,499,458	252,462	52,559,909
Long-term interest payable	1,609,465	397,755	1,188,108	373,880	3,184,819	-	56,873	1,148,700	-	-	22,251,592
Long-term obligations, net of current portion	40,601,331	22,642,971	4,012,921	4,616,975	10,925,356	10,183,390	281,600	5,648,606	-	-	258,342,584
Advance from primary government		-	-		-	-	-		-	-	18,363,603
Other noncurrent liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	43,308,495	23,822,497	5,479,696	5,287,782	16,198,708	10,542,417	2,237,550	7,073,931	1,499,458	252,462	351,517,688
Net Assets:											
Invested in capital assets, net of related debt	21,902,380	10,843,019	(8,906)	2,357,385	4,067,372	5,091,486	1,403,214	(2,562,391)	-	-	93,818,404
Restricted	1,340,039	1,595,922	242,538	596,680	1,017,543	276,524	422,631	653,763	-	10,584	26,226,191
Unrestricted (deficits)	381,085	494,390	52,118	(28,984)	(1,306,747)	(88,246)	(839,070)	289,276	(91,139)	8,611	(53,536,389)
Total net assets (deficits)	$ 23,623,504	$ 12,933,331	$ 285,750	$ 2,925,081	$ 3,778,168	$ 5,279,764	$ 986,775	$ (1,619,352)	$ (91,139)	$ 19,195	$ 66,508,206

*All component units audited by other auditors

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Combining Statement of Revenues, Expenses and Changes in Net Assets
Discrete Component Units

Year ended June 30, 2012

* For the Year Ended	AE Associates LTD 12/31/2011	Rincon Gardens Associates, L.P. 12/31/2011	Julian Street Partners, L.P. 12/31/2011	HACSC Choices Senior Associates 12/31/2011	HACSC Choices Family Associates 12/31/2011	Blossom River Associates 12/31/2011	Thunderbird Associates 12/31/2011	Bascom HACSC Associates 12/31/2011	Opportunity Center Associates, L.P. 12/31/2011	Helzer Associates 12/31/2011	Willows HACSC Associates 12/31/2011
Operating revenues:											
Rental income	$ 622,259	$ 2,867,643	$ 3,358,211	$ 1,056,413	$ 1,284,245	$ 1,992,958	$ 870,064	$ 1,339,052	$ 706,580	$ 2,238,111	$ 609,451
Tenant revenue - other	-	-	-	-	-	13,612	3,624	9,830	-	16,266	-
Management fees from related parties	-	-	-	-	-	-	-	-	-	-	-
Donation and other	8,512	25,658	72,675	11,610	24,414	34,229	4,973	7,839	160,290	49	13,412
Total operating revenues	630,771	2,893,301	3,430,886	1,068,023	1,308,659	2,040,799	878,661	1,356,721	866,870	2,254,426	622,863
Operating expenses:											
Administrative	144,753	388,907	820,974	147,964	211,741	200,773	98,662	129,677	231,261	209,654	63,883
Utilities	115,972	236,952	338,766	90,730	64,465	181,504	111,907	125,880	96,978	227,372	76,949
Maintenance and operations	206,553	319,611	500,653	223,375	197,326	448,463	241,580	247,537	313,602	367,868	142,260
Marketing and leasing	-	-	164,235	-	-						
Insurance and taxes	53,855	100,313	61,270	51,979	87,113	77,977	45,739	40,393	52,321	107,494	28,618
Other general expenses											
Depreciation and amortization	247,155	1,141,879	1,151,719	398,070	563,018	619,820	335,992	396,163	474,614	871,349	200,367
Total operating expenses	768,288	2,187,662	3,037,617	912,118	1,123,663	1,528,537	833,880	939,650	1,168,776	1,783,737	512,077
Operating income (loss)	(137,517)	705,639	393,269	155,905	184,996	512,262	44,781	417,071	(301,906)	470,689	110,786
Nonoperating revenues (expenses):											
Intergovernmental											
Investment income	136	5,723	7,176	29,081	38,059	81,979	795	35,897	645	219	357
Interest expense	(98,550)	(1,779,115)	(136,758)	(473,142)	(685,317)	(1,242,323)	(159,620)	(607,458)	(225,000)	(1,219,088)	(26,004)
Partnership and asset management fees	(15,000)	(31,827)	-	(20,000)	(20,000)	(21,400)	(15,000)	(22,500)	(22,950)	(19,000)	(4,917)
Ground lease	(20,000)	-	-	-	-	-	-	-	-	-	-
Incentive, issuer and investor service fees	-	(36,764)	-	(13,081)	(18,588)	-	-	-	-	-	-
Bond and loan fees	-	-	(54,706)	(6,451)	(6,950)	(6,806)	-	(33,381)	(7,500)	(32,023)	(60,311)
Other nonoperating expense	-	-	-	-	-	(800)	(800)	(800)	-	(800)	(6,743)
Total nonoperating revenues (expenses)	(133,414)	(1,841,983)	(184,288)	(483,593)	(692,796)	(1,189,350)	(174,625)	(628,242)	(254,805)	(1,270,692)	(97,618)
Income (loss) before capital contributions	(270,931)	(1,136,344)	208,981	(327,688)	(507,800)	(677,088)	(129,844)	(211,171)	(556,711)	(800,003)	13,168
Capital Contributions (distributions)	-	1,195,742	(451,380)	-	-	-	-	-	106,339	-	-
Change in net assets	(270,931)	59,398	(242,399)	(327,688)	(507,800)	(677,088)	(129,844)	(211,171)	(450,372)	(800,003)	13,168
Net assets (deficits), beginning of year	(1,414,236)	9,699,563	4,230,832	1,541,785	1,943,782	(2,839,996)	4,052,377	1,835,150	3,706,175	(136,131)	(687,442)
Net assets (deficits), end of year	$ (1,685,167)	$ 9,758,961	$ 3,988,433	$ 1,214,097	$ 1,435,982	$ (3,517,084)	$ 3,922,533	$ 1,623,979	$ 3,255,803	$ (936,134)	$ (674,274)

