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, 2014

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

Table of Contents

Independent Auditor's Report

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We did not audit the financial statements of one blended component unit, Property Management, Inc. (PMI) and the financial statements of the aggregate discretely presented component units of the Authority. The financial statements of PMI and the discretely presented component unit 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 PMI and the aggregate discretely presented component units, is based solely on the reports of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 11 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014 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 grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CohnReznick LLP

Sacramento, California
December 8, 2014

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, 2014

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, 2014. Please read it in conjunction with the Authority's financial statements, which follows this section.

Financial Highlights

- Total net position increased from $125.6 million to $159.8 million as of June 30, 2014. The increase of $34.2 million, is attributed to the following:

  - During the year, the operating activity resulted in an increase in net position of $24.9 million, net. The programs that contributed to the surplus for the year were Move to Work, Public Housing Proceeds and Real Estate Services.

  - Also, as required by GASB 61, the component units which are included as blended component units increased their equity by $9.3 million for the year. Of which $8.9 is attributed to Villa Garcia Inc.'s (VGI) capital contribution arising from sale of the project to Clarendon Street LP, a tax credit partnership in which VGI is the General Partner.

- As of June 30, 2014, the Authority had $9.1 million long-term outstanding debt compared to $9.3 million at June 30, 2013. During the year, the Authority retired $155 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 Position and the Statement of Revenues, Expenses and Changes in Net Position.

- The basic financial statements also include Notes to Financial Statements section that provides further information and explanation on data that are in the Authority-wide and fund financial statements.

- 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 by program/fund 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 Position includes all of the Authority's assets and liabilities as well as its deferred outflows and inflows of resources and net position. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position 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 position of these programs represents accumulated earnings since their inception, which are usually unrestricted for financial statements purposes. However, some of these earnings may be restricted by external funding sources for specific program purposes.

Financial Analysis of the Authority

Net Position - The Authority's net position increased by $34.2 million in the current fiscal year. This represents an increase of 27% when compared to the prior fiscal year’s net position. For the details explaining this increase in the net position, refer to the Financial Highlights section noted above.

The following table indicates the net position as of June 30, 2014 and 2013 (in thousands):

	June 30,		Increase (Decrease)	
	2014	2013	Amount	%
Assets:				
Current and other assets	$ 135,119	$ 113,239	$ 21,880	19%
Capital assets	28,525	28,664	(139)	0%
Total assets	$ 163,644	$ 141,903	$ 21,741	
Deferred outflows of rescources	$ 16,576	$ -	$ 16,576	100%
Liabilities:				
Current liabilities	$ 3,351	$ 2,112	$ 1,239	59%
Noncurrent liabilities	14,572	14,143	429	3%
Total liabilities	$ 17,923	$ 16,255	$ 1,668	
Deferred inflows of rescources	$ 2,501	$ -	$ 2,501	100%
Net position:				
Net investment in capital assets	$ 26,713	$ 19,394	$ 7,319	38%
Restricted	1,069	1,401	(332)	-24%
Unrestricted	132,014	104,853	27,161	26%
Total net position	$ 159,796	$ 125,648	$ 34,148	27%

The net increase in current and other assets of $21.9 million was due primarily to the factor as summarized below:

- Net increase is derived from the MTW program fund that increased its cash, cash equivalent and investments at 6/30/2014 by $12.4 million compared to 6/30/2013. This was generated from the operational activities surplus for the year.
- As explained in Note 15, “Moving-to-Work program” to the basic financial statements, there was $11.4 million HUD held MTW funds as receivables at June 30, 2014.
- About $1.9 million, net decrease, was due to various other factors including reduction in investment in affiliated limited partnerships by $1.3 million.

The net decrease in capital assets of $0.1 million is explained in Note 6, "Capital Assets" to the basic financial statements, and was due to the following factors:

- Addition to construction WIP and Furniture & Equipment of $0.5 million, and increase of $0.6 million in depreciation.

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

- Total current liabilities increased by $1.2 million mainly due to net change in various current liabilities, including current accounts payable of $1.1 million.
- Total non-current liabilities increased by $0.4 million due to general overall net change.

Statement of Revenues, Expenses and Changes in Net Position - The statement shows the sources of the Authority's changes in net position as they arise through its various programs and functions. A summary of the activities for the fiscal years ended June 30, 2014 and 2013 is shown in the following table (in thousands):

	Year ended June 30,		Increase (Decrease)	
	2014	2013	Amount	%
Revenues:				
Operating revenues				
Rental income	$ 966	$ 954	$ 12	1%
Service fees	623	642	(19)	-3%
HAP	245,874	252,502	(6,628)	-3%
HUD and other admin fees	15,351	15,837	(486)	-3%
Capital and operating grants	512	818	(306)	-37%
Land lease income	162	162	-	0%
Other revenues	3,915	4,837	(922)	-19%
Nonoperating revenues:				
Investment income	2,326	2,308	18	1%
Total revenues	269,729	278,060	(8,331)	
Expenses:				
Operating expenses:				
Administrative	17,250	18,767	(1,517)	-8%
Tenant services	150	12	138	1150%
Utilities	165	173	(8)	-5%
Maintenance	259	257	2	1%
General	1,297	610	687	113%
Depreciation	650	724	(74)	-10%
HAP	222,315	257,961	(35,646)	-14%
Other	1,669	2,075	(406)	-20%
Nonoperating expenses:				
Interest expense	538	552	(14)	
Other nonoperating expenses	154	1,998	(1,844)	
Total expenses	244,447	283,129	(38,682)	
Capital contributions	8,866	-	8,866	100%
Change in net position	25,282	(5,069)	30,351	-599%
Net position, beginning of year	125,648	130,717	(5,069)	-4%
Net position, end of year	$ 159,796	$ 125,648	$ 34,148	

Revenues: As compared to 2013, revenues for 2014 decreased by $8.3 million primarily due to the following:

- $6.4 million decrease in the Housing Assistance Payments (HAPs) earned. This is represented mainly by $9.3 million decrease in MTW Section 8 Housing Choice Voucher (HCV) HAPs funding due to CY 2013 HUD sequestration federal budget cuts, and $2.9 million net increase in HAPs earned for Special Purpose vouchers, Port-In vouchers and other HUD programs.

- $1.9 million net decrease, in various revenues and fees earned. Most of this is made up of $0.8 million Development Services fees, $0.7 million Capital and Operating grants, $0.5 million HUD and other administrative fees.

Expenses: As compared to 2013, expenses for 2014 decreased by $38.7 million, net, mainly due to the following:

- $35.6 million decrease relates mainly to reduction in HAPs payments resulted from Section 8 HCV program changes to address the CY 2013 HUD federal sequestration budget cuts, as explained in the Note 15, “Moving-to-Work program” to the basic financial statements.

- $3.1 million decrease, net, is mainly due to planned reduction in administrative and other operating expenses.

Financial Analysis of the Authority's Programs

At the end of the fiscal year, the unrestricted net position for the Moving to Work (MTW) program was $24.6 million. As discussed in Note 15, "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 position of the separately designated programs, HUD approved MTW activities; Acquisition Development, Facilities Consolidation program and Preservation fund were $15 million, $1.3 million and $0.37 million, respectively, at the end of the fiscal year.

In addition, at the end of the fiscal year, the unrestricted net position for the Conventional Housing, the Section 8 Rental Voucher, the Real Estate Services and the Development Services programs were ($0.05) million, $20 million, $0.7 million and $1.7 million, respectively.

Capital Acquisitions and Construction Activities

During the fiscal year ended June 30, 2014, the Authority's activities related to construction and rehabilitation of the various projects were not significant as most of the public housing projects were disposed of during the previous years. Of the remaining public housing 20 units, 16 units were disposed of in July 2014 and the remaining 4 units are being negotiated with

HUD for their eventual disposition. 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)	
	2014	2013	Amount	%
Notes payable:				
Section 8 Rental Voucher	$ 1,398	$ 1,398	$ -	0%
Other payable:				
Conventional Housing Program	84	84	-	0%
Lease revenue bonds:				
Housing Development	7,635	7,790	(155)	-2%
Total long-term debt	$ 9,117	$ 9,272	$ (155)	

During the fiscal year ended June 30, 2014, the Authority's long-term debt decreased by $155,000 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.

Impact of Federal Budget Sequestration Funding Cuts

As detailed in Note 15, “Moving to Work program”, to the basic financial statements, due to sequestration imposed federal funding cuts, the authority experienced Section 8, HCV Program, funding cuts of $16.4 million for the calendar year 2013. The authority instituted significant program changes as a counter measure, and also effectively made changes to its operational and administrative structure to provide adequate cost savings.

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 impact of congressional federal funding cut backs in 2015 and beyond.
- Local and national property rental markets that determine Housing Assistance Payments.
- Local labor supply and demand, which can affect employment costs such as salary and wage rates.

- Local inflationary, economic and employment trends that can affect residents' 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 Position
June 30, 2014

	Primary Government	Component Units
Assets		
Current assets		
Cash and cash equivalents (Note 3)	$ 15,587,077	$ 11,402,191
Short-term investments (Note 3)	21,336,771	-
Accounts receivable, net		
Tenants	3,275	59,401
HUD	12,639,375	13,119
Others	1,063,611	91,317
Interest receivable	8,256	-
Due from other funds	-	56,959
Management fees due from related parties (Note 10)	603,741	-
Prepaid expenses	425,376	1,091,018
Restricted short-term investments (Note 3)	385,790	-
Restricted cash and cash equivalents (Note 3)	2,503,186	19,834,341
Total current assets	54,556,458	32,548,346
Noncurrent assets		
Long-term Investments (Note 3)	2,804,023	-
Self-help loans receivable (Note 4)	167,740	-
Interest receivable (Note 10)	5,382,430	-
Due from component units and related parties (Note 10)	173,568	-
Notes and leases receivable from component units and related parties (Note 10)	57,427,642	-
Note receivable from non-related party	5,760,000	-
Investments in affiliated limited partnerships (Note 10)	8,847,045	-
Other assets	-	5,141,638
Capital assets (Note 6)		
Nondepreciable	17,965,078	31,713,171
Depreciable	10,559,827	331,661,083
Total capital assets	28,524,905	363,374,254
Total noncurrent assets	109,087,353	368,515,892
Total assets	$ 163,643,811	$ 401,064,238
Deferred outflows of resources		
Self-help loans interest receivable (Note 4)	$ 1,135,642	$ -
Deferred pension costs (Note 13)	15,195,210	-
Deferred OPEB costs (Note 13)	244,995	-
Total deferred outflows of resources	$ 16,575,847	$ -

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

Statement of Net Position
June 30, 2014

	Primary Government	Component Units
Liabilities		
Current liabilities		
Accounts payable	$ 1,879,790	$ 947,219
Accrued interest payable	126,471	2,747,138
Intergovernmental payable	141,327	-
Payable to component units and related parties	949,638	3,319,435
Due to primary government	-	3,297,111
Other accrued liabilities	1,625	930,725
Tenant security deposits	5,347	1,069,152
Unearned revenue	4,207	210,551
Current portion of accrued vacation and sick leave (Note 8)	49,340	-
Current portion of long-term obligations (Note 8)	192,717	9,839,851
Total current liabilities	3,350,462	22,361,182
Noncurrent liabilities		
FSS escrow (Note 2)	794,305	-
Accrued vacation and sick leave, net of current portion (Note 8)	837,401	-
Payable to component units and related parties, net of current portion	3,415,000	-
Long-term interest payable (Note 8)	601,285	27,600,663
Long-term obligations, net of current portion (Note 8)	8,924,256	273,561,509
Non-current Liabilities - Other	-	431,302
Advance from primary government	-	116,710
Total noncurrent liabilities	14,572,247	301,710,184
Total liabilities	$ 17,922,709	$ 324,071,366
Deferred inflows of resources		
Land lease credit from related parties (Note 10)	1,365,476	-
Self-help loans deferred interest (Note 4)	1,135,642	-
Total deferred inflows of resources	$ 2,501,118	$ -
Net Position		
Net investment in capital assets	$ 26,712,668	$ 49,831,032
Restricted	1,069,110	19,834,341
Unrestricted	132,014,053	7,327,499
Total net position	$ 159,795,831	$ 76,992,872

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 Position
Year Ended June 30, 2014

	Primary Government	Component Units
Operating revenues		
Rental income	$ 966,388	$ 36,570,041
Service fees	622,835	221,318
Housing assistance payments earned	242,420,687	-
HUD administrative fees	15,220,078	-
Port Ins housing assistance earned	3,453,391	-
Port Ins administrative fees	131,002	-
FSS escrow forfeits/coordinator fees	428,912	-
Capital fund grant	25,944	-
Operating subsidy	56,836	-
Land lease income	161,549	-
Other revenue	3,914,596	195,597
Total operating revenues	267,402,218	36,986,956
Operating expenses		
Salaries and benefits	15,329,534	-
Administrative	1,920,753	4,524,474
Tenant services	150,388	-
Utilities	164,844	3,163,242
Maintenance and operations	259,087	5,599,962
General	1,296,584	1,972,240
Depreciation and amortization	650,012	12,388,931
Housing assistance payments	218,861,735	-
Port Ins housing assistance payments	3,453,391	-
Other	1,669,225	-
Total operating expenses	243,755,553	27,648,849
Operating income (loss)	23,646,665	9,338,107
Nonoperating revenues (expenses)		
Interest income on investments and loans receivable	2,325,941	245,479
Interest expense	(537,623)	(13,172,355)
Other nonoperating expenses, net	(1,547,214)	(8,427,786)
Total nonoperating revenues (expenses)	241,104	(21,354,662)
Change in net position before capital contributions	23,887,769	(12,016,555)
Capital contributions	8,866,391	1,903,436
Change in net position	32,754,160	(10,113,119)
Net position at beginning of year	125,648,307	88,584,379
Change in reporting entity	1,393,364	(1,478,388)
Net position at end of year	$ 159,795,831	$ 76,992,872

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, 2014

	Primary Government
Cash flows from operating activities	
Receipts from tenants	$ 981,872
Receipts from customers and others	3,478,143
Receipts from housing assistance programs	249,828,828
Operating subsidy (non-operating activity)	56,836
Receipt of land lease income	161,549
Payments to suppliers for goods and services	(7,509,062)
Housing assistance payments on behalf of tenants	(218,930,107)
Payments to employees for services	(14,137,225)
Net cash provided by operating activities	13,930,834
Cash flows from capital and related financing activities	
Acquisition of capital assets	(510,617)
Capital contributions received	8,866,391
Repayments of short-term and long-term liabilities	(268,647)
Repayment of line of credit	(223,923)
Interest paid	(509,176)
Net cash used in capital and related financing activities	7,354,028
Cash flows from investing activities	
Interest received	793,985
Loans made to non-related parties	(4,818,396)
Loans and advances to related parties and component units	(7,746,994)
Net purchase of investments	(4,371,409)
Net cash used in investing activities	(16,142,814)
Net increase in cash and cash equivalents	5,142,048
Cash and cash equivalents at beginning of year	12,948,215
Cash and cash equivalents at end of year	$ 18,090,263
Cash and cash equivalents:	
Cash and cash equivalents	$ 15,587,077
Restricted cash and cash equivalents	2,503,186
Total cash and cash equivalents	$ 18,090,263

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, 2014

	Primary Government
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 23,646,665
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	650,012
Decrease (increase) in	
Receivables	(12,420,644)
Prepaid expenses	162,047
Deferreed pension and OPEB costs	1,153,399
Increase (decrease) in	
Accounts payable	887,784
Intergovernmental payable	(481,491)
Tenant security deposits and FSS escrow	2,995
Unearned revenue	4,150
Accrued vacation and sick leave	324,292
Other liabilities	1,625
Net cash provided by operating activities	$ 13,930,834

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 Authority's (the "Primary Government") mission is to provide and inspire affordable housing solutions to enable low-income people in Santa Clara County to achieve financial stability and self-reliance. It exists to make rental housing safe and affordable for low-income families and individuals through voucher programs and rental properties. It also provides information, referrals, incentives, and services that help its clients stabilize their lives and increase their capacity to be economically self-sufficient.