*All component units audited by other auditors

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)

Combining Statement of Revenues, Expenses and Changes in Net Assets - Continued
Discrete Component Units

Year ended June 30, 2012

* For the Year Ended	Fairground Luxury Family Apartments (1)(2) 12/31/2011	Fairground Senior Housing (1)(2) 12/31/2011	Morrone Garden Associates 12/31/2011	Huff Avenue Associates 12/31/2011	SPG Housing, Inc. 12/31/2011	Poco Way Associates 5/31/2012	Villa Garcia, Inc. 12/31/2011	Villa San Pedro HDC, Inc. 12/31/2011	Property Management, Inc. 12/31/2011	PRIDE 6/30/2012	Total
Operating revenues:											
Rental income	$ 4,066,774	$ 2,709,500	$ 892,736	$ 967,488	$ 2,450,781	$ 1,542,546	$ 1,235,948	$ 1,073,019	$ -	$ 2,306	$ 31,886,085
Tenant revenue - other	-	-	5,767	852	-	4,842	-	-	-	-	54,793
Management fees from related parties	-	-	-	-	-	-	-	-	804,034	-	804,034
Donation and other	33,190	13,246	2,326	8,822	27,129	47,052	117,156	24,843	-	30,981	668,406
Total operating revenues	4,099,964	2,722,746	900,829	977,162	2,477,910	1,594,440	1,353,104	1,097,862	804,034	33,287	33,413,318
Operating expenses:											
Administrative	242,180	206,443	102,617	128,197	472,277	140,899	206,102	242,111	804,034	46,597	5,239,706
Utilities	353,132	170,231	131,761	66,527	211,588	175,183	134,062	157,530	-	-	3,067,489
Maintenance and operations	498,591	266,868	193,328	237,960	525,408	590,395	180,608	203,819	-	-	5,905,805
Marketing and leasing	-	-		-					-	-	164,235
Insurance and taxes	117,976	45,086	45,007	44,158	184,408	77,221	64,890	84,871		-	1,370,689
Other general expenses					7,188					777,305	784,493
Depreciation and amortization	2,020,061	1,041,075	266,584	202,020	571,714	427,823	133,108	102,939		-	11,165,470
Total operating expenses	3,231,940	1,729,703	739,297	678,862	1,972,583	1,411,521	718,770	791,270	804,034	823,902	27,697,887
Operating income (loss)	868,024	993,043	161,532	298,300	505,327	182,919	634,334	306,592	-	(790,615)	5,715,431
Nonoperating revenues (expenses):											
Intergovernmental										803,683	803,683
Investment income	8,763	2,779	346	838	1,759	651	407	1,278	-	31	216,919
Interest expense	(2,037,671)	(1,113,174)	(214,217)	(281,667)	(543,528)	(259,590)	(59,150)	(146,829)	-	-	(11,308,201)
Partnership and asset management fees	(54,097)	(25,540)	(1,200)	(15,000)	-	(15,000)	-	-	-	-	(303,431)
Ground lease	(763,873)	(366,953)	(20,000)	-	(203,241)	-	-	-	-	-	(1,374,067)
Incentive, issuer and investor service fees	(114,540)	(71,707)	-	-	-	-	-	-	-	-	(254,680)
Bond and loan fees	-	(43,625)	-	-	-	-	-	-	-	-	(251,753)
Other nonoperating expense	-	(76,148)	(800)	(800)	-	(800)	-	-	-	-	(88,491)
Total nonoperating revenues (expenses)	(2,961,418)	(1,694,368)	(235,871)	(296,629)	(745,010)	(274,739)	(58,743)	(145,551)	-	803,714	(12,560,021)
Income (loss) before capital contributions	(2,093,394)	(701,325)	(74,339)	1,671	(239,683)	(91,820)	575,591	161,041	-	13,099	(6,844,590)
Capital Contributions (distributions)	(8,103)	(10,124)	-	-	-	-	-	-	-	-	- 832,474
Change in net assets	(2,101,497)	(711,449)	(74,339)	1,671	(239,683)	(91,820)	575,591	161,041	-	13,099	(6,012,116)
Net assets (deficits), beginning of year	25,725,001	13,644,780	360,089	2,923,410	4,017,851	5,371,584	411,184	(1,780,393)	(91,139)	6,096	72,520,322
Net assets (deficits), end of year	$ 23,623,504	$ 12,933,331	$ 285,750	$ 2,925,081	$ 3,778,168	$ 5,279,764	$ 986,775	$ (1,619,352)	$ (91,139)	$ 19,195	$ 66,508,206