The Authority's general operation is overseen by the Board of Commissioners (the "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

Component units (CUs) are legally separate organizations for which a Primary Government has some degree of control, or from which it receives a benefit or burden. CUs are included within the Primary Government's financial statements as discrete or blended units. CUs are discretely presented unless they qualify as a blended unit, which includes being substantially the same as the primary government, or the total outstanding debt of the CU is expected to be paid with resources of the Primary Government. In addition, the primary government, or management of the primary government, must have operational responsibility for the CU.

HACSC's basic financial statements include both discretely and blended presented CUs. The discretely presented CUs are reported in a separate column within the government-wide financial statements for reasons, which include that HACSC does not have majority control over these entities and their outstanding debt is not expected to be paid by HACSC. Conversely, the blended component unit's financial statements are combined with HACSC's financial reports for the reasons previously noted. The subsequent categories list the Authority's blended and discretely presented CUs.

Blended component units

The blended CUs are combined with HACSC's financial statements and have a December 31, 2013 year-end. They are categorized below between "Other" and "General partner entities".

Blended component units-Other

- **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.

- **Property Management, Inc. ("PMI")** - A for-profit corporation founded March 30, 1992, in the State of California to provide services related to the management of housing units owned and controlled by the Authority and its related parties. PMI is presented as a blended component unit because the Authority is operationally responsible for PMI and has a financial burden of its operational obligations and debts. Beginning in 2012, PMI began the process of discontinuing its management services for the housing units. As of June 2013, PMI ceased providing the management services to most of the housing units. Currently, the majority of housing unit services are contracted out to third party management companies.

- **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 and two board members of the Authority. Since the Authority has a significant influence on PRIDE, because the majority of its Board members are HACSC management/officers, it is included as a blended component unit. Additionally, the Authority is operationally responsible for PRIDE and has a financial burden of its operational obligations and debts.

Blended component units - general partner entities

- **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. Avenida Espana HDC, Inc. is a component unit of the Authority because the Authority is legally obligated to finance deficits of the Avenida Espana HDC, Inc. One Board member is the Executive Director of the Housing Authority.

- **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. The Authority is also legally obligated to finance deficits of the Opportunity Center HDC, Inc.

- **Pinmore HDC, Inc.** - A California non-profit corporation established in September 1993 to serve as a general partner in four limited partnerships (Helzer Associates, Willows/HACSC Associates, Fairground Luxury Family Apartments and Fairgrounds Senior Housing). 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.

- **Villa Garcia, Inc. ("VGI")** - A non-profit corporation established in December 1970 to manage Villa Garcia Apartments, an 80-unit apartment project subject to U.S. Housing and Urban Development ("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 VGI. VGI is the managing general partner of Clarendon Street, L.P. ("Clarendon"), a California limited partnership, which was formed on June 28, 2012 to acquire, rehabilitate, and operate the Villa Garcia Apartments. In November 2012, Clarendon acquired the apartments from VGI.

- **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.

For all the partnerships of which the above entities are general partners, refer to Note 16 for detailed information.

Discretely presented component units
The HACSC discretely presented CUs are reported in a separate column within the government-wide financial statements and have a December 31, 2013 year-end.

- **Rotary Plaza/HACSC HDC, Inc.** - A California non-profit corporation established in May 1991 to serve as the managing general partner of Huff Avenue Associates, which was established to develop, construct, manage and provide living facilities for economically and otherwise disadvantaged persons. In April 2013, Rotary Plaza/HACSC HDC, Inc. acquired Morrone Gardens, a 102-unit apartment complex located in San Jose, California from Morrone Gardens Associates, a California limited partnership, of which Rotary Plaza/HACSC HDC, Inc. was the general partner. 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.

  As mentioned above, S.P.G. Housing, Inc. serves as the general partner of San Pedro Gardens Associates, Ltd. ("SPGA"). The three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. It is a component unit of the Authority because the Authority bears responsibility for financial and operational matters of the corporation.

  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 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.

For all the partnerships of which the above entities are general partners, refer to Note 16 for additional information.

Change in reporting entity

- **Rotary Plaza/HACSC HDC, Inc. (Rotary Plaza)** - For fiscal year ended June 30, 2013 and prior, Rotary Plaza was presented as a blended component unit. However, on April 19, 2013 it purchased the Morrone Garden property from Morrone Gardens Associates LP in which it was the general partner. It is also the general partner in Huff Avenue Associates LP, a tax credit partnership. Accordingly, the consolidated Rotary Plaza audited financial statements for the fiscal year ended December 31, 2013 are included as discrete and include the financial statements of Huff Avenue Associates, Morrone Gardens Associates, and Morrone Garden the project, which were both previously discretely presented component units within the Authority's financial statements.

- **Villa Garcia, Inc. (VGI)** - For fiscal year ended June 30, 2013 and prior, VGI was presented as a discrete component unit because it owned and operated Villa Garcia, a HUD funded property and low income housing project. However, in November 2012 all the interest and obligations related to the HUD requirements were fulfilled and the property was then sold to Clarendon Street LP. Accordingly, for the fiscal year ended June 30, 2014, VGI is a standalone general partnership for the Clarendon partnership and is presented as a blended component unit and Clarendon Street LP, a tax credit partnership, is presented as discrete component unit.

- **Property Management, Inc. (PMI)** - For the fiscal year ended June 30, 2013 PMI was presented as a discrete component unit. Since it meets the criteria for the blended category in fiscal year ended June 30, 2014, it is included as a blended component unit.

Note 2 - Summary of significant accounting policies

Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows) report 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 and included in the supplementary section of this report.

Basic financial statements

The basic financial statements (i.e. the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows) report 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.

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 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 position.

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.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, Deferred Outflows of

Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

Summary of significant programs
The accompanying basic financial statements include the activities of several housing programs subsidized by HUD and other governmental entities. 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 HUD through annual contributions contract SF-1533. At June 30, 2014, this program has 20 occupied units under management in the following HUD contracts: Deborah Drive (CA059016) and Eklund Gardens I and II (CA059014).

- **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 17,700 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** accounts for operations related to Property Management and Maintenance Services, Resident Services, Program Compliance Monitoring Services and Asset Management activities. The asset management unit oversees approximately 2,600 low income residential housing units, which are owned by the Authority and its affiliate entities. Additionally, it manages, monitors and reports on all financial activity, which includes bonds, loans, promissory notes, and partners' interest. The Real Estate Services revenues are mostly derived from the fees earned from these activities.

- **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 Program also accounts for the major rehabilitation of existing low income housing units/projects. It earns development fees and 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

Investments in partnerships

Certain blended component units have investments in limited partnerships and account for their investments under the equity method of accounting. All investee partnerships are included as discrete component units.

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, 2014, 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 Account

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 Escrow 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, 2014, offsetting amounts of $3,910,003 were eliminated.

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, $7,324,129 of internal charges for services has been eliminated for the year ended June 30, 2014.

Net position

Net Position includes the various net earnings from operating income, nonoperating revenues and expenses, and special items. Net Position is classified in the following three components:

Net investment in Capital Assets - This component of net position 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 position component as the unspent proceeds.

Restricted - This component of net position 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 position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management of the Authority to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New accounting pronouncements

During the fiscal year ending June 30, 2014, the Authority has implemented the following new accounting standards issued by the GASB:

Statement No. 65, "Items Previously Reported as Assets and Liabilities". GASB Statement No. 65 improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The adoption of this Statement changed the presentation of the Authority's financial statements to reclassify items from assets to deferred outflows of resources and liabilities to deferred inflows of resources for the fiscal year ending June 30, 2014 as well as recognizing as expense and revenue financing costs and bond fees that were previously assets and liabilities.

Statement No. 66, "Technical Corrections 2012: an Amendment of GASB Statements No. 10 and No. 62". GASB Statement No. 66 improves financial reporting by resolving conflicting guidance that resulted from the issuance of the two previous pronouncements, and amending the provisions of GASB Statement No. 62 related to accounting for (1) operating lease payments, (2) purchased loan or group of loans, and (3) servicing fees related to mortgage loans. The adoption of this Statement has no effect for the Authority's financial statements for the fiscal year ending June 30, 2014.

Statement No. 67, "Financial Reporting for Pension Plans: an Amendment of GASB Statement No. 25". GASB Statement No. 67 improves financial reporting by state and local governments for their pension plans. Among other improvements, the pension plan audits will have the net pension liabilities as reported on the Statement of Net Position, providing citizens and other users of these pension plan 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 adoption of this Statement has no effect for the Authority's financial statements for the fiscal year ending June 30, 2014.

Statement No. 69, "Government Combinations and Disposals of Governmental Operations". GASB Statement No. 69 provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold and requires disclosures about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The adoption of this Statement has no effect for the Authority's financial statements for the fiscal year ending June 30, 2014.

Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees". GASB Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Among other requirements, this Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee, and requires a government to recognize revenue to the extent of the reduction in its guaranteed liabilities. The adoption of this Statement has no effect for the Authority's financial statements for the fiscal year ending June 30, 2014.

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

Statement No. 68, "Accounting and Financial Reporting for Pensions: an Amendment of GASB Statement No. 27". GASB Statement No. 68 improves financial reporting by state and local governments for pensions and the information they provide about financial support for pensions. 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. This Statement also enhances accountability and transparency through disclosures and required supplementary information. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2015.

Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68". GASB Statement No. 71 improves accounting and financial reporting by resolving conflicting guidance surrounding differences in Statement No.68. Statement No. 71 requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contribution, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this Statement are effective and required to be implemented simultaneously with the provisions of GASB Statement No. 68 which is for the Authority's fiscal year ending June 30, 2015.

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 position as of June 30, 2014 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	$ 15,587,077	$ 11,402,191	$ 26,989,268
Short-term investments	21,336,771	-	21,336,771
Restricted short-term investments	385,790	-	385,790
Restricted cash investments	2,503,186	19,834,341	22,337,527
Long-term investments	2,804,023	-	2,804,023
Total cash, cash equivalents and investments	$ 42,616,847	$ 31,236,532	$ 73,853,379

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 Authority entered into collateralization agreements with the custodian of its deposits pursuant to the California Government Code which 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% 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% 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% 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% 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% 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% or 20% 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% of surplus funds can be invested in Bankers' Acceptances and no more than 30% 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% of total surplus funds, provided that if the average maturity of all Commercial Paper does not exceed 31 days, up to 30% 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% 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 two years) of U.S. Corporations rated "A" or better by Moody's and S&P. Not more than 30% 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% 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 % 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. In general, 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 LAIF does not have a rating provided by a nationally recognized statistical rating organization.

The Authority is a participant in 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 LAlF. 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 LAlF'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/.

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

Notes to Financial Statements
June 30, 2014

A summary of the Authority's Cash, Cash Equivalents and Investments at June 30, 2014 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	$ 769,619	$ 769,619	$ -	$ -
State Local Agency Investment Fund	Not rated	114,533	114,533	-	-
Subtotal Conventional Housing Program/Rincon Activity		884,152	884,152	-	-
Moving to Work Program					
Cash and Cash Equivalents	Not rated	2,478,085	2,478,085	-	-
GE Cap Bank CD 1/25/18 1.10%	Not rated	78,834	-	-	78,834
UBOC MTW Money Market Account	Not rated	454,633	454,633	-	-
Wunderlich - Cash and sweep accounts	Not rated	22,888	22,888	-	-
State Local Agency Investment Fund	Not rated	10,004,657	10,004,657	-	-
Prime Money Market Mutual Fund	Not rated	5,670	5,670	-	-
Subtotal Moving to Work Program		13,044,767	12,965,933	-	78,834
Acquisition Development/Facilities Consolidation					
Cash and Cash Equivalents	Not rated	1,011,560	1,011,560	-	-
Firstbank P R Santurce CD 11/21/17 1.25%	Not rated	201,680	-	-	201,680
State Bank India CD 1/25/18 1.2%	Not rated	200,214	-	-	200,214
American Express Centrn CD 7/11/2018 1.75%	Not rated	160,722	-	-	160,722
Compass Bank Birmingham Ala CD 11/062018 1.9%	Not rated	145,729	-	-	145,729
Comerica pledge account - MTW Reserve Acct	Not rated	1,359,848	1,359,848	-	-
Prime Money Market Mutual Fund	Not rated	13,208	13,208	-	-
State Local Agency Investment Fund	Not rated	858,231	858,231	-	-
Subtotal Acquisition Development/Facilities Consolidation		3,951,192	3,242,847	-	708,345
Other Programs					
Cash and Cash Equivalents	Not rated	13,830,999	13,830,999	-	-
Sutton Bank Attica CD 01/24/2018 1.35%	Not rated	210,137	-	-	210,137
City Bank Salt Lake City CD 8/28/2018 1.9%	Not rated	248,647	-	-	248,647
Discover Bank Greenwood CD 8/28/18 2%	Not rated	248,741	-	-	248,741
Goldman Sachs Bank USA NY CD 8/28/2018 1.95%	Not rated	248,823	-	-	248,823
BMW Bank North Amer Utah CD 8/30/2018 2%	Not rated	248,623	-	-	248,623
Vantagesouth Bk Burlington NC CD 11/16/2018 1.45%	Not rated	245,950	-	-	245,950
Essa Bk & Tr Stoudsburg PA CD 12/28/2018 1.85%	Not rated	247,605	-	-	247,605
Third Fed Svgs & Ln CD 12/28/2018 1.65%	Not rated	108,986	-	-	108,986
GE Cap Retail bank Draper Utah CD 4/25/2019 1.95%	Not rated	209,332	-	-	209,332
UBOC Reserve Money Market Account	Not rated	55,129	55,129	-	-
State Local Agency Investment Fund	Not rated	8,826,272	8,826,272	-	-
Prime Money Market Mutual Fund	Not rated	7,492	7,492	-	-
Subtotal Other Programs		24,736,736	22,719,892	-	2,016,844
Total		$ 42,616,847	$ 39,812,824	$ -	$ 2,804,023

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 Comerica Bank (6%) and State Local Agency Investment Funds (81%).

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, 2014, 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 located in Morgan Hills, California. As of June 30, 2014, the Authority held seven individual loans totaling $167,740, net of allowance, secured by a deed of trust. The interest rates on these loans are at the rate of 10% compounded annually. As long as the borrower owns the property and is not in violation of any provisions of the note or the Resale agreement, both the principal and the interest are not payable but are deferred. The Authority, at the end of the 30 years of the date of the execution of the Note, shall forgive part of the Interest payable. Under certain circumstances the Authority shall relieve the borrower of all the obligations, including principal, under the note. Due to uncertainty of the payment, the annual interest receivable is not recognized as an income and is deferred, and totals $1,135,642 as of June 30, 2014.

Note 5 - Disposition of public housing properties

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.

During the fiscal year 2009, the Authority completed the disposition of Rincon Gardens by selling the 200-unit building and improvements to Rincon Gardens Associates LP and entered into a Ground Lease with Rincon Gardens Associates LP to lease the land the rental is located on.

During the fiscal year 2011, the Authority completed the disposition of six other properties by selling the 335-unit related buildings and improvements to Julian Street Partners, L.P and entered into a Ground Lease with Julian Street Partners, L.P to lease the land the properties were located on. The six real properties sold were Cypress Gardens, Lenzen Gardens, Sunset Gardens, Lucretia Gardens, Julian Gardens, and Miramar Way.

As of June 30, 2014, the Authority has three 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, 2014 was as follows:

	Balance, June 30, 2013	Additions	Reductions/ Transfers	Balance, June 30, 2014
Capital assets, not being depreciated				
Land	$ 17,229,032	$ -	$ -	$ 17,229,032
Construction in progress	321,311	414,735	-	736,046
Total capital assets, not being depreciated	17,550,343	414,735	-	17,965,078
Capital assets, being depreciated				
Structures	16,840,398	-	-	16,840,398
Furniture and equipment	3,536,066	95,881	-	3,631,947
Total capital assets, being depreciated	20,376,464	95,881	-	20,472,345
Less accumulated depreciation				
Structures	(6,108,930)	(533,309)	-	(6,642,239)
Furniture and equipment	(3,153,577)	(116,702)	-	(3,270,279)
Less accumulated depreciation	(9,262,507)	(650,011)	-	(9,912,518)
Total capital assets, being depreciated, net	11,113,957	(554,130)	-	10,559,827
Total capital assets, net	$ 28,664,300	$ (139,395)	$ -	$ 28,524,905

Note 7 - Short-term borrowings

The Authority maintains a $3,000,000 line of credit with Comerica Bank, which provides the Authority with a ready means or short-term financing. On June 30, 2014 the maturity date was extended to June 29, 2015. The line of credit, payable monthly, bears interest at the prime rate, which was 3.25% at June 30, 2014. During the year ended June 30, 2014, the Authority had the following short-term borrowing activity:

	Conventional Housing Program	Real Estate Services Program	Development Services Program	Total
Balance, June 30, 2013	$ -	$ 223,923	$ -	$ 223,923
Additions	-	-	-	-
Reductions	-	(223,923)	-	(223,923)
Balance, June 30, 2014	$ -	$ -	$ -	$ -

Note 8 - Long-term obligations

Outstanding long-term debt consisted of the following at June 30, 2014:

Type of indebtedness (purpose)	Maturity	Interest Rate	Principal Installments	Original Issue Amount	Balance June 30, 2014
Notes payable					
Section 8 Choice Voucher Program					
Morgan Hill	6/15/2021	1%	$ 425,000	$ 425,000	$ 425,000
City of San Jose (Morrone Gardens)	9/23/2024	4%	972,500	972,500	972,500
Total Section 8 Choice Voucher Program					1,397,500
Lease Revenue Bonds					
Internal Service Program					
2004 Series (Julian Office)	9/1/2029	1%	85,000 - 255,000	3,550,000	2,820,000
2006 (Julian Office Renovation)	9/1/2038	5%	50,000 - 510,000	5,125,000	4,815,000
Total Internal Service Program					7,635,000
Total Primary Government					$ 9,032,500

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

Primary Government	June 30, 2013	Additions	Reductions	June 30, 2014	Due within one year
Lease Revenue Bonds	$ 7,790,000	$ -	$ (155,000)	$ 7,635,000	$ 165,000
Notes payable					
City of Morgan Hill	425,000	-	-	425,000	-
City of San Jose	972,500	-	-	972,500	20,000
Total Notes Payable	1,397,500	-	-	1,397,500	20,000
Premium on Lease Revenue Bonds					
Financing Costs	(43,000)	43,000	-	-	
Premium on bonds	202,079	-	(202,079)	-	
Premium - contra	(42,868)	42,868		-	
Total Net Premium	116,211	85,868	(202,079)	-	
Payment in Lieu of Taxes	38,909	45,564	-	84,473	7,717
Accrued vacation and sick leave	847,831	886,741	(847,831)	886,741	49,340
Long-term interest payable	578,135	23,150	-	601,285	-
Total Primary Government	$ 10,768,586	$ 1,041,323	$ (1,204,910)	$ 10,604,999	$ 242,057

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 ("2004 Bonds") that bear interest set each week 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. 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, 2014, 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 1.5% based on the outstanding principal amount of the bonds supported by the credit facility and for the year ended June 30, 2014 paid annual commitment fee in the amount of $22,267. In February 2012, the Authority entered into an interest rate cap agreement with SMBC Capital Markets, Inc. which will limit the maximum interest incurred on the bonds to 6%. The interest rate cap agreement is effective for the period beginning September 1, 2015 through August 31, 2020.

On October 19, 2006, the Financing Authority issued $5,125,000 of 2006 Lease Revenue Bonds ("2006 Bonds") bearing an interest rate fixed at 5% per annum. 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 $12,221,595 payable through September 1, 2038. For the current year, the total lease (debt service) payments made by the Authority totaled $400,590 of which $155,000 was applied to principal and $245,590 to interest.

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)
2015	$ 20,000	$ 43,150	$ 165,000	$ 261,055
2016	-	43,150	170,000	257,385
2017	-	43,150	180,000	260,416
2018	-	43,150	190,000	921,414
2019	-	43,150	200,000	17,600
2020 - 2024	1,377,500	212,725	1,150,000	1,130,385
2025 - 2029	-	-	1,440,000	1,001,465
2030 - 2034	-	-	1,820,000	625,125
2035 - 2039	-	-	2,320,000	111,750
Total	$ 1,397,500	$ 428,475	$ 7,635,000	$ 4,586,595

(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, 2014, the interest rate for the 2004 Bonds was 0.08% and the interest rate for the 2006 Bonds was 5%.

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). As of the year ended June 30, 2014, the Authority has accrued $84,473 for PILOT fees for the remaining three public housing units, Deborah Drive, Eklund Gardens #1 and Eklund Gardens #2 for periods through June 30, 2014. Of the total due, $7,717 is expected to be paid to the County of Santa Clara by June 30, 2015.

Note 9 - Deficit program net position

There are no programs with a significant deficit net position balance at June 30, 2014.

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

Notes to Financial Statements
June 30, 2014

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, 2014:

	Receivable Due From			Notes and Leases Receivable			Interest Receivable			Notes Receivable	
Component Units	Development and Other Advances	Development Services/ Real Estate Group	Management Payroll and Overhead Charges	Notes Receivables	Lease Mortgage Receivables	Seller Take-Back Note	Interest on Notes Receivable	Interest on Lease Mortgage Receivables	Interest on Seller Take-Back Note	General Partner Entitiies	Total
AE Associates	$ -	$ -	$ -	$ 34,237	$ 10,000	$ -	$ -	$ -	$ -	$ -	$ 44,237
Avenida Espana HDC, Inc.	-	106,132	-	-	-	-	-	-	-	292,103	398,235
Bracher HDC, Inc.	-	-	-	-	-	-	-	-	-	30,000	30,000
Clarendon Street, L.P. (Villa Garcia, Inc.)	-	-	-	920,000	-	-	36,699	-	-	-	956,699
DeRose HDC, Inc.	-	-	-	-	-	-	-	-	-	45,000	45,000
Helzer Associates	-	486,702	-	-	-	-	-	-	-	-	486,702
Julian Street Partners L.P,	-	-	-	-	-	22,802,850	-	-	3,860,866	-	26,663,716
Opportunity Center HDC, Inc.	-	24,585	-	-	-	-	-	-	-	25,938	50,523
Pinmore HDC, Inc.	14,090	22,515	-	3,265,000	-	-	-	-	-	226,361	3,527,966
Poco Way, HDC, Inc.	81,826	-	-	150,000	-	-	-	-	-	144,682	376,508
Property Management, Inc.	445,509	-	-	-	-	-	-	-	-	-	445,509
Rincon Gardens Associates	-	-	-	.	-	15,670,000	-	-	1,154,619	-	16,824,619
Rotary Plaza/HACSC HDC, Inc.	51,995	15,000	-	-	130,283	-	-	330,246	-	-	527,524
S.P.G. Housing, Inc.	42,768	-	-	150,000	1,453,919	-	-	-	-	-	1,646,687
San Pedro Gardens Associates	-	-	-	20,000	160,557	-	-	-	-	-	180,557
Villa Garcia Inc.	-	-	-	-	-	-	-	-	-	8,966,189	8,966,189
Villa San Pedro HDC, Inc.	-	-	-	2,300,000	-	-	-	-	-	-	2,300,000
Willows/HACSC Associates	116,710	-	-	-	-	-	-	-	-	-	116,710
Total	$ 752,898	$ 654,934	$ -	$ 6,839,237	$ 1,754,759	$ 38,472,850	$ 36,699	$ 330,246	$ 5,015,485	$ 9,730,273	$ 63,587,381

Development and other advances - The Authority advanced funds to the affiliated entities for development costs and/or to finance the repurchase and acquisition of properties. These advances are non-interest bearing and are due in future years from available cash flow. The advance receivable from Avenida Espana HDC, Inc. in the amount of $12,330,000 has been eliminated against the payable as the entity is reported as a blended component unit within the primary government financial statements.

Development services/real estate services - For services performed in developing the partnerships' projects and providing partnership management services, the Authority earned developer and partnership management fees. The development receivables from the partnerships earn interest. Outstanding developer fees and interest, as well as partnership management fees are due in future years from available cash flow. As a result, at June 30, 2014, the Authority recorded an allowance for bad debts based on estimated collectability of the receivables as follows:

Partnership	Property	Amount recorded	Accrued Interest	Payments	Allowance for Bad Debts	Receivable, Net of Allowance
Developer Fees - Allowance for Bad Debt						
Helzer Associates	Helzer Court Apartments	$ 461,329	$ 25,373	$ -	$ -	$ 486,702
Willows/HACSC Associates	The Willows	4,292	-	(4,292)	-	-
Julian Street Partners LP	Cypress, Julian, Lenzen, Lucretia, Miramar, Sunset	806,704	-	(806,704)	-	-
	Sub - Total	1,272,325	25,373	(810,996)	-	486,702
Partnership Management Fees						
Avenida Espana HDC, Inc.						106,132
Rotary Plaza/HACSC HDC, Inc.						15,000
Opportunity Center HDC, Inc.						24,585
Pinmore HDC, Inc.						22,515
	Sub - Total					168,232
	Total	$ 1,272,325	$ 25,373	$ (810,996)	$ -	$ 654,934

Notes receivable:

- **AE Associates** - The Authority provided an unsecured loan, in the original amount of $96,693, to the partnership. The balance as of June 30, 2014 was $34,237. The loan is non-interest bearing and is due October 2024.

- **Pinmore HDC, Inc.** - In May 2013, Pinmore HDC, Inc. entered into a 60-year promissory note with the Authority for $3,200,000 to be repaid annually with .5% interest commencing July 1, 2016 from Net Cash Flows. The note is a nonrecourse and unsecured obligation.

  - In October 2013 Pinmore HDC, Inc. entered into a 60-year promissory note with the Authority for $65,000 to be repaid annually with interest at the federal interest rate from net cash flows. The note is for the property acquisition of 898 Paula Street, San Jose, CA to be used as low income housing. The note is a nonrecourse and unsecured obligation.

- **Poco Way HDC, Inc.** - In October 2013 Poco Way HDC, Inc. entered into a 60-year promissory note with the Authority for $150,000 to be repaid annually at the federal interest rate from net cash flows. The note is for the property acquisition of this project located at 1900 Poco Way, San Jose, CA to be used as low income housing. The note is a nonrecourse and unsecured obligation.

- **San Pedro Gardens Associates** - The Authority provided an unsecured loan to the partnership in the original amount of $50,000. The balance as of June 30, 2014 was $20,000. The loan is non-interest bearing and is due on demand.

- **S.P.G. Housing, Inc**. **-** In October 2013 S.P.G. Housing, Inc. entered into a 60-year promissory note with the Authority for $150,000 to be repaid annually with interest at the federal interest rate from net cash flows. The note is for the property acquisition costs incurred to purchase the Klamath Gardens project in Santa Clara, CA to be used as low income housing. The note is a nonrecourse and unsecured obligation.

- **Clarendon Street LP** - The Authority has loaned the corporation's affiliated partnership, Clarendon Street, L.P. (Clarendon"), an original amount of $1,275,397. The balance as of June 30, 2014 was $920,000. This loan bears interest at 2.40% and matures on December 31, 2068.

- **Bendorf/Villa San Pedro HDC, Inc.** - The Authority has loaned the corporation $2,300,000. The loan does not bear interest and is expected to be paid from net cash flow commencing July 1, 2015. The loan is due in full upon the earlier of the sale or transfer of the property or July 2068.

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.

- **Rotary Plaza/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.

- **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.

- **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 notes 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 interest at 5.35% compounding annually, 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.

- **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 1, 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.

Investments in affiliated limited partnerships

Investments in affiliated limited partnerships as of June 30, 2014 include the following:

Blended Component Units	Investee Partnerships	Amount
Avenida Espana HDC, Inc.	Julian Street Partners, L.P., Rincon Gardens Associates, L.P., and AE Associates, LTD.	$ 10,185,305
Bracher HDC, Inc.	HACSC/Choices Senior Associates and HACSC/Choices Family Associates	(2,109)
DeRose HDC, Inc.	Blossom River Associates, Thunderbird Associates, and Bascom HACSC Associates	(1,781,817)
Opportunity Center HDC, Inc.	Opportunity Center Associates, L.P.	1,896,688
Pinmore HDC, Inc.	Helzer Associates, Willows HACSC Associates, Fairground Luxury Family Apartments L.P., and Fairgrounds Senior Housing, L.P.	(2,106,139)
Villa Garcia, Inc	Clarendon Street L.P.	991
Poco Way HDC, Inc.	Poco Way Associates	654,126
Total		$ 8,847,045

Land lease 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, 2014, the Authority has a deferred credit balance in the amount of $1,365,476 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, 2014. The amount of loans the Authority has committed to fund but has not funded as of June 30, 2014 is as follows:

Name of Project	Loan commitments	Funded Amount	Unfunded Amount
Eden Housing Inc.	$ 6,500,000	$ 5,760,000	$ 740,000
Poco Way HDC (for Mccreery LLP)	1,500,000	-	1,500,000
	$ 8,000,000	$ 5,760,000	$ 2,240,000

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, 2014, 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)	-	-	643,884	-
Bendorf (Villa San Pedro)	-	-	-	20,215,000
Blossom River Associates	-	250,000	-	-
Bracher Associates	-	190,000	-	-
Clarendon Street, LP	-	-	7,241,109	-
DeRose Housing Associates	-	175,000	-	-
Helzer Associates	1,300,000	-	540,110	-
HACSC/Choices Family Associates	840,000	-	1,205,104	-
HACSC/Choices Senior Associates	630,000	-	794,800	-
Huff Avenue Associates	-	277,000	-	-
Julian Street Associates	1,900,000	-	17,295,529	-
Klamath Associates	-	71,000	-	-
Morrone Gardens Associates	-	194,000	-	-
Pinmore Associates	-	186,000	-	-
Poco Way Associates	-	460,000	-	-
Rincon Gardens Associates	1,400,000	-	7,085,623	-
San Pedro Gardens Associates	-	80,000	-	-
Thunderbird Associates (Villa Hermosa)	-	-	-	-
Willows/HACSC Associates	643,000	-	-	-
Total	$ 6,713,000	$ 2,033,000	$ 34,806,159	$ 20,215,000

Note 11 - Conduit debt

From time-to-time, the Authority has issued multifamily housing revenue bonds to provide funds to developers of multifamily housing projects. The bonds are payable solely from the revenues collected by the developers of these 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 this 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, 2014, the principal amount payable for this issue was $11,805,000.

- **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 this 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, 2014, the principal amounts payable for this issue was $7,900,000.

- **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 this 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, 2014, the principal amount payable for this issue was $5,990,000.