*All component units audited by other auditors

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)
Combining Schedule of Net Assets by Program
June 30, 2012

	Conventional Housing Program	Public Housing Capital	(ARRA) Public Housing Capital Recovery Act	Section 8 Rental Voucher	Special Purpose Voucher	Move To Work	Section 8 Moderate Rehabilitation	Shelter Plus Care	Migrant Services	Housing Development Corporation	Real Estate Services	Development Services
Assets:												
Current Assets:												
Cash and cash equivalents	$ 3,379	$ -	$ -	$ (2,206,874)	$ 7,833	$ 5,636,664	$ 339,423	$ 51,934	$ 61	$ 477	$ 163,969	$ 905,464
Short term investments	-	-	-	-	-	246,865	-	-	-		-	-
Accounts receivable:												
Tenants	883	-	-	-	-	-	-	-	-	-	-	-
HUD	-	-	-	451,634	6,021	-	334,818	9,629	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	15,845	-
Interest receivable	-	-	-	72,641	(1,482)	(845)	133	-	-	-	-	-
Due from other programs	-	-	-	6,226,575	-	6,280,988	36,160	1,378	-	-	1,551,522	823,981
Due from component units and related parties	-	-	-	132,136	-	-	-	-	-	-	1,306,084	-
Prepaid expenses	229	-	-	84,639	-	-	469	291	-	306,308	10,908	4,193
Restricted cash investments	-	-	-	643,227	2,261,445	-	-	-	-	762,628	-	-
Total current assets	4,491	-	-	5,403,978	2,273,817	12,163,672	711,003	63,232	61	1,069,413	3,048,328	1,733,638
Noncurrent assets:												
Long term investments	-	-	-	-	-	79,270	-	-	-	-	-	-
Advance to other programs	-	-	-	-	-	-	-	-	-	-	-	-
Self-help loans receivable	-	-	-	167,740	-	-	-	-	-	-	-	-
Interest receivable	-	-		914,130		-	-	-	-	-	-	-
Notes receivable from component units	-	-	-	2,242,562	-	-	-	-	-	-	-	-
Net pension asset	-	-	-	14,726,355	-	-	-	-	-	-	3,015,989	41,682
Capital assets:												
Nondepreciable	1,238,175	201,507	-	3,959,739	-	-	-	-	-	-	-	-
Depreciable	2,741,963	15,785	-	800,599	-	-	-	-	-	-	-	-
Total capital assets	3,980,138	217,292	-	4,760,338	-	-	-	-	-	-	-	-
Total noncurrent assets	3,980,138	217,292	-	22,811,125	-	79,270	-	-	-	-	3,015,989	41,682
Total assets	3,984,629	217,292	-	28,215,103	2,273,817	12,242,942	711,003	63,232	61	1,069,413	6,064,317	1,775,320
Liabilities:												
Current liabilities:												
Accounts payable	5,602	-	-	443,430	4,094	-	7,189	2,284	-	-	133,924	16,084
Accrued interest payable	-	-	-	37,115	-	-	-	-	-	82,435	-	-
Intergovernmental payable	-	-	-	-	-	-	-	-	61	-	-	-
Due to other funds	-	-	-	767,934	9,117	1,086,170	622,193	8,572	-	245,631	4,024,858	2,228,336
Other accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Tenant security deposits	1,800	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	482,287	-	-
Line of credit payable	-	-	-	-	-	-	-	-	-	-	1,025,000	-
Current portion of accrued vacation and sick leave	-	-	-	43,819	927	-	1,407	533	-	-	9,240	1,968
Current portion of long-term debt	7,000	-	-	22,500	-	-	-	-	-	-	-	-
Total current liabilities	14,402	-	-	1,314,798	14,138	1,086,170	630,789	11,389	61	810,353	5,193,022	2,246,388
Deferred credit	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-		914,130	-	-	-	-	-	-	-	-
FSS escrow	-	-	-	643,227	-	-	-	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	-	534,285	11,233	-	17,147	6,298	-	-	112,478	23,076
Long-term interest payable	-	-		554,985	-	-	-	-	-	-	-	-
Long-term debt, net of current portion	81,794	-	-	1,377,500	-	-	-	-	-	165,335	-	-
Total liabilities	96,196	-	-	5,338,925	25,371	1,086,170	647,936	17,687	61	975,688	5,305,500	2,269,464
Net Assets:												
Invested in capital assets, net of related debt	3,891,344	217,292	-	3,360,338	-	-	-	-	-	(165,335)	-	-
Restricted	-	-	-	-	2,264,985	-	-	-	-	-	-	-
Unrestricted	(2,911)	-	-	19,515,840	(16,539)	11,156,772	63,067	45,545	-	259,060	758,817	(494,144)
Total net assets (deficits)	$ 3,888,433	$ 217,292	$ -	$ 22,876,178	$ 2,248,446	$ 11,156,772	$ 63,067	$ 45,545	$ -	$ 93,725	$ 758,817	$ (494,144)

Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)
Combining Schedule of Net Assets by Program - Continued
June 30, 2012

	Rincon Activity	Phase II Activity	Acquisition Development	Facilities Consolidation	Grants	Winter Shelter	HARA	Internal Service Programs	Eliminations	Total
Assets:										
Current Assets:										
Cash and cash equivalents	$ 850,110	$ 45,253	$ 7,154,585	$ 274,378	$ 2,716	$ 5,097	$ 6,945,345	$ 297,998		$ 20,477,812
Short term investments	-	-	-	-	-	-	-	-		246,865
Accounts receivable:										
Tenants	-	-	-	-	-	-	1,000	-		1,883
HUD	-	-	-	-	-	-	-	-		802,102
Others	-	-	69,106	-	41,145	-	15,366	986		142,448
Interest receivable	947,262	-	2	90	-	-	4,258	-		1,022,059
Due from other programs	-	-	379	2,002	-	-	1,139,980	1,545,730	(17,608,695)	-
Due from component units and related parties	-	12,330,000	1,124	-	-	-	1,122,809	2,576		14,894,729
Prepaid expenses	-	-	-	-	-	-	484,750	286,962		1,178,749
Restricted cash investments	-	-	5,026,438	198,222	-	-	100	-		8,892,060
Total current assets	1,797,372	12,375,253	12,251,634	474,692	43,861	5,097	9,713,608	2,134,252	(17,608,695)	47,658,707
Noncurrent assets:										
Long term investments	-	-	2,292,763	6,498,992	-	-	-	-		8,871,025
Advance to other programs	-	-	-	-	-	-	-	-		-
Self-help loans receivable	-	-	-	-	-	-	-	-		167,740
Interest receivable	-	1,684,160	-	-	-	-	-	-		2,598,290
Notes receivable from component units	15,670,000	22,802,850	340,000	-	-	-	-	-		41,055,412
Net pension asset	-	-	-	-	-	-	-	-		17,784,026
Capital assets:										
Nondepreciable	730,758	3,987,765	108,998	-	-	-	7,657,879	-		17,884,821
Depreciable	-	-	-	-	-	-	7,527,723	358,191		11,444,261
Total capital assets	730,758	3,987,765	108,998	-	-	-	15,185,602	358,191	-	29,329,082
Total noncurrent assets	16,400,758	28,474,775	2,741,761	6,498,992	-	-	15,185,602	358,191	-	99,805,575
Total assets	18,198,130	40,850,028	14,993,395	6,973,684	43,861	5,097	24,899,210	2,492,443	(17,608,695)	147,464,282
Liabilities:										
Current liabilities:										
Accounts payable	-	-	-	-	348	5,097	12,500	168,312		798,864
Accrued interest payable	-	-	-	-	-	-	-	-		119,550
Intergovernmental payable	-	-	-	-	-	-	-	-		61
Due to other funds	970,870	-	40,495	12,016	28,554	-	5,752,172	1,811,777	(17,608,695)	-
Other accrued liabilities	-	-	-	-	-	-	-	103,418		103,418
Tenant security deposits	-	-	-	-	-	-	800	-		2,600
Deferred revenue	-	-	-	-	-	-	-	-		482,287
Line of credit payable	-	-	-	-	-	-	-	-		1,025,000
Current portion of accrued vacation and sick leave	-	-	-	-	80	-	-	24,193		82,167
Current portion of long-term debt	-	-	-	-	-	-	150,000	-		179,500
Total current liabilities	970,870	-	40,495	12,016	28,982	5,097	5,915,472	2,107,700	(17,608,695)	2,793,447
Deferred credit	-	-	-	-	-	-	1,426,846	-		1,426,846
Deferred revenue	-	-	-	-	-	-	-	-		914,130
FSS escrow	-	-	-	-	-	-	-	-		643,227
Accrued vacation and sick leave, net of current portion	-	-	-	-	983	-	-	294,085		999,585
Long-term interest payable	-	-	-	-	-	-	-	-		554,985
Long-term debt, net of current portion	-	-	-	-	-	-	7,790,000	-		9,414,629
Total liabilities	970,870	-	40,495	12,016	29,965	5,097	15,132,318	2,401,785	(17,608,695)	16,746,849
Net Assets:										
Invested in capital assets, net of related debt	730,758	3,987,765	108,998	-	-	-	7,245,602	358,191		19,734,953
Restricted	-	-	5,026,438	-	-	-	-	-	-	7,291,423
Unrestricted	16,496,502	36,862,263	9,817,464	6,961,668	13,896	-	2,521,290	(267,533)	-	103,691,057
Total net assets (deficits)	$ 17,227,260	$ 40,850,028	$ 14,952,900	$ 6,961,668	$ 13,896	$ -	$ 9,766,892	$ 90,658	$ -	$ 130,717,433