- **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, 2014, the principal amount payable for these issues was $16,790,000.

- **Rincon Garden Associates** - On September 16, 2008, the Authority issued Multifamily Housing Revenue Bonds to provide financing for the 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, 2014, the principal amount payable for these issues was $15,461,522.

- **Clarendon Street LP** - In November 2012, the Authority participated in the issuance of Multifamily Housing Revenue Bonds in the amount of $13 million dollars. These bonds were issued to provide a portion of the financing for the acquisition and renovative construction by Clarendon St, LP. of an 80-unit multifamily rental housing development to be known as Clarendon Street Apartments (formerly Villa Garcia Apartments). The tax-exempt bond was purchased by Bank of the West and proceeds were distributed through three separate loan notes that have June 30, 2014 balances as follows:

    - Multifamily Housing Revenue Construction Note - $0

    - Multifamily Housing Construction/Permanent Tranche A - $4,659,016

    - Multifamily Housing Construction/Permanent Tranche B - $2,025,208

- **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, 2014, the principal amount payable on the refunding bond issues was $3,989,000.

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, 2014, the Authority has the following outstanding conduit debt with non-Authority related entities:

Partnership	Project	Number of Units	Original Issue	Balance, June 30, 2014
MP Timberwood Associates	Timberwood	286	$ 18,415,000	$ 10,895,000
Monte Vista Associates, LP	Monte Vista Terrace	150	13,000,000	8,729,000
The Fountains	The Fountains	124	3,500,000	1,515,000
MP Latham Associates	Latham Park	74	4,500,000	1,463,750
	Total			$ 22,602,750

Note 12 - 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, 2014 were as follows:

Liabilities	Deductible	Coverage	Excess
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 and public officials	75,000	2,000,000	N/A
Workers’ compensation	-	500,000	Statutory

There were no claims and no changes in the Authority's claims liability during the fiscal years ended June 30, 2014 and 2013.

Note 13 - Retirement plans and other post-employment benefits

Pension plan

Since January 12, 2009, the Authority entered into a contract with the California Public Employees' Retirement System ("CalPERS"), an agent single-employer public defined benefit pension plan. CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries based upon contractual formulas (2% at age 55 Supplemental Formula for "classic" members or 2% at age 62 for "nonclassic" members.) The Public Employees' Pension Reform Act of 2013 ("PEPRA") defines classic members as those who are active CalPERS members prior to January 1, 2013 without a break in CalPERS service of greater than six months and nonclassic members as those who are active CalPERS members after January 1, 2013. The CalPERS acts as a common investment and administrative agent for all participating public entities within the State of California. Copies of CalPERS' annual financial reports may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

Plan description - All eligible Authority employees participate in CalPERS. CalPERS provide 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 five years of CalPERS-credited service. These provisions and all other requirements are established by State statute and Authority resolutions, which include Authority's contracts with employee bargaining groups.

Funding policy - The contribution requirements of plan members and the Authority are established and may be amended by CalPERS. Active plan members have an obligation to contribute a percentage of their annual covered salary to CalPERS. For classic employees (employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in the CalPERS system), the Authority contributes the 7% employee portion on behalf of its employees since January 1, 2010. For nonclassic members (employees hired after January 1, 2013 and are new entrants to the CalPERS system), employees pay the

6.25% which is 50% of the total normal cost rate for the new benefit formula. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the 2% at age 55 retirement plan benefits for its classic members and 2% at age 62 retirement plan benefits for its nonclassic members under the PEPRA provisions. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. Based on the CalPERS valuation report as of June 30, 2012, the required employer contribution rate for the classic members for the year ended June 30, 2014 was 7.531%. The required employer contribution rate for the nonclassic members for the year ended June 30, 2014 was 7.531%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

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, 2014 is seven years.

The Authority's changes in deferred pension cost for the year ended June 30, 2014 were as follows:

Annual required contribution	$ 819,703
Interest on deferred pension cost	(1,286,004)
Amortization of deferred pension cost	2,684,398
Annual pension cost	2,218,097
Contributions made	(819,703)
Change in deferred pension cost	1,398,394
Deferred pension cost, beginning of year	(16,593,604)
Deferred pension cost, end of year	$ (15,195,210)

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Deferred Pension Costs
6/30/2014	$ 2,218,097	37%	$ (15,195,210)
6/30/2013	1,898,666	37%	(16,593,604)
6/30/2012	893,609	311%	(17,784,026)

Funded status and funding progress
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, 2014 is seven years.

Summary of funding progress is as follows:

Actuarial valuation date	6/30/12
Actuarial asset value	$ 40,771,651
Actuarial accrued liability - entry age	40,858,078
Unfunded actuarial accrued liability (UAAL)	$ 86,427
Funded ratio	99.8%
Covered payroll	$ 10,910,833
UAAL as percentage of covered payroll	0.8%

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 liability for benefits.

Other post-employment benefits
Plan description - The Authority provides eligible employees with post-retirement medical healthcare benefits. Upon retirement, qualified employees and spouses/domestic partners are eligible for continued medical coverage up to the Employer Coverage Cap in effect on the date of the employee's retirement. Medical provider at the time of retirement will be the same medical provider during the final year of employment unless the employee moves from the plan service area. In the event the employee moves out of the plan service area, a supplemental medical plan will be made available at that time. Participation in Part A and Part B of the Medicare plan available at the time of retirement is a requirement of the plan.

The surviving spouse or domestic partner may continue to purchase medical coverage after the death of the retiree at the surviving spouse/partner's expense.

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%

In addition to its contributions of up to the $1,728 Cap, toward the cost of retiree medical coverage, the Authority pays 100% of the cost of dental and vision insurance for those retirees that opted for the "early retirement option plans" offered by the Authority in the past as an incentive for early retirement.

During the year ended June 30, 2010, the Authority entered into an agreement with CalPERS whereby the Authority is a contracting agency under 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, 2014, 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, and based on the Authority's most recent OPEB actuarial valuation that was performed as of July 1, 2013.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the deferred OPEB costs and net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Contributed	Deferred OPEB costs/ net OPEB obligation
6/30/2014	$ 185,004	100.0%	$ (244,995)
6/30/2013	185,669	100.0%	-
6/30/2012	192,089	100.0%	-

Funding Status and Funding Progress - the table below indicates the funded status of the Retiree Health Plan as of July 1, 2013 (the most recent actuarial study):

Actuarial accrued liability (AAL)	$ 7,634,336
Actuarial value of plan assets	6,921,359
Unfunded actuarial accrued liability (UAAL)	$ 712,977
Funded ratio (actuarial value of plan assets)/AAL	90.7%
Annual covered payroll (active plan members)	$ 8,970,243
UAAL as percentage of covered payroll	7.9%

In July 2014, the Authority paid $712,977 to CERBT to fund its unfunded actuarial accrued liability ("UAAL").

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, 2013 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% investment rate of return and an annual healthcare cost trend rate of 8.5% for 2015, reduced by decrements to an ultimate rate of 5.5% in year 2021 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 14 - Commitments and contingent liabilities

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.

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, 2014, approximately 98% of operating revenues and 54% 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 15 - 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 Reserves are also considered MTW Reserves and are reported as unrestricted net position 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 position balance in accordance with GAAP. Unrestricted net position also includes, but is not limited to, interest and investment income on HAP investments. 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.

Each fiscal year since 2008, when HACSC became an MTW agency, HACSC has earned and recognized on its financial statements MTW HAPs revenues based on the annual MTW contractual agreement, irrespective if these funds were received, spent and expensed in that year. However, beginning in January 2014, based on HUD PIH Notice 2011-67, issued 12/9/2011, HUD has implemented the United States Treasury's rule on cash management on all MTW Public Housing Authorities (MTW-PHA), including HACSC, that results in changes associated with HAP accounting and revenue recognition, as follows:

- HUD will limit the disbursement of HAP funds to the amount that is needed by MTW-PHA to make immediate payments.

- Undisbursed HAP fund will be held by HUD as "*HUD Held Program Reserves*", and will be available for future HAPs.

Cash management does not change the amount of HAP funds that are available to the MTW-PHA, as the amount of funds available is still determined by the MTW agreement and Annual Budget Authority. However, these cash management rules will impact the timing when such funds are available to the MTW-PHA. PIH-REAC PHA Accounting briefs #19, "*Revenue Recognition for HAPs and Administrative Fees for HCV Program*", issued June

2013, states that, as per HUD guidance, HCV program funds that the PHA receives are considered a Voluntary Non-exchange Transaction.

GASB Statement No. 33: Accounting and Financial Reporting for Non-exchange Transactions defines a Voluntary Non-exchange Transaction as a transaction in which a government gives and receives value without directly receiving or giving something of equal value in return. These transactions, typically resulting from a legislative or contractual agreement, are entered into willingly by two parties. GASB 33 also provides that a PHA that treats the HCV program as an enterprise fund and uses the accrual basis (as does HACSC) should recognize revenues under a voluntary non-exchange transaction if it meets four conditions: that the revenues are measurable, probable of collection, meet eligibility requirements and are a legally enforceable claim. Accordingly, PHAs, that are not MTW agencies meet all the conditions of the revenue recognition except that they are not normally considered to have a legally enforceable claim (under their agreements they are entitled to receive what is actually spent, up to the limit of their annual appropriation) and thus these PHA's could not recognize their HCV funds as revenues. MTW PHAs meet all the conditions of the revenues recognition, and in contrast, have an agreement with HUD that authorizes expenditure of funds up to a stated annual funding level and unspent funds are earned and carried over from year to year. The underlying contract between HUD and a MTW-PHA provides the basis for a legally enforceable claim, and HACSC's management is of the opinion that HUD-Held Program funds should be recognized as revenues on the agency's financial statement as the funds meet all the criteria and conditions of GASB 33 for a Voluntary Non-Exchange Transaction. Accordingly, HACSC has recognized these HUD-Held HCV (MTW) Program funds ($11,378,373 as of June 30, 2014) as revenues and receivables on its financial statements.

As explained in FYE June 30, 2013 audited financial statements, Note 15, HUD funding being discretionary federal funds was affected by the 2013 Federal Budget cuts, called Sequestration Cuts, which resulted in significant loss of HACSC MTW-HCV program funding for the calendar year 2013. To address these cuts, HACSC made significant shift in the operational and administrative structure of the program, and effective September 2013, instituted program changes to reduce HAPs. These program changes are:

- Increase in the tenant contribution of the rent from 30% of adjusted monthly tenant income to 35% of gross monthly tenant income;
- Implemented revised subsidy standards;
- Freeze issuance of new vouchers;
- Freeze owner-requested contract rent increases; and
- Limited additions to household, etc.

Calendar year 2014 HACSC's MTW-HCV HUD Housing Assistance revenues were restored to a 99.7% pro-ration level, allowing HACSC's governing board to reverse or mitigate some of the above program changes implemented. Notably, effective 9/1/2014

HACSC lifted a moratorium on landlord requests for rent increases, and lowered the tenant's rent payment portion from 35% to 32% of gross income. These program changes will result in increased Section 8 program costs in FY 2015, but are projected to remain within HACSC's annual budget authority funding.

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

Notes to Financial Statements
June 30, 2014

During the year ended June 30, 2014, the Section 8 Rental Voucher Program and the Moving to Work Unrestricted Net Position activities are as follows:

	MTW Public Housing	Section 8 Rental Voucher Program			Moving to Work Program		
	Conventional Housing Program Reserve	Section 8 Vouchers Fee Reserves	Tenant Protection	Total Section 8 Rental Voucher Program	MTW Reserves	Park Avenue	Total Moving to Work Program
Balance, June 30, 2013	$ 23,389	$ 20,073,280	$ 215,203	$ 20,288,483	$ 6,254,140	$ (5,863,605)	$ 390,535
Year ended June 30, 2014 activity							
Less: Transfer out FSS Coordinator fund balance	-	(49,397)	-	(49,397)	-	-	-
HAP Earned	-	-	-	-	230,707,820	-	230,707,820
HAP Earned Portability	-	-	-	-	3,401,128	-	3,401,128
Admin Fee Earned	-	-	-	-	14,287,693	-	14,287,693
Admin Fee Portability	-	-	-	-	128,489	-	128,489
PH Rental Income and Other Miscellaneous Revenues	95,557	-	-	-	-	-	-
Operating Subsidy	-	-	-	-	56,836	-	56,836
Other Income	-	164,110	-	164,110	20,633	-	20,633
50% of fraud recovery	-	12,972	-	12,972	12,972	-	12,972
HAP Expenses	-	(206,868,913)	(74,800)	(206,943,713)	-	-	-
HAP Expenses - Portability	-	(3,401,128)	-	(3,401,128)	-	-	-
Administrative and Operational Expenses	(317,475)	(16,488,771)	(13,185)	(16,501,956)	-	(14,413)	(14,413)
Net Increase/(decrease) in long term obligations	2,565	-	-	-	-	-	-
Net (Increase)/decrease in Capital assets	33,356	50,712	-	50,712	-	-	-
Transfer in:							
Reimb fr. HARA for Executive Compensation, per HUD notice PIH-2012-14	-	124,263		124,263	-	-	-
Trf fr. Facilities Consolidation Funds to cover for HAP deficit	-		-	-	3,400,000	-	3,400,000
Transfer out:							
To RESD for reimb. Of expenses for MTW eligible activities	-	-	-	-	(1,296,846)	-	(1,296,846)
Interfund Transfers between MTW and MTW Related Prg.	108,336	226,173,038	222,295	226,395,333	(232,247,394)	5,743,724	(226,503,670)
Subtotal year ended June 30, 2014 activity	(77,661)	(283,114)	134,310	(148,804)	18,471,331	5,729,311	24,200,642
Balance, June 30, 2014	$ (54,272)	$ 19,790,166	$ 349,513	$ 20,139,679	$ 24,725,471	$ (134,294)	$ 24,591,177

Note 16 - Discretely presented component units

The following entities are considered discrete component units of the Authority and are presented in accordance with GASB No. 61. 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. 61, 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.

All the entities and the underlying projects operate under the low-income housing tax credits program of Section 42 of the Internal Revenue Code ("Section 42") which regulates the use of the projects as to occupant eligibility and unit gross rent among other requirements. Each entity entered into a regulatory agreement with the tax credit agency which subjects the projects to Section 42 for a period up to 55 years from the date of completion of projects.

AE Associates, LTD.:

AE Associates, Ltd., 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.

Ground lease - This Partnership leases land on which its 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:

Note payable to State of California, Department of Housing and Community Development Rental Housing Construction Program ("RHCP"): the note is secured by its project, bears simple interest at 3%, matures in December 2048, and is payable in annual payments of principal and interest from excess/distributable cash.

Note payable to City of San Jose: the note bears no interest, is due in full in October 2022, and payable in annual payments of $25,000 with additional payments from excess/distributable cash.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
RHCP note	$ 2,043,881	$ 3,285,000	$ 5,328,881	$ 33,441
City of San Jose	-	1,343,231	1,343,231	-
Total	$ 2,043,881	$ 4,628,231	$ 6,672,112	$ 33,441

Rincon Gardens Associates, L.P.:

Rincon Gardens Associates, L. P. 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. This project was placed in service in December 2009. This 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.

Ground lease - Rincon Gardens Associates, L. P. 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 its 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. The 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**:**

Housing Authority of the County of Santa Clara Multifamily Housing Revenue Bonds 2008 Series A-1 and A-2 loans, 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.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
2008 Series A-1 and A-2 bonds.	$ -	$ 15,682,862	$ 15,682,862	$ 450,201

Julian Street Partners, L.P.:

Julian Street Partners, L.P. operate six 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").