Housing Authority of the County of Santa Clara

(A Component Unit of the County of Santa Clara)

Combining Schedule of Revenues, Expenses and Changes in Net Assets by Program

Year Ended June 30, 2012

	Conventional Housing Program	Public Housing Capital	Public Housing Capital Recovery Act	Section 8 Rental Voucher	Special Purpose Voucher	Move To Work	Section 8 Moderate Rehabilitation	Shelter Plus Care	Migrant Services	Housing Development Corporation	Real Estate Services
Operating revenues:											
Rental income	$ 84,848	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Service fees	-	-	-	-	-	-	-	-	-	-	371,420
Housing assistance payments earned	1	-	-	-	4,339,563	239,149,806	1,044,449	2,743,094	-	-	-
HUD administrative fees	948	-	-	-	524,171	16,703,841	116,572	-	-	9,624	929,887
Other Revenue	-	-	-	105,178	-	18,569	-	-	-	-	-
Total operating revenues	85,797	-	-	105,178	4,863,734	255,872,216	1,161,021	2,743,094	-	9,624	1,301,307
Operating expenses:											
Salaries and benefits	8,346	-	-	10,385,970	354,253	-	285,458	127,858	20,406	-	1,825,315
Administrative	30,039	16	-	690,362	1,001	-	8,509	4,641	12,881	46,664	222,064
Tenant services	10,673	-	-	-	-	-	-	-	-	-	56,444
Utilities	16,798	-	-	-	-	-	-	-	36,320	-	5,599
Maintenance and operations	58,794	-	-	-	-	-	-	-	47,069	-	8,917
General	13,534	-	-	778,583	76,024	-	4,154	2,160	10,333	22,177	34,173
Indirect allocation	-	-	-	5,934,824	109,431	-	124,258	62,703	-	-	944,128
Depreciation and amortization	148,302	686	-	335,842	-	-	-	-	-	12,633	-
Housing assistance payments	-	-	-	243,087,770	6,523,352	-	1,044,449	2,743,094	-	-	-
Other	27,036	-	-	606,704	-	-	-	926	202	-	351,447
Total operating expenses	313,522	702	-	261,820,055	7,064,061	-	1,466,828	2,941,382	127,211	81,474	3,448,087
Operating income (loss)	(227,725)	(702)	-	(261,714,877)	(2,200,327)	255,872,216	(305,807)	(198,288)	(127,211)	(71,850)	(2,146,780)
Nonoperating revenues (expenses):											
Grant Revenues - Intergovernmental	-	-	-	-	-	275,749	-	267,475	127,211		-
Operating Subsidy	-	-	-	-	-	36,058	-	-	-		-
Land Lease Income	-	-	-	130,719	-	-	-	-	-	-	-
Investment income	3,048	-	-	25,750	9,143	9,804	-	-	-	255,974	-
Interest expense	-	-	-	(43,150)	-	-	-	-	-	(251,188)	-
Total nonoperating revenues (expenses)	3,048	-	-	113,319	9,143	321,611	-	267,475	127,211	4,786	-
Income (loss) before capital	(224,677)	(702)	-	(261,601,558)	(2,191,184)	256,193,827	(305,807)	69,187	-	(67,064)	(2,146,780)
Capital contributions											
Transfers in	3,026,577	275,749	-	261,157,372	186,898	765,226	-	-	-	-	7,852,558
Transfers out	(4,868,872)	(495,493)	(962,491)	-	-	(262,794,062)	-	-	-	-	(149,038)
Change in net assets	(2,066,972)	(220,446)	(962,491)	(444,186)	(2,004,286)	(5,835,009)	(305,807)	69,187	-	(67,064)	5,556,740
Net assets, beginning of year	6,046,017	437,738	962,491	23,318,737	4,252,733	16,993,409	368,874	(23,642)	1	-	(4,002,024)
Reclassifications of Programs*	(90,612)	-	-	1,627	(1)	(1,628)	-	-	(1)	160,789	(795,899)
Net assets (deficits), end of year	$ 3,888,433	$ 217,292	$ -	$ 22,876,178	$ 2,248,446	$ 11,156,772	$ 63,067	$ 45,545	$ -	$ 93,725	$ 758,817

*These reclassifications are related to the beginning net assets of specific activities that have been grouped in different Programs as compared to prior year.

Housing Authority of the County of Santa Clara

(A Component Unit of the County of Santa Clara)

Combining Schedule of Revenues, Expenses and Changes in Net Assets by Program - Continued

Year Ended June 30, 2012

	Development Services	Rincon Activity	Phase II Activity	Acquisition Development	Facilities Consolidation	Grants	Winter Shelter	HARA	Internal Service Programs	Eliminations	Total
Operating revenues:											
Rental income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,062,000	$ -	$ -	$ 1,146,848
Service fees	-	-	-	-	-	-	-	-	60,575	-	431,995
Housing assistance payments earned	-	-	-	-	-	103,031	-	-	-	-	247,379,944
HUD administrative fees	2,350,379	502,995	1,262,256	-	-	18,536	-	(248,866)	7,642,607	(7,642,607)	22,170,343
Other Revenue	-	-	-	-	-	-	-	-	-	-	123,747
Total operating revenues	2,350,379	502,995	1,262,256	-	-	121,567	-	813,134	7,703,182	(7,642,607)	271,252,877
Operating expenses:											
Salaries and benefits	534,215	-	-	-	-	19,017	-	-	4,819,957	-	18,380,795
Administrative	70,498	1,486	3,343	2,308	96	-	-	110,251	709,805	-	1,913,964
Tenant services	-	-	-	-	-	-	-	-	-	-	67,117
Utilities	-	-	-	-	-	-	-	6,135	154,790	-	219,642
Maintenance and operations	2	-	-	-	-	-	-	9,855	253,156	-	377,793
General	4,924	-	-	-	60,267	1,373	-	34,387	89,884		1,131,973
Indirect allocation	467,263	-	-	-	-	-	-	-	-	(7,642,607)	-
Depreciation and amortization	-	-	-	-	-	-	-	400,344	54,758	-	952,565
Housing assistance payments	-	-	-	-	-	103,031	-	-	-	-	253,501,696
Other	38,705	-	-	33,333	-	-	-	176,876	1,620,844	-	2,856,073
Total operating expenses	1,115,607	1,486	3,343	35,641	60,363	123,421	-	737,848	7,703,194	(7,642,607)	279,401,618
Operating income (loss)	1,234,772	501,509	1,258,913	(35,641)	(60,363)	(1,854)	-	75,286	(12)	-	(8,148,741)
Nonoperating revenues (expenses):											
Grant Revenues - Intergovernmental	-	-	-	-	-	-	-		-		670,435
Operating Subsidy	-	-	-	-	-	-	-		-		36,058
Land Lease Income	-	-	-	-	-	-	-	30,685	-	-	161,404
Investment income	1,878	862,939	1,696,147	22,218	34,047	-	-	24,756	47	-	2,945,751
Interest expense	(65,885)	-	-	-	-	-	-	(251,655)	-	-	(611,878)
Total nonoperating revenues (expenses)	(64,007)	862,939	1,696,147	22,218	34,047	-	-	(196,214)	47	-	3,201,770
Income (loss) before capital	1,170,765	1,364,448	2,955,060	(13,423)	(26,316)	(1,854)	-	(120,928)	35	-	(4,946,971)
Capital contributions											
Transfers in	819,991	-	3,987,765	6,500,000	-	-	-	2,543,899	-	(287,116,035)	-
Transfers out	(2,394,861)	(4,143,269)	(1,262,256)	(6,533,677)	(12,016)	-	-	(3,500,000)	-	287,116,035	-
Change in net assets	(404,105)	(2,778,821)	5,680,569	(47,100)	(38,332)	(1,854)	-	(1,077,029)	35	-	(4,946,971)
Net assets, beginning of year	(885,940)	20,006,081	35,169,459	15,000,000	7,000,000	15,750	-	-	11,004,720		135,664,404
Reclassifications of Programs*	795,901	-	-	-	-	-	-	10,843,921	(10,914,097)	-	-
Net assets (deficits), end of year	$ (494,144)	$ 17,227,260	$ 40,850,028	$ 14,952,900	$ 6,961,668	$ 13,896	$ -	$ 9,766,892	$ 90,658	$ -	$ 130,717,433