Ground lease - Julian Street Partners, L.P.'s projects were built on land owned by and leased from the Authority, on a 75-year term, which expires in 2085. Under the terms of the lease, this partnership pays a rent of $1 per each site per year or $6 in the aggregate, and title to the improvements reverts to the lessor at the end of the lease.

Seller take-back note - On November 19, 2010, the Authority sold 335 public housing units of these projects to Julian Street Partners, L.P. and provided a seller take-back note in the amount of $22,802,850. The loan is secured by a subordinate deed of trust recorded against these projects properties, bears interest at 4.35% and matures on December 31, 2055.

Long-term debt is summarized as follows**:**

Housing Authority of the County of Santa Clara Multifamily Housing Revenue Bonds 2010 Series A-1 loan, in the maximum amount of $18,035,000, bears interest at 4.21%. Interest-only payments were due monthly until the loan was converted in June 2012 to a 15-year bond amortizing loan, with the entire principal and interest due in full in November 2027.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
Revenue Bonds 2010 Series A-1 loan	$ 151,787	$ 17,220,000	$ 17,371,787	$ 855,000

HACSC/Choices Senior Associates

HACSC/Choices Senior Associates, 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.

Long-term debt is summarized as follows**:**

Note payable to City of Santa Clara (Successor agency to the Redevelopment Agency of the City of Santa Clara), bears simple interest at 2%, due in full in April 2042, and payable annually in principal and interest from excess/distributable cash.

Series 2001A Multifamily Housing Revenue Bonds issued by the Authority: the bonds bear interest at rates ranging from 3.95% to 6% and mature in August 2041. Monthly principal and interest payments of $34,419 are made to a trustee, and semi-annual payments to bondholders are made in August and February.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
City of Santa Clara	$ 1,302,191	$ 5,317,000	$ 6,619,191	$ 26,889
Series 2001A Bonds	149,944	6,030,000	6,179,944	234,944
Total	$ 1,452,135	$ 11,347,000	$ 12,799,135	$ 261,833

<u>HACSC/Choices Family Associates</u>

HACSC/Choices Family Associates was formed as a limited partnership on February 22, 2000 to develop and operate a 100-unit affordable housing complex located in Santa Clara, California. This project is operating under the name of River Town Apartments.

Long-term debt is summarized as follows**:**

Note payable to City of Santa Clara (Successor agency to the Redevelopment Agency of the City of Santa Clara), bears simple interest at 2%, due in full in April 2042, and payable annually in principal and interest from excess/distributable cash.

Series 2001A Multifamily Housing Revenue Bonds issued by the Authority: the bonds bear interest at rates ranging from 3.95% to 6% and mature in August 2041. Monthly principal and interest payments of $45,385 are made to a trustee, and semi-annual payments to bondholders are made in August and February.

Note payable to 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, to be repaid in full by October 2058.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
City of Santa Clara	$ 995,165	$ 3,892,000	$ 4,887,165	$ 76,049
Series 2001A Bonds	199,756	7,955,000	8,154,756	309,756
California HCD	880,157	4,050,500	4,930,657	-
Total	$ 2,075,078	$ 15,897,500	$ 17,972,578	$ 385,805

<u>Blossom River Associates</u>

Blossom River Associates, a California limited partnership, was organized on August 16, 1996. DeRose HDC, Inc. is the 0.1% general partner, and California Affordable Housing Fund 2000-1, LLC is the 99.9% limited partner. This partnership operates Blossom River Apartments which consists of one residential building containing 144 units.

Long-term debt is summarized as follows**:**
Tax-exempt Bonds Series A issued the City of San Jose: the bonds are 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.

Note payable to City of San Jose: the note is secured by a deed of trust, 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.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
1998 Series A Bonds	$ 258,841	$ 11,885,000	$ 12,143,841	$ 423,841
City of San Jose Note	4,932,481	4,134,900	9,067,381	461,036
Total	$ 5,191,322	$ 16,019,900	$ 21,211,222	$ 884,877

Thunderbird Associates

Thunderbird Associates, a California limited partnership, was organized on February 21, 1997. DeRose HDC, Inc. is the 0.1% general partner and Fannie Mae Multi-Family Equity Investments is the 99.9% limited partner. This partnership operates Villa Hermosa Apartments which consists of 100 units.

Long-term debt is summarized as follows**:**
Note payable to Citibank: the note is secured by this project, bears interest at a variable rate, payable in monthly payments of principal and interest of $15,447, maturing October 1, 2029.

Note payable to City of San Jose: the note is secured by a deed of trust, bears interest at 5% per annum compounded annually, payable annually up to 100% of Net Cash Flow, maturing August 1, 2029.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
Citibank Note	$ 9,149	$ 1,932,943	$ 1,942,092	$ 343,532
City of San Jose Note	12,523	507,594	520,117	12,523
Total	$ 21,672	$ 2,440,537	$ 2,462,209	$ 356,055

Bascom HACSC Associates

Bascom HACSC Associates, a California limited partnership, was organized on December 1, 2000. DeRose HDC. Inc. is the 0.01% general partner, Newport Fund 2000, L.P. is the 99.98% investor limited partner, and Newport Partners Management Corporation is the 0.01% special limited partner. This partnership operates El Parador Apartments which consists of one residential building containing 125 units.

Long-term debt is summarized as follows**:**
Tax-exempt Bonds Series A and B issued by the City of San Jose: the Series A and Series B bonds, dated December 7, 2000, in the amount of $6,130,000 and $900,000, respectively, are multifamily housing revenue bonds 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 six 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 six months, amortized over a 13-year, 2-month term.

Note payable to City of San Jose, 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.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
Tax-exempt Bonds Series A and Series B	$ 177,491	$ 5,780,002	$ 5,957,493	$ 337,491
City of San Jose Note	1,640,839	6,979,530	8,620,369	271,842
Total	$ 1,818,330	$ 12,759,532	$ 14,577,862	$ 609,333

Opportunity Center Associates

Opportunity Center Associates, L.P., a California limited partnership, was formed on October 21. 2002 to develop and operate an 89-unit affordable housings complex located in Palo Alto, California, which is currently operating under the name of Opportunity Center of the Mid-Peninsula.

Long-term debt is summarized as follows**:**
Note payable to the Department of Housing and Community Development Multifamily Housing (HCD), consisting of a loan for assisted units of $7,000,000 and a loan for nonresidential space for supportive services of $500,000, bears 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, maturing in April 2062.

Note payable to City of Palo Alto, bears contingent interest up to 3% depending on this project's available excess/distributable cash, due in full in April 2062.

Note payable to County of San Mateo, bears contingent interest up to 3% depending on this project's available excess/distributable cash, due in full in April 2062.

Note payable to Lenders for Community Development, bears no interest, due in full in April 2062.

Note payable to County of Santa Clara Affordable Housing Funds Loan, bears contingent interest up to 3% depending on this project's available excess/distributable cash, due in full in April 2062.

Note payable to County of Santa Clara HOME Program Loan, bears contingent interest rate up to 3% depending on this project's available excess/distributable cash, due in full in April 2062.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
HCD	$ 1,308,521	$ 7,500,000	$ 8,808,521	$ -
City of Palo Alto	-	750,000	750,000	-
County of San Mateo	-	450,000	450,000	-
Lenders for Community Development	-	500,000	500,000	-
County of Santa Clara Affordable Housing Funds Loan	-	1,000,000	1,000,000	-
County of Santa Clara HOME Program Loan	-	500,000	500,000	-
Total	$ 1,308,521	$ 10,700,000	$ 12,008,521	$ -

Helzer Associates

Helzer Associates, a California limited partnership, was organized on March 9, 1998. Pinmore HDC, Inc. is the 0.1% general partner and Union Bank of California, N.A. and California Affordable Housing Fund 2001-1, L.P. are the 99.9% limited partners. This partnership operates under the name of Helzer Apartments which consists of 155 units.

Long-term debt is summarized as follows**:**

Tax-exempt multi-family revenue bonds Series A issued by the City of San Jose, dated May 1, 1999, in the amount of $16,948,000. The bonds mature 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.

Note payable to City of San Jose, 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.

Note payable to California Housing Finance Agency ("CalHFA"), 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.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
1999 Series A bonds	$ 81,652	$ 15,348,000	$ 15,429,652	$ 276,652
City of San Jose Note	2,089,762	5,916,366	8,006,128	-
CalHFA note.	-	333,547	333,547	-
Total	$ 2,171,414	$ 21,597,913	$ 23,769,327	$ 276,652

Willows/HACSC Associates

Willows HACSC Associates, a California limited partnership, was organized on December 1, 1998. Pinmore HDC. Inc. is the 0.1% general partner and California Affordable Housing Fund 2000-1, LLC is the 99.9% limited partner. This partnership operates the Willows, which consists of 47 units. This project operates under Section 42 which regulates the use of this project as to occupant eligibility and unit gross rent among other requirements through 2058.

Long-term debt is summarized as follows**:**

Series 2005 tax exempt bonds issued by the Authority in the amount of $4,284,000: the bonds are secured by this project and an irrevocable direct pay Letter of Credit issued by Union Bank of California, N.A. maturing April 1, 2040. The bonds bear interest at a variable rate determined weekly, not to exceed the Maximum Interest Rate, as defined in the loan agreement. Payments of principal and interest are due every six months on June 1 and December 1.

LCD Note in the amount of $427.000: the note is secured by this project, bears a simple interest rate at 2% per annum, matures January 1, 2045, and payable annually from residual receipts up to 50% of the Surplus Cash:

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
Series 2005 Bonds outstanding	$ 293	$ 4,075,000	$ 4,075,293	$ 62,293
LCD Note	16,824	280,401	297,225	54,790
Total	$ 17,117	$ 4,355,401	$ 4,372,518	$ 117,083

Fairground Luxury Family Apartments, L.P.

Fairground Luxury Family Apartments, L.P. 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 located in San Jose, California. The managing general partner is Pinmore HDC, Inc., the co-general partner is ROEM Fairgrounds Family, LLC, the special limited partner is Hudson SLP, LLC, and the investor limited partner is Hudson Fairgrounds ROEM, LLC.

Long-term debt is summarized as follows**:**

Permanent loan payable to California Housing Finance Authority (CalHFA): the loan is secured by a deed of trust, bears interest at a fixed rate of 5.7% per annum, payable in monthly installments of principal and interest of $128,312, and matures February 1, 2048.

Permanent loan payable to the City of San Jose: the loan is secured by a deed of trust, bears interest at a fixed rate of 4% per annum, payable out of available cash flow, as defined in the loan agreement, and matures March 1, 2046.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
CalHFA	$ 109,926	$ 23,142,285	$ 23,252,211	$ 336,410
City of San Jose	2,339,614	17,245,082	19,584,696	-
Total	$ 2,449,540	$ 40,387,367	$ 42,836,907	$ 336,410

Fairgrounds Senior Housing, L.P.

Fairgrounds Senior Housing, L.P. 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 located in San Jose, California. The general partners are Pinmore HDC, Inc. (0.005% interest) and ROEM FG Senior, LLC (0.005% interest). The limited partners are Alliant Tax Credit Fund 52, Ltd. (99.98% interest) and Alliant ALP 52, (0.01% interest).

Long-term debt is summarized as follows**:**
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 this project. Citicorp Municipal Mortgage Inc. provided notes 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 bonds mature July 12, 2040.

Loan payable to the City of San Jose: the loan is secured by a deed of trust, in the amount of up to $12,300,000. 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 loan matures July 12, 2040.

Note payable to the County of Santa Clara: the loan, in the amount of $1,475,000, is secured by a deed of trust, bears interest at 4% per annum until this project has obtained a notice of completion, and at 3% per annum thereafter until maturity (55 years from the date of completion). Annual payments of principal and interest are contingent on available residual receipts, as defined in the note.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
City of San Jose Revenue Bonds	$ 58,735	$ 12,815,000	$ 12,873,735	$ 393,735
City of San Jose loan	514,241	8,036,582	8,550,823	342,066
County of Santa Clara note	32,891	1,393,298	1,426,189	114,045
Total	$ 605,867	$ 22,244,880	$ 22,850,747	$ 849,846

<u>Rotary Plaza/HACSC HDC, Inc. of Santa Clara County and Affiliates (Morrone Garden Associates and Huff Avenue Associates)</u>
Rotary Plaza/HACSC HDC, Inc. (Rotary Plaza) was incorporated in the State of California in December 1993 to operate affordable housing and provide related services to low – and moderate-income persons. On April 19, 2013, Rotary Plaza acquired Morrone Gardens, a 102-unit affordable apartment complex for the elderly located in San Jose, California from Morrone Gardens Associates, a California limited partnership, of which Rotary Plaza was the general partner.

Rotary Plaza/HACSC HDC, Inc. is also a general partner of Huff Avenue Associates, a California limited partnership (the affiliate). This partnership is included in the consolidated financial statements of Rotary Plaza/HACSC HDC, Inc. in accordance with generally accepted accounting principles.

Rotary Plaza/Morrone Gardens Associates
Morrone Gardens Apartments consists of 102 units.

Long-term debt is summarized as follows**:**
Note payable to California Community Reinvestment Corporation Note ("CCRC Note"): the note dated September 23, 1994, in the original amount of $2,982,000, is secured by this project, bears interest at 6.5% per annum, and is payable in monthly payment of principal and interest of $19,688 until maturity on October 1, 2024. This note has been assumed by the new owner of the Project, Rotary Plaza at the time of the sale, on April 19, 2013.

Note payable to the City of San Jose: the note dated April 1, 2010, in the amount of $1,802,332, is secured by this project, bears simple interest at 4% per annum, is payable in principal and interest annually up to 100% of Net Cash Flow as defined in the note, and matures in September 2024. This note has been assumed by the new owner of the Project, Rotary Plaza at the time of the sale, on April 19, 2013.

Huff Avenue Associates
Huff Avenue Associates, a California limited partnership, was organized on March 8, 1994. Rotary Plaza/HACSC, HDC Inc. is the 1% general partner and Edison Capital Housing Partners VII, L.P. is the 99% limited partner. The purpose of this 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. This 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 HUD. The contract obligates HUD to provide rent subsidies through December 31, 2016.

Long-term debt is summarized as follows**:**
Note payable to the City of San Jose, 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 Net Cash Flow which shall be applied first to reduce accrued interest, and then to reduce the outstanding principal amount. The remaining unpaid principal and accrued interest are due March 11, 2027.

Note payable to ARCS Commercial Mortgage Co., L.P. (ARCS 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 are due until maturity on August 1, 2036.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
Rotary Plaza/Morrone Garden Associates				
CCRC note	$ -	$ 1,824,060	$ 1,824,060	$ 191,477
City of San Jose note	1,283,404	1,802,333	3,085,737	-
Total Morrone Gardens Associates		3,626,393	4,909,797	191,477
Huff Avenue Associates				
City of San Jose note	44,291	949,621	993,912	29,087
ARCS note	-	3,571,663	3,571,663	70,219
Total Huff Avenue Associates	44,291	4,521,284	4,565,575	99,306
Total	$ 1,327,695	$ 8,147,677	$ 9,475,372	$ 290,783

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 located in the City of Santa Clara, California. This 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 located in Morgan Hill, California. This 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 located in Santa Clara, California. This project is operating under the name of Klamath

Gardens. On May 30, 2014, the limited partner, Edison Funding Omicron Incorporated, assigned its limited partner interest to HACSC and withdrew from the Partnership. HACSC was admitted to the Partnership as the new limited partner.

- Pinmore Associates ("Pinmore") was formed as a limited partnership on November 9, 1993 to develop and operate a 51-unit affordable housing complex located in San Jose, California. This project is operating under the name of Pinmore Gardens. On April 30, 2014, the project/property was sold to Branham Lane LLC, a California limited liability company, controlled by its sole member, S.P.G. Housing, Inc.

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.

Long-term debt is summarized as follows**:**
Bracher Associates
Note payable to Citibank: the note bears interest at 6.5% per annum, is payable in monthly installments $12,736 until maturity in January 2026. The interest rate and monthly payment may be adjusted in February 2016.

Citibank Affordable Housing Program loan: the loan bears no interest and is due in January 2026.

Note payable to City of Santa Clara (Successor agency to the Redevelopment Agency of the City of Santa Clara): the note bears interest at 6%, is payable from excess/distributable cash and is due in August 2024.

San Pedro Gardens Associates
Note payable to Citibank: the note bears adjustable interest (currently 3.750%) per annum and payable in monthly installments of $1,665 until maturity.

Note payable to State of California. Department of Housing and Community Development Rental Housing Construction Program (RHCP): the note bears simple interest at 3% and due in full in January 2047. Annual payments of principal and interest are payable from excess/distributable cash.

Klamath Associates
Note payable to Citibank: the note bears adjustable interest rate (currently at 6.75%), is payable in monthly installments of $5,045 until maturity in May 2027. An adjustment will occur in June 2017 when the interest rate shall be adjusted to 2% over the average monthly 10-year treasury constant maturity yield, not to exceed 12.42% per annum or to fall below 6.42%.

Note payable to City of Santa Clara (Successor agency to the Redevelopment Agency of the City of Santa Clara): the note bears simple interest at 6% and is due in full in February

2025. Annual payments of principal and Interest are payable from excess/distributable cash.

Pinmore Associates

Note payable to Citibank: the note bears adjustable interest (currently 7.6% per annum), is payable in monthly installments of $12,342 until maturity in January 2026. Another adjustment will occur in February. 2021.

Note payable to the City of San Jose: the note in the original amount of $1,490,000, bears simple interest at 4% until maturity in January 2025. Annual payments of principal and interest are payable from excess/distributable cash.

S.P.G. Housing, Inc. - DeRose

Note payable to Citibank: the note in the original amount of $1,015,000, bears adjustable interest rate (currently 6.96% per annum), is payable in monthly installments of $6,989, and is due in full in October 2026. Another adjustment will occur in 2016.

Note payable to the City of San Jose: the note 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 from which date the loan shall not accrue interest and the accumulated interest on the loan was forgiven as part of the amendment.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
Bracher Associates				
Citibank loan	$ -	$ 1,270,906	$ 1,270,906	$ 72,348
Citibank AHP loan	-	126,000	126,000	-
City of Santa Clara	552,180	1,550,000	2,102,180	79,042
Total Bracher Associates	552,180	2,946,906	3,499,086	151,390
San Pedro Gardens Associates				
Citibank	-	151,223	151,223	15,350
RHCP loan	935,112	1,489,500	2,424,612	-
Total San Pedro Gardens Associates	935,112	1,640,723	2,575,835	15,350
Klamath Associates				
Citibank loan	-	531,316	531,316	25,311
City of Santa Clara note	705,190	681,176	1,386,366	23,835
Total Klamath Associates	705,190	1,212,492	1,917,682	49,146

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
Pinmore Associates				
Citibank loan	6,125	1,300,983	1,307,108	76,559
City of San Jose loan	1,054,725	1,488,125	2,542,850	30,452
Total Pinmore Associates	1,060,850	2,789,108	3,849,958	107,011
S.P.G. Housing, Inc. - DeRose				
Citibank loan	-	707,591	707,591	35,745
City of San Jose loan	-	1,400,000	1,400,000	-
Total DeRose	-	2,107,591	2,107,591	35,745
Total	$ 3,253,332	$ 10,696,820	$ 13,950,152	$ 358,642

Poco Way Associates

Poco Way Associates, a California limited partnership, was organized on July 22, 1994 to provide low-income housing through the acquisition, development, finance, ownership, maintenance, and operation of a family rental housing complex in San Jose, California. The project is operating under the name of Poco Way Apartments, which consists of 130 family rental housing units. On April 30, 2014, the apartment complex was sold to Poco Way HDC, Inc., which was the partnership's general partner.

Long-term debt is summarized as follows**:**

Note payable to Citibank: the note dated February 2, 2005, in the amount of $4,669,000, is secured by this project and 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.

Note payable to the City of San Jose: the note dated May 30, 1997 in the amount of $5,786,958, is secured by a deed of trust, bears 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 Note, commencing June 1, 1998 and every June 1 of each year thereafter. In addition, on May 30, 1997, this 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.

Clarendon Street, L.P.

Clarendon Street, L.P. (a California limited partnership) was formed on June 28, 2012 to acquire, rehabilitate and operate a 80-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Villa Garcia Apartments (the "Project"). On November 8, 2012, the Project was acquired from its general partner, Villa Garcia, Inc. ("VGI"), a nonprofit organization. The rehabilitation of the Project was completed November 26, 2013. The partnership receives Section 8 housing assistance payments from HUD under a contract that expires on June 30, 2024.

Long-term debt is summarized as follows**:**

Bank of the West, as the services of the HACSC Multifamily Note ("Tranche A"), bears interest at 3.96%, with interest payments only due monthly commencing December 2012. Commencing in May 2014, monthly payments of principal and interest are due based on 25-year loan amortization, with the entire principal and interest due based on an 11-year loan amortization, with the entire principal and interest due in May 2030.

Bank of the West, as the servicer of the HACSC Multifamily Note ("Tranche B"), bears interest at 2.80%, with interest payments only due monthly commencing December 2012. Commencing in May 2914, monthly payments of principal and interest due are based on an 11-year loan amortization, with the entire principal and interest due in May 2015.

Bank of the West, as the servicer of the HACSC Multifamily Construction Note, in the maximum amount of $6,143,000, bears variable of 1.50% plus one-month LIBOR, which was 1.669% at December 31, 2013, with interest payments only due monthly commencing December 2012, with the entire principal interest due in full at permanent loan conversion in May 2014.

Note Payable to VGI bears interest at 2.40% compounded annually, payable from available excess/distributable cash (see Note 10), with the entire principal and interest due in full by December 31, 2068.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
Bank of the West (Tranche A)	$ 15,593	$ 4,725,000	$ 4,740,593	$ 127,706
Bank of the West (Tranche B)	4,974	2,132,000	2,136,974	55,563
Bank of the West (Construction)	7,363	5,963,129	5,970,492	5,970,492

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
VGI	241,586	8,724,603	8,966,189	-
Total	$ 269,516	$ 21,544,732	$ 21,814,248	$ 6,153,761

Villa San Pedro HDC, Inc.

Villa San Pedro HDC, Inc. ("VSP"), a California nonprofit public benefit corporation, was incorporated in March 1990 to acquire, rehabilitate, and operate a 100-unit apartment project know as Villa San Pedro Apartments (the Project) located in San Jose, California, which receives Section 8 housing assistance payments from HUD under a contract that expires on May 31, 2024.

VSP is a non-profit organization governed by its articles of incorporation and bylaws. VSP is the general partner of Bendorf Drive, LP ("Bendorf"), a California limited partnership, which was formed on February 7, 2013 to acquire, rehabilitate, and operate the Project. Bendorf is included in the VSP consolidated financial statements in accordance with generally accepted accounting principles. On December 19, 2013, Bendorf acquired the project from VSP.

Long-term debt is summarized as follows**:**
Notes payable are secured by the property unless otherwise noted.

Bendorf

Note payable to CHRP: the 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 this project's annual report. The entire principal and interest will be due in September 2036.

CalHFA note, in the maximum amount of $20,215,000, bears simple interest at 4.5%. Interest-only payments are due monthly until conversion date, expected to be in June 2015, at which time $11,710,000 will be converted to a 30-year amortizing permanent loan with simple interest at 5.75%.

	December 31, 2013			
	Interest payable	Principal	Total	Amounts due within one year
CHRP note	$ 976,134	$ 4,156,798	$ 5,132,932	$ 120,200
CalHFA note	-	1,282,372	1,282,372	-
Total	$ 976,134	$ 5,439,170	$ 6,415,304	$ 120,200

Note 17 - Subsequent events

Management evaluated all activity of the Authority through December 8, 2014 and concluded that no subsequent events have 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, 2014

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, 2012.

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%
6/30/2012	40,771,651	40,858,078	86,427	99.8%	10,910,833	0.8%

Schedule of funding progress - post-employment 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, 2013.

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	6,975,535	7,188,527	212,992	97.0%	11,844,890	1.8%
7/1/2013	6,921,359	7,634,336	712,977	90.7%	8,970,243	7.9%

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

Combining Statement of Net Position
Discrete Component Units
June 30, 2014

	AE Associates, LTD. *	Bascom HACSC Associates *	Blossom River Associates *	Clarendon Street, L.P. *	Fairground Luxury Family Apartments, L.P. *	Fairground Senior Housing, L.P. *	HACSC/Choices Family Associates *	HACSC/Choices Senior Associates *	Helzer Associates *	Julian Street Partners, LP *	Opportunity Center Associates, L.P. *	Poco Way Associates *	Property Management Inc. *
Component Unit Audit Year End	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	4/30/2014	12/31/2013
Assets													
Current Assets:													
Cash:													
Unrestricted	$ 126,739	$ 423,513	$ 497,426	$ 728,988	$ 1,144,511	$ 785,696	$ 416,770	$ 190,272	$ 168,085	$ 1,062,479	$ 137,260	$ 253,097	$ -
Tenant security deposits	23,702	40,573	65,450	43,563	215,825	101,305	31,782	31,220	95,617	119,850	31,888	-	-
Total cash	150,441	464,086	562,876	772,551	1,360,336	887,001	448,552	221,492	263,702	1,182,329	169,148	253,097	-
Accounts receivable:													
Tenants	583	194	2,024	2,482	1,558	15,337	7,413	108	5,333	1,329	11,302	-	
HUD	-	-	-	-	-	-	-	566	-	12,219	-	-	
Related Parties	-	-	-	-	-	-	-	-	-	-	-	38,120	
Others	-	1,394	5,554	6,993	-	-	707	1,530	-	9,967	3,392	-	-
Total accounts receivable, net	583	1,588	7,578	9,475	1,558	15,337	8,120	2,204	5,333	23,515	14,694	38,120	-
Other current assets:													
Prepaid expenses	42,339	21,164	19,904	476,959	35,521	48,828	7,822	8,986	40,027	129,437	22,813	-	-
Restricted cash and investments	162,580	1,265,338	2,299,033	38,282	1,686,011	1,901,302	1,692,664	1,490,524	1,635,020	2,747,537	514,104	404,369	-
Total current assets	355,943	1,752,176	2,889,391	1,297,267	3,083,426	2,852,468	2,157,158	1,723,206	1,944,082	4,082,818	720,759	695,586	-
Noncurrent Assts:													
Prepaid costs, net	6,493	-	207,417	154,617	226,072	503,899	278,469	240,261	519,119	866,207	41,135	-	-
Other assets	25,663	-	-		-	-	-	-	-	-	-	-	-
Capital assets:													
Nondepreciable	-	4,049,218	5,870,629	212,624	40,077	-	3,818,724	2,612,715	2,690,280	-	1,953,111	-	-
Depreciable	4,403,500	10,144,257	8,035,285	23,375,885	60,148,967	31,861,167	12,659,720	9,121,616	17,088,562	69,986,748	13,344,042	-	-
Total capital assets	4,403,500	14,193,475	13,905,914	23,588,509	60,189,044	31,861,167	16,478,444	11,734,331	19,778,842	69,986,748	15,297,153	-	-
Total noncurrent assets	4,435,656	14,193,475	14,113,331	23,743,126	60,415,116	32,365,066	16,756,913	11,974,592	20,297,961	70,852,955	15,338,288	-	-
Total assets	$ 4,791,599	$ 15,945,651	$ 17,002,722	$ 25,040,393	$ 63,498,542	$ 35,217,534	$ 18,914,071	$ 13,697,798	$ 22,242,043	$ 74,935,773	$ 16,059,047	$ 695,586	$ -
Liabilities													
Current liabilities:													
Accounts payable	$ 42,876	$ 44,790	$ 34,020	$ 77,962	$ 28,566	$ 27,074	$ 64,343	$ 45,962	$ 28,914	$ 182,581	$ 64,227	$ 15,359	$ -
Payable to related parties	111,873	22,500	21,400	2,149,315	177,851	82,831	20,000	20,000	137,104	44,501	25,938	32,624	-
Due to primary government	28,304	-	-	-	-	-	71,468	86,060	-	1,153,714	353,717	-	-
Other accrued liabilities	-	17,595	24,619	-	484,950	228,021	-	-	9,250	17,253	-	20,847	-
Tenant security deposits	23,702	41,448	65,450	43,563	215,347	98,286	31,782	31,220	94,125	119,650	30,343	-	-
Prepaid revenue	1,499	455	909	820	827	9,463	1,315	-	2,300	5,263	165,061	-	-
Interest payable	-	449,333	719,877	27,931	109,926	58,735	199,756	149,944	81,652	151,787	-	-	-
Current portion of long-term obligations	33,441	160,000	165,000	6,125,830	226,484	335,000	110,000	85,000	195,000	855,000	-	218,669	-
Total current liabilities	241,695	736,121	1,031,275	8,425,421	1,243,951	839,410	498,664	418,186	548,345	2,529,749	639,286	287,499	-
Noncurrent Liabilities:													
Prepaid revenues									-		-	-	-
Long-term interest payable	2,043,881	1,368,997	4,471,445	267,073	2,339,614	547,132	1,875,322	1,302,191	2,295,701	3,303,099	1,308,521	-	-
Long-term obligations, net of current portion	4,629,027	12,599,532	15,854,900	16,338,902	40,160,883	21,909,880	15,787,500	11,262,000	21,402,913	39,167,850	10,700,000	-	-
Non-current Liabilities - Other	-	-	-	-	-	-	-		332,165	57,507	-	-	-
Advance from primary government	-	-	-	-	-	-	-		-	-	-	-	-
Total liabilities	$ 6,914,603	$ 14,704,650	$ 21,357,620	$ 25,031,396	$ 43,744,448	$ 23,296,422	$ 18,161,486	$ 12,982,377	$ 24,579,124	$ 45,058,205	$ 12,647,807	$ 287,499	$ -
Net Position:													
Net investment in capital assets	$ (2,302,849)	$ (384,387)	$ (7,305,308)	$ 828,773	$ 17,352,137	$ 9,010,420	$ (1,494,134)	$ (1,064,804)	$ (3,990,485)	$ 26,509,012	$ 3,288,632	$ (218,669)	$ -
Restricted	162,580	1,265,338	2,299,033	38,282	1,686,011	1,901,302	1,692,664	1,490,524	1,635,020	2,747,537	514,104	404,369	-
Unrestricted (deficits)	17,265	360,050	651,377	(858,058)	715,946	1,009,390	554,055	289,701	18,384	621,019	(391,496)	222,387	-
Total net position	$ (2,123,004)	$ 1,241,001	$ (4,354,898)	$ 8,997	$ 19,754,094	$ 11,921,112	$ 752,585	$ 715,421	$ (2,337,081)	$ 29,877,568	$ 3,411,240	$ 408,087	$ -