*These reclassifications are related to the beginning net assets of specific activities that have been grouped in different Programs as compared to prior year.

Housing Authority of the County of Santa Clara

(A Component Unit of the County of Santa Clara)

Public Housing Combining Schedule - Balance Sheet

June 30, 2012

	CA059000004	CA059000007	CA059000008	CA059000005	CA059000006	OTHER PROJ	Total
111 Cash - Unrestricted	$0				$3,379	$0	$3,379
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted							
114 Cash - Tenant Security Deposits							
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	$0	$0	$0	$0	$3,379	$0	$3,379
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants					$883		$883
126.1 Allowance for Doubtful Accounts -Tenants					$0		$0
126.2 Allowance for Doubtful Accounts - Other							
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$0	$0	$0	$883	$0	$883
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets					$229		$229
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	$0	$0	$0	$0	$4,491	$0	$4,491
161 Land					$1,006,446		$1,006,446
162 Buildings					$3,760,660		$3,760,660
163 Furniture, Equipment & Machinery - Dwellings							
164 Furniture, Equipment & Machinery - Administration							
165 Leasehold Improvements							
166 Accumulated Depreciation					$ (1,002,911)		$ (1,002,911)
167 Construction in Progress					$433,234		$433,234
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$0	$0	$ 4,197,429	$0	$ 4,197,429

Housing Authority of the County of Santa Clara

(A Component Unit of the County of Santa Clara)

Public Housing Combining Schedule - Balance Sheet - Continued

June 30, 2012

	CA059000004	CA059000007	CA059000008	CA059000005	CA059000006	OTHER PROJ	Total
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past							
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
180 Total Non-Current Assets	$0	$0	$0	$0	$ 4,197,429	$0	$ 4,197,429
190 Total Assets	$0	$0	$0	$0	$ 4,201,920	$0	$ 4,201,920
311 Bank Overdraft	$0					$0	$0
312 Accounts Payable <= 90 Days							
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable					$392		$392
322 Accrued Compensated Absences - Current Portion							
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government							
341 Tenant Security Deposits							
342 Deferred Revenues							
343 Current Portion of Long-term Debt - Capital							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities					$5,210		$5,210
346 Accrued Liabilities - Other					$90,179		$90,179
347 Inter Program - Due To					$415		$415
348 Loan Liability - Current							
310 Total Current Liabilities	$0	$0	$0	$0	$96,196	$0	$96,196
351 Long-term Debt, Net of Current - Capital Projects/Mortgage							
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current							
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities							
350 Total Non-Current Liabilities	$0	$0	$0	$0	$0	$0	$0
300 Total Liabilities	$0	$0	$0	$0	$96,196	$0	$96,196
508.1 Invested In Capital Assets, Net of Related Debt					$4,197,429	$0	$4,197,429
511.1 Restricted Net Assets							
512.1 Unrestricted Net Assets	$0	$0	$0	$0	-$91,705	$0	-$91,705
513 Total Equity/Net Assets	$0	$0	$0	$0	$4,105,724	$0	$4,105,724
600 Total Liabilities and Equity/Net Assets	$0	$0	$0	$0	$4,201,920	$0	$4,201,920