* Component unit audited by other auditors

Combining Statement of Net Position
Discrete Component Units
June 30, 2014

	Rincon Gardens Associates, L.P. *	Rotary Plaza/HACSC HDC, Inc. *	SPG Housing, Inc. *	Thunderbird Associates *	Villa Garcia, Inc. *	Villa San Pedro HDC, Inc. *	Willows HACSC Associates *	Total
Component Unit Audit Year End	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013
Assets								
Current Assets:								
Cash:								
Unrestricted	$ 878,872	$ 243,023	$ 669,601	$ 405,643	$ -	$ 1,872,242	$ 322,371	$ 10,326,588
Tenant security deposits	54,525	77,349	67,160	37,450	-	26,708	11,636	1,075,603
Total cash	933,397	320,372	736,761	443,093	-	1,898,950	334,007	11,402,191
Accounts receivable:								
Tenants	4,268	1,854	535	412	-	3,003	1,666	59,401
HUD	-	-	-	-	-	334	-	13,119
Related Parties	-	-	18,839	-	-	-	-	56,959
Others	1,268	1,434	56,761	-	-	2,317	-	91,317
Total accounts receivable, net	5,536	3,288	76,135	412	-	5,654	1,666	220,796
Other current assets:								
Prepaid expenses	55,043	46,977	74,526	18,776	-	32,721	9,175	1,091,018
Restricted cash and investments	1,899,538	673,698	830,002	355,264	-	-	239,075	19,834,341
Total current assets	2,893,514	1,044,335	1,717,424	817,545	-	1,937,325	583,923	32,548,346
Noncurrent Assts:								
Prepaid costs, net	316,395	63,774	85,773	19,293	-	-	1,587,051	5,115,975
Other assets	-		-	-	-	-	-	25,663
Capital assets:								
Nondepreciable	-	2,768,902	4,272,840	1,524,051	-	1,900,000	-	31,713,171
Depreciable	37,728,214	9,784,430	13,086,652	3,998,241	-	4,958,848	1,934,949	331,661,083
Total capital assets	37,728,214	12,553,332	17,359,492	5,522,292	-	6,858,848	1,934,949	363,374,254
Total noncurrent assets	38,044,609	12,617,106	17,445,265	5,541,585	-	6,858,848	3,522,000	368,515,892
Total assets	$ 40,938,123	$ 13,661,441	$ 19,162,689	$ 6,359,130	$ -	$ 8,796,173	$ 4,105,923	$ 401,064,238
Liabilities								
Current liabilities:								
Accounts payable	$ 54,025	$ 28,088	$ 151,546	$ 9,571	$ -	$ 43,832	$ 3,483	$ 947,219
Payable to related parties	89,477	88,010	87,859	15,000	-	-	193,152	3,319,435
Due to primary government	-	-	1,599,556	-	-	-	4,292	3,297,111
Other accrued liabilities	-	89,028	-	21,793	-	-	17,369	930,725
Tenant security deposits	54,525	77,285	66,808	37,450	-	26,708	11,460	1,069,152
Prepaid revenue	2,110	5,038	6,086	750	-	4,566	4,089	210,551
Interest payable	633,083	-	6,125	21,672	-	120,200	17,117	2,747,138
Current portion of long-term obligations	450,201	220,564	225,313	334,383	-	-	99,966	9,839,851
Total current liabilities	1,283,421	508,013	2,143,293	440,619	-	195,306	350,928	22,361,182
Noncurrent Liabilities:								
Prepaid revenues	-							-
Long-term interest payable	700,799	1,673,747	3,247,207	-	-	855,934	-	27,600,663
Long-term obligations, net of current portion	30,902,661	8,103,195	10,641,507	2,106,154	-	7,739,170	4,255,435	273,561,509
Non-current Liabilities - Other	-	41,630	-	-	-	-	-	431,302
Advance from primary government	-	-	-	-	-	-	116,710	116,710
Total liabilities	$ 32,886,881	$ 10,326,585	$ 16,032,007	$ 2,546,773	$ -	$ 8,790,410	$ 4,723,073	$ 324,071,366
Net Position:								
Net investment in capital assets	$ 5,041,470	$ 2,555,826	$ 3,239,340	$ 3,060,083	$ -	$ (1,856,456)	$ (2,437,569)	$ 49,831,032
Restricted	1,899,538	673,698	830,002	355,264	-	-	239,075	19,834,341
Unrestricted (deficits)	1,110,234	105,332	(938,660)	397,010	-	1,862,219	1,581,344	7,327,499
Total net position	$ 8,051,242	$ 3,334,856	$ 3,130,682	$ 3,812,357	$ -	$ 5,763	$ (617,150)	$ 76,992,872

* Component unit 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 Position
Discrete Component Units
Year Ended June 30, 2014

	AE Associates, LTD. *	Bascom HACSC Associates *	Blossom River Associates *	Clarendon Street, L.P. *	Fairground Luxury Family Apartments, L.P. *	Fairground Senior Housing, L.P. *	HACSC/Choices Family Associates *	HACSC/Choices Senior Associates *	Helzer Associates *	Julian Street Partners, LP *	Opportunity Center Associates, L.P. *	Poco Way Associates *
Component Unit Audit Year End	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	4/30/2014
Operating revenues:												
Rental Income	$ 637,734	$ 1,413,367	$ 2,212,045	$ 1,165,369	$ 4,361,934	$ 3,233,593	$ 1,412,616	$ 1,128,963	$ 2,386,881	$ 5,452,119	$ 754,968	$ 1,572,695
Tenant revenue - other	-	3,769	46,848	31	14,309	8,104	28,516	13,111	7,590	-	15,180	40,444
Management fees from related parties	-	-	-	-	-	-	-	-	-	-	-	-
Donation and other	11,552	7,271	-	31,015	-	-	520	-	-	61,044	25,771	-
Total operating revenues	649,286	1,424,407	2,258,893	1,196,415	4,376,243	3,241,697	1,441,652	1,142,074	2,394,471	5,513,163	795,919	1,613,139
Operating expenses:												
Administrative	171,302	152,523	185,377	73,157	224,003	171,328	203,576	173,703	199,372	796,456	277,627	128,311
Utilities	96,694	131,092	177,549	106,772	383,129	177,287	88,632	104,272	241,967	378,482	98,881	157,406
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance and operations	165,540	248,251	360,962	115,563	527,967	289,419	186,424	223,220	359,276	606,108	277,851	451,518
Marketing and leasing	-	-	-	50,740	-	-	-	-	-	28,135	-	-
Insurance and taxes	63,933	39,686	83,281	79,698	128,711	48,764	86,026	51,511	134,962	498,933	57,428	75,112
Other general expenses	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	224,981	390,178	627,587	426,134	2,024,876	1,041,490	559,441	394,415	880,959	2,098,135	459,918	424,231
Total operating expenses	722,450	961,730	1,434,756	852,064	3,288,686	1,728,288	1,124,099	947,121	1,816,536	4,406,249	1,171,705	1,236,578
Operating income (loss)	(73,164)	462,677	824,137	344,351	1,087,557	1,513,409	317,553	194,953	577,935	1,106,914	(375,786)	376,561
Nonoperating revenues (expenses):												
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	66	32,893	86,174	1,114	6,316	1,326	57,599	50,159	198	4,683	347	486
Interest expense	(98,550)	(590,210)	(1,264,517)	(444,090)	(2,014,561)	(1,079,691)	(673,740)	(465,892)	(1,207,227)	(1,866,710)	(225,000)	(219,009)
Partnership and asset management fees	(15,000)	(22,500)	(21,400)	-	(56,186)	(27,018)	(20,000)	(20,000)	(19,000)	(51,758)	(24,585)	(13,750)
Ground lease	(20,000)	-	-	-	(834,419)	(471,021)	-	-	-	(6)	-	-
Incentive, issuer and investor service fees	-	-	-	-	(117,566)	(131,910)	(18,588)	(13,081)	-	(17,253)	-	-
Bond and loan fees	-	(39,304)	(6,699)	-	-	(35,027)	(4,750)	(9,350)	(30,022)	(264,490)	(3,000)	-
Other nonoperating expense	-	(800)	(800)	(85,796)	-	(140,793)	-	-	(800)	-	-	(5,257,183)
Total nonoperating revenues (expenses)	(133,484)	(619,921)	(1,207,242)	(528,772)	(3,016,416)	(1,884,134)	(659,479)	(458,164)	(1,256,851)	(2,195,534)	(252,238)	(5,489,456)
Income (loss) before capital contributions	(206,648)	(157,244)	(383,105)	(184,421)	(1,928,859)	(370,725)	(341,926)	(263,211)	(678,916)	(1,088,620)	(628,024)	(5,112,895)
Capital contributions (distributions)	-	-	-	354	(13,976)	(25,462)	-	-	-	806,703	-	-
Change in net assets	(206,648)	(157,244)	(383,105)	(184,067)	(1,942,835)	(396,187)	(341,926)	(263,211)	(678,916)	(281,917)	(628,024)	(5,112,895)
Net position beginning of year	(1,916,356)	1,398,245	(3,971,793)	-	21,696,929	12,317,299	1,094,511	978,632	(1,658,165)	30,159,485	4,039,264	5,520,982
Change in reporting entity	-	-	-	193,064	-	-	-	-	-	-	-	-
Net position, beginning of year	(1,916,356)	1,398,245	(3,971,793)	193,064	21,696,929	12,317,299	1,094,511	978,632	(1,658,165)	30,159,485	4,039,264	5,520,982
Net position, end of year	$ (2,123,004)	$ 1,241,001	$ (4,354,898)	$ 8,997	$ 19,754,094	$ 11,921,112	$ 752,585	$ 715,421	$ (2,337,081)	$ 29,877,568	$ 3,411,240	$ 408,087

* Component unit 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 Position
Discrete Component Units
Year Ended June 30, 2014

	Property Management Inc. *	Rincon Gardens Associates, L.P. *	Rotary Plaza/HACSC HDC, Inc. *	SPG Housing, Inc. *	Thunderbird Associates *	Villa Garcia, Inc. *	Villa San Pedro HDC, Inc. *	Willows HACSC Associates *	Total
Component Unit Audit Year End	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	
Operating revenues:									
Rental Income	$ -	$ 3,166,616	$ 2,342,192	$ 2,645,637	$ 1,014,301	$ -	$ 980,593	$ 688,418	$ 36,570,041
Tenant revenue - other	-	-	20,780	-	9,265	-	-	13,371	221,318
Management fees from related parties	-	-	-	-	-	-	-	-	-
Donation and other	-	18,670	-	24,497	-	-	15,257	-	195,597
Total operating revenues	-	3,185,286	2,362,972	2,670,134	1,023,566	-	995,850	701,789	36,986,956
Operating expenses:									
Administrative	-	362,455	316,076	657,254	127,786	-	216,467	87,701	4,524,474
Utilities	-	227,606	239,523	230,004	108,485	-	136,446	79,015	3,163,242
Bad debt	-	-	-	-	-	-	-	-	-
Maintenance and operations	-	210,628	450,267	547,414	254,459	-	181,228	143,867	5,599,962
Marketing and leasing	-	-	-	-	-	-	-	-	78,875
Insurance and taxes	-	101,231	79,807	209,010	35,262	-	89,370	30,640	1,893,365
Other general expenses	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	1,142,973	489,186	575,515	335,992	-	100,070	192,850	12,388,931
Total operating expenses	-	2,044,893	1,574,859	2,219,197	861,984	-	723,581	534,073	27,648,849
Operating income (loss)	-	1,140,393	788,113	450,937	161,582	-	272,269	167,716	9,338,107
Nonoperating revenues (expenses):									
Intergovernmental	-	-	-	-	-	-	-	-	-
Investment income	-	1,356	457	758	412	-	785	350	245,479
Interest expense	-	(1,716,802)	(504,819)	(504,454)	(141,513)	-	(140,361)	(15,209)	(13,172,355)
Partnership and asset management fees	-	(33,765)	-	-	(15,000)	-	-	(39,310)	(379,272)
Ground lease	-	-	(20,000)	(209,213)	-	-	-	-	(1,554,659)
Incentive, issuer and investor service fees	-	(55,712)	-	-	-	-	-	-	(354,110)
Bond and loan fees	-	-	-	-	-	-	-	(59,892)	(452,534)
Other nonoperating expense	-	-	(139,457)	(54,039)	(800)	-	-	(6,743)	(5,687,211)
Total nonoperating revenues (expenses)	-	(1,804,923)	(663,819)	(766,948)	(156,901)	-	(139,576)	(120,804)	(21,354,662)
Income (loss) before capital contributions	-	(664,530)	124,294	(316,011)	4,681	-	132,693	46,912	(12,016,555)
Capital contributions (distributions)	-	(145,302)	(15,447)	-	-	-	1,296,566	-	1,903,436
Change in net assets	-	(809,832)	108,847	(316,011)	4,681	-	1,429,259	46,912	(10,113,119)
Net position beginning of year	(91,139)	8,861,074	3,177,017	3,446,693	3,807,676	1,811,583	(1,423,496)	(664,062)	88,584,379
Change in reporting entity	91,139	-	48,992	-	-	(1,811,583)	-	-	(1,478,388)
Net position, beginning of year	-	8,861,074	3,226,009	3,446,693	3,807,676	-	(1,423,496)	(664,062)	87,105,991
Net position, end of year	$ -	$ 8,051,242	$ 3,334,856	$ 3,130,682	$ 3,812,357	$ -	$ 5,763	$ (617,150)	$ 76,992,872

* Component unit audited by other auditors

Combining Schedule of Net Position by Program/Fund

June 30, 2014

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Vouchers	Move To Work	Section 8 Moderate Rehabilitation	Continuum of Care	Real Estate Services	Development Services	Rincon PH Proceeds Activity
Assets:											
Current assets:											
Cash and cash equivalents	$ 40,878	$ 420	$ 343,592	$ 4,511,715	$ 6,433	$ 2,478,085	$ 60,677	$ 7,477	$ 137,709	$ 733,033	$ 726,941
Short term investments	-	-	-	55,129	-	10,487,848	64,645	-	-	2,000,915	114,533
Accounts receivable, net:											
Tenants	3,275	-	-	-	-	-	-	-	-	-	-
HUD	-	-	-	499,989	-	11,378,373	9,377	751,636	-	-	-
Others	10,371	-	-	-	(3,425)	260,877	-	-	57,210	85,408	-
Interest receivable	-	-	-	-	325	4	52	-	-	1,685	97
Due from other funds	-	-	-	1,838,123	7,931	70,424	1,117	2,582	142,268	17,364	-
Management fees due from related parties (Note 1	-	-	-	-	-	-	-	-	603,741	-	-
Prepaid expenses	2,218	-	-	103,236	1,186	-	383	507	5,275	1,002	-
Restricted short term investments	-	-	-	-	385,790	-	-	-	-	-	-
Restricted cash and cash equivalents	1,800	-	-	781,393	934,352	-	-	-	-	-	-
Total current assets	58,542	420	343,592	7,789,585	1,332,592	24,675,611	136,251	762,202	946,203	2,839,407	841,571
Noncurrent assets:											
Long term investments	-	-	-	-	-	78,834	-	-	-	-	-
Self-help loans receivable	-	-	-	167,740	-	-	-	-	-	-	-
Interest receivable		-	-	330,246	-	-	-	-	-	-	1,154,619
Due from component units and related parties	-	-	-	116,710	-	-	-	-	-	-	-
Notes and leases receivable from component units and related parties	-	-	-	1,808,996	-	-	-	-	-	-	15,670,000
Note receivable from non-related party	-	-	-	-	-	-	-	-	-	-	-
Investments in affiliated limited partnerships	-	-	-	-	-	-	-	-	-	-	-
Capital assets:											
Nondepreciable	1,006,444	209,706	-	3,959,739	-	5,830,193	-	-	-	-	730,758
Depreciable	2,742,098	-	-	645,126	-	-	-	-	-	-	-
Total capital assets	3,748,542	209,706	-	4,604,865	-	5,830,193	-	-	-	-	730,758
Total noncurrent assets	3,748,542	209,706	-	7,028,557	-	5,909,027	-	-	-	-	17,555,377
Total assets	$ 3,807,084	$ 210,126	$ 343,592	$ 14,818,142	$ 1,332,592	$ 30,584,638	$ 136,251	$ 762,202	$ 946,203	$ 2,839,407	$ 18,396,948
Deferred outflows of resources											
Self-help loans interest receivable	$ -	$ -	$ -	$ 1,135,642	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net pension cost	-	-	-	12,582,644	-	-	-	-	49,330	35,613	-
Net OPEB cost	-	-	-	138,902	-	-	-	-	-	3,879	-
Total deferred outflows of resources	$ -	$ -	$ -	$ 13,857,188	$ -	$ -	$ -	$ -	$ 49,330	$ 39,492	$ -