Housing Authority of the County of Santa Clara

(A Component Unit of the County of Santa Clara)

Public Housing Combining Schedule - Income Statement

Year Ended June 30, 2012

	CA059000004	CA059000007	CA059000008	CA059000005	CA059000006	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	$0				$84,848	$0	$84,848
70400 Tenant Revenue - Other							
70500 Total Tenant Revenue	$0	$0	$0	$0	$84,848	$0	$84,848
70600 HUD PHA Operating Grants							
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							
71100 Investment Income - Unrestricted					$2,058		$2,058
71200 Mortgage Interest Income					$990		$990
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery							
71500 Other Revenue				$500	$448		$948
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	$0	$0	$0	$500	88,344	$0	88,344
91100 Administrative Salaries					$7,648		$7,648
91200 Auditing Fees							
91300 Management Fee							
91310 Book-keeping Fee					$1,800		$1,800
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative					$697		$697
91600 Office Expenses					$2,896		$2,896
91700 Legal Expense					$3,515		$3,515
91800 Travel					$76		$76
91810 Allocated Overhead							
91900 Other					$48,807		$48,807
91000 Total Operating - Administrative	$0	$0	$0	$0	$65,439	$0	$65,439
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other					$10,672		$10,672
92500 Total Tenant Services	$0	$0	$0	$0	$10,672	$0	$10,672

Housing Authority of the County of Santa Clara

(A Component Unit of the County of Santa Clara)

Public Housing Combining Schedule - Income Statement - Continued

Year Ended June 30, 2012

	CA059000004	CA059000007	CA059000008	CA059000005	CA059000006	OTHER PROJ	Total
93100 Water					$7,181		$7,181
93200 Electricity					$2,925		$2,925
93300 Gas					$318		$318
93400 Fuel							
93500 Labor							
93600 Sewer					$6,373		$6,373
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	$0	$0	$0	$0	$16,797	$0	$16,797
94100 Ordinary Maintenance and Operations - Labor							
94200 Ordinary Maintenance and Operations - Materials and Other					$498		$498
94300 Ordinary Maintenance and Operations Contracts				$0	$55,722		$55,722
94500 Employee Benefit Contributions - Ordinary Maintenance							
94000 Total Maintenance	$0	$0	$0	$0	$56,220	$0	$56,220
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs					$2,351		$2,351
95300 Protective Services - Other					$219		$219
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	$0	$0	$0	$0	$2,570	$0	$2,570
96110 Property Insurance							
96120 Liability Insurance					$1,842		$1,842
96130 Workmen's Compensation					$89		$89
96140 All Other Insurance					$4,604		$4,604
96100 Total insurance Premiums	$0	$0	$0	$0	$6,535	$0	$6,535
96200 Other General Expenses							
96210 Compensated Absences							
96300 Payments in Lieu of Taxes					$6,999		$6,999
96400 Bad debt - Tenant Rents							
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	$0	$0	$0	$0	$6,999	$0	$6,999

Housing Authority of the County of Santa Clara

(A Component Unit of the County of Santa Clara)

Public Housing Combining Schedule - Income Statement - Continued

Year Ended June 30, 2012

	CA059000004	CA059000007	CA059000008	CA059000005	CA059000006	OTHER PROJ	Total
96710 Interest of Mortgage (or Bonds) Payable							
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$0	$0	$0
96900 Total Operating Expenses	$0	$0	$0	$0	$165,232	$0	$165,232
97000 Excess of Operating Revenue over Operating Expenses	$0	$0	$0	$500	-76,888	$0	-76,888
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments							
97350 HAP Portability-In							
97400 Depreciation Expense					148,987		148,987
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	$0	$0	$0	$0	$314,219	$0	$314,219
10010 Operating Transfer In		$409,589	$470,894	$288,302	2,133,540		$3,302,325
10020 Operating transfer Out		-$718,756	-$1,527,598	-$643,865	-$2,474,147		-$5,364,366
10030 Operating Transfers from/to Primary Government				$0			$0
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	$0	-$309,167	-$1,056,704	-$355,563	-340,607	$0	-2,062,041
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	$0	-$309,167	-$1,056,704	-$355,063	-566,485	$0	-2,287,419
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$0	$309,167	$1,056,704	$355,063	$4,672,206	$0	$6,393,140