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

Combining Schedule of Net Position by Program/Fund
June 30, 2014

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Vouchers	Move To Work	Section 8 Moderate Rehabilitation	Continuum of Care	Real Estate Services	Development Services	Rincon PH Proceeds Activity
Liabilities:											
Current liabilities:											
Accounts payable	$ 22,093	$ -	$ 51,973	$ 336,616	$ 9,262	$ 19,030	$ 3,828	$ 3,641	$ 44,334	$ 1,092,899	$ -
Accrued interest payable	-	-	-	35,668	-	-	-	-	10,553	-	-
Intergovernmental payable	-	-	-	-	120,633	-	20,694	-	-	-	-
Payable to component units and related parties	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	3,625	-	3,593	647,114	112,990	144,238	45,668	673,633	151,885	58,217	-
Other accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Tenant security deposits	1,800	-	-	-	-	-	-	-	-	-	-
Unearned revenue	823	-	-	-	-	-	-	-	-	-	-
Current portion of accrued vacation and sick leave	-	-	30	20,918	432	-	241	743	4,073	2,885	-
Current portion of long-term obligations	7,717	-	-	20,000	-	-	-	-	-	-	-
Total current liabilities	36,058	-	55,596	1,060,316	243,317	163,268	70,431	678,017	210,845	1,154,001	-
Noncurrent liabilities:											
FSS escrow	-	-	-	781,393	12,912	-	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	491	372,150	7,253	-	4,104	11,590	68,396	42,188	-
Payable to component units and related parties	-	-	-	-	-	-	-	-	-	-	-
Long-term interest payable	-	-	-	601,285	-	-	-	-	-	-	-
Long-term obligations, net of current portion	76,756	-	-	1,377,500	-	-	-	-	-	-	-
Total noncurrent liabilities	76,756	-	491	3,132,328	20,165	-	4,104	11,590	68,396	42,188	-
Total liabilities	$ 112,814	$ -	$ 56,087	$ 4,192,644	$ 263,482	$ 163,268	$ 74,535	$ 689,607	$ 279,241	$ 1,196,189	$ -
Deferred inflows of resources											
Land lease credit from related parties	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Self-help deferred interest	-	-	-	1,135,642	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ 1,135,642	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Position:											
Net investment in capital assets	$ 3,748,542	$ 209,706	$ -	$ 3,207,365	$ -	$ 5,830,193	$ -	$ -	$ -	$ -	$ 730,758
Restricted	-	-	-	-	1,069,110	-	-	-	-	-	-
Unrestricted	(54,272)	420	287,505	20,139,679	-	24,591,177	61,716	72,595	716,292	1,682,710	17,666,190
Total net position	$ 3,694,270	$ 210,126	$ 287,505	$ 23,347,044	$ 1,069,110	$ 30,421,370	$ 61,716	$ 72,595	$ 716,292	$ 1,682,710	$ 18,396,948

* Component unit 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 Position by Program/Fund
June 30, 2014

	Phase II (JSP) PH Proceeds Activity	Acquisition Development	Facilities Consolidation	Grants	Winter Shelter	HARA	Preservation/ Facilities Consolidation	Internal Service Programs	Housing Development Corporation	PRIDE
Assets:										
Current assets:										
Cash and cash equivalents	$ 3,265	$ 59,424	$ 952,136	$ 8,210	$ 5,097	$ 430,712	$ -	$ 374,809	$ 477	$ 37,654
Short term investments	-	2,085,138	146,149	-	-	6,382,414	-	-	-	-
Accounts receivable, net:										
Tenants	-	-	-	-	-	-	-	-	-	-
HUD	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	14,176	-	59,281	-	-	-	-
Interest receivable	-	606	116	-	-	5,371	-	-	-	-
Due from other funds	-	-	-	-	-	114,303	-	1,715,891	-	-
Management fees due from related parties (Note 1	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	724,941	-	304,835	-	-
Restricted short term investments	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	100	-	15,690	769,851	-
Total current assets	3,265	2,145,168	1,098,401	22,386	5,097	7,717,122	-	2,411,225	770,328	37,654
Noncurrent assets:										
Long term investments	-	506,665	201,680	-	-	2,016,844	-	-	-	-
Self-help loans receivable	-	-	-	-	-	-	-	-	-	-
Interest receivable	3,860,866	36,699	-	-	-	-	-	-	-	-
Due from component units and related parties	-	56,858	-	-	-	-	-	-	-	-
Notes and leases receivable from component units and related parties	35,132,850	6,553,821	-	-	-	496,702	365,000	-	7,635,000	-
Note receivable from non-related party	-	5,760,000	-	-	-	-	-	-	-	-
Investments in affiliated limited partnerships	-	-	-	-	-	-	-	-	-	-
Capital assets:										
Nondepreciable	3,987,765	-	-	-	-	1,825,736	-	-	-	-
Depreciable	-	-	-	-	-	6,784,244	-	388,359	-	-
Total capital assets	3,987,765	-	-	-	-	8,609,980	-	388,359	-	-
Total noncurrent assets	42,981,481	12,914,043	201,680	-	-	11,123,526	365,000	388,359	7,635,000	-
Total assets	$ 42,984,746	$ 15,059,211	$ 1,300,081	$ 22,386	$ 5,097	$ 18,840,648	$ 365,000	$ 2,799,584	$ 8,405,328	$ 37,654
Deferred outflows of resources										
Self-help loans interest receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net pension cost	-	-	-	-	-	-	-	2,527,623	-	-
Net OPEB cost	-	-	-	-	-	-	-	102,214	-	-
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,629,837	$ -	$ -

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

Combining Schedule of Net Position by Program/Fund
June 30, 2014

	Phase II (JSP) PH Proceeds Activity	Acquisition Development	Facilities Consolidation	Grants	Winter Shelter	HARA	Preservation/ Facilities Consolidation	Internal Service Programs	Housing Development Corporation	PRIDE
Liabilities:										
Current liabilities:										
Accounts payable	$ -	$ 20,983	$ -	$ 165	$ 5,097	$ 39,422	$ -	$ 185,343	$ 21,512	$ 22,540
Accrued interest payable	-	-	-	-	-	-	-	-	80,250	-
Intergovernmental payable	-	-	-	-	-	-	-	-	-	-
Payable to component units and related parties	-	-	-	-	-	165,000	-	-	-	-
Due to other funds	-	-	-	211	-	126,447	-	1,838,079	104,303	-
Other accrued liabilities	-	-	-	-	-	-	-	1,625	-	-
Tenant security deposits	-	-	-	-	-	800	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	722,927	-
Current portion of accrued vacation and sick leave	-	-	-	20	-	-	-	19,998	-	-
Current portion of long-term obligations	-	-	-	-	-	-	-	-	165,000	-
Total current liabilities	-	20,983	-	396	5,097	331,669	-	2,045,045	1,093,992	22,540
Noncurrent liabilities:										
FSS escrow	-	-	-	-	-	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	-	394	-	-	-	330,835	-	-
Payable to component units and related parties	-	-	-	-	-	7,470,000	-	-	-	-
Long-term interest payable	-	-	-	-	-	-	-	-	-	-
Long-term obligations, net of current portion	-	-	-	-	-	-	-	-	7,470,000	-
Total noncurrent liabilities	-	-	-	394	-	7,470,000	-	330,835	7,470,000	-
Total liabilities	$ -	$ 20,983	$ -	$ 790	$ 5,097	$ 7,801,669	$ -	$ 2,375,880	$ 8,563,992	$ 22,540
Deferred inflows of resources										
Land lease credit from related parties	$ -	$ -	$ -	$ -	$ -	$ 1,365,476	$ -	$ -	$ -	$ -
Self-help deferred interest	-	-	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ 1,365,476	$ -	$ -	$ -	$ -
Net Position:										
Net investment in capital assets	$ 3,987,765	$ -	$ -	$ -	$ -	$ 8,609,980	$ -	$ 388,359	$ -	$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	38,996,981	15,038,228	1,300,081	21,596	-	1,063,523	365,000	2,665,182	(158,664)	15,114
Total net position	$ 42,984,746	$ 15,038,228	$ 1,300,081	$ 21,596	$ -	$ 9,673,503	$ 365,000	$ 3,053,541	$ (158,664)	$ 15,114

* Component unit 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 Position by Program/Fund
June 30, 2014

	Property Management Inc. *	General Partner Entities	Eliminations	Total
Assets:				
Current assets:				
Cash and cash equivalents	$ 158,672	$ 4,509,661	$ -	$ 15,587,077
Short term investments	-	-	-	21,336,771
Accounts receivable, net:		-		
Tenants	-	-	-	3,275
HUD	-	-	-	12,639,375
Others	172,371	407,342	-	1,063,611
Interest receivable	-	-	-	8,256
Due from other funds	-	-	(3,910,003)	-
Management fees due from related parties (Note 1	-	-	-	603,741
Prepaid expenses	4,720	-	(722,927)	425,376
Restricted short term investments	-	-	-	385,790
Restricted cash and cash equivalents	-	-	-	2,503,186
Total current assets	335,763	4,917,003	(4,632,930)	54,556,458
Noncurrent assets:				
Long term investments	-	-	-	2,804,023
Self-help loans receivable	-	-	-	167,740
Interest receivable	-	-	-	5,382,430
Due from component units and related parties	-	-	-	173,568
Notes and leases receivable from component units and related parties	-	9,730,273	(19,965,000)	57,427,642
Note receivable from non-related party	-	-	-	5,760,000
Investments in affiliated limited partnerships	-	8,847,045	-	8,847,045
Capital assets:				
Nondepreciable	-	414,737	-	17,965,078
Depreciable	-	-	-	10,559,827
Total capital assets	-	414,737	-	28,524,905
Total noncurrent assets	-	18,992,055	(19,965,000)	109,087,353
Total assets	$ 335,763	$ 23,909,058	$ (24,597,930)	$ 163,643,811
Deferred outflows of resources				
Self-help loans interest receivable	$ -	$ -	$ -	$ 1,135,642
Net pension cost	-	-	-	15,195,210
Net OPEB cost	-	-	-	244,995
Total deferred outflows of resources	$ -	$ -	$ -	$ 16,575,847

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

Combining Schedule of Net Position by Program/Fund
June 30, 2014

	Property Management Inc. *	General Partner Entities	Eliminations	Total
Liabilities:				
Current liabilities:				
Accounts payable	$ 1,052	$ -	$ -	$ 1,879,790
Accrued interest payable	-	-	-	126,471
Intergovernmental payable	-	-	-	141,327
Payable to component units and related parties	435,509	12,844,129	(12,495,000)	949,638
Due to other funds	-	-	(3,910,003)	-
Other accrued liabilities	-	-	-	1,625
Tenant security deposits	2,747	-	-	5,347
Unearned revenue	3,384	-	(722,927)	4,207
Current portion of accrued vacation and	-			
sick leave	-	-	-	49,340
Current portion of long-term obligations	-	-	-	192,717
Total current liabilities	442,692	12,844,129	(17,127,930)	3,350,462
Noncurrent liabilities:				
FSS escrow	-	-	-	794,305
Accrued vacation and sick leave,				
net of current portion	-	-	-	837,401
Payable to component units and related parties	-	3,415,000	(7,470,000)	3,415,000
Long-term interest payable	-	-	-	601,285
Long-term obligations, net of current portion	-	-	-	8,924,256
Total noncurrent liabilities	-	3,415,000	(7,470,000)	14,572,247
Total liabilities	$ 442,692	$ 16,259,129	$ (24,597,930)	$ 17,922,709
Deferred inflows of resources				
Land lease credit from related parties	$ -	$ -	$ -	$ 1,365,476
Self-help deferred interest	-	-	-	1,135,642
	$ -	$ -	$ -	$ 2,501,118
Net Position:				
Net investment in capital assets	$ -	$ -	$ -	$ 26,712,668
Restricted	-	-	-	1,069,110
Unrestricted	(106,929)	7,649,929	-	132,014,053
Total net position	$ (106,929)	$ 7,649,929	$ -	$ 159,795,831

* Component unit audited by other auditors

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 Position by Program/Fund

Year Ended June 30, 2014

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Vouchers	Move To Work	Section 8 Moderate Rehabilitation	Continuum of Care	Real Estate Services	Development Services	Rincon PH Proceeds Activity	Phase II (JSP) PH Proceeds Activity
Operating revenues:												
Rental income	$ 95,752	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Service fees	-	-	-	-	-	-	-	-	578,948	-	-	-
Housing assistance payments earned	-	-	-	-	7,705,636	230,707,820	986,848	2,899,000	-	-	-	-
HUD administrative fees	-	-	-	-	587,209	14,287,693	99,514	234,506	-	-	-	12
Port Ins housing assistance earned	-	-	-	-	52,263	3,401,128	-	-	-	-	-	-
Port Ins administrative fees	-	-	-	-	2,514	128,488	-	-	-	-	-	-
FSS escrow forfeits/coordinator fees	-	-	408,774	-	1,440	18,698	-	-	-	-	-	-
Fraud recovery	-	-	-	12,972	-	12,972	-	-	-	-	-	-
Operating subsidy	-	-	-	-	-	56,836	-	-	-	-	-	-
Land lease income	-	-	-	130,864	-	-	-	-	-	-	-	-
Other revenue	(195)	-	-	32,549	200	-	-	-	-	3,165,146	83,514	-
Total operating revenues	95,557	-	408,774	176,385	8,349,262	248,613,635	1,086,362	3,133,506	578,948	3,165,146	83,514	12
Operating expenses:												
Salaries and benefits	11,496	-	33,429	8,251,084	291,713	-	64,893	174,282	909,946	681,096	-	-
Administrative	5,100	9,649	-	791,311	16,159	-	4,088	8,509	101,478	83,976	-	-
Tenant services	10,438	-	135,400	-	-	-	-	-	-	-	-	-
Utilities	21,961	-	-	-	-	3,804	-	-	4,824	-	-	-
Maintenance and operations	90,994	-	-	-	-	9,632	-	-	5,490	-	-	-
General	32,399	-	1,837	762,765	75,051	977	1,130	3,321	65,257	15,096	-	-
Indirect allocation	-	-	-	6,173,420	196,520	-	27,543	63,910	492,994	369,742	-	-
Depreciation and amortization	117,826	-	-	50,712	-	-	-	-	-	-	-	-
Housing assistance payments	-	-	-	206,943,713	7,910,791	-	986,848	2,899,000	-	-	-	-
Port Ins housing assistance payments	-	-	-	3,401,128	52,263	-	-	-	-	-	-	-
Other	27,262	-	-	429,514	9,702	-	1,315	3,054	(388,106)	6,832	-	-
Total operating expenses	317,476	9,649	170,666	226,803,647	8,552,199	14,413	1,085,817	3,152,076	1,191,883	1,156,742	-	-
Operating income (loss)	(221,919)	(9,649)	238,108	(226,627,262)	(202,937)	248,599,222	545	(18,570)	(612,935)	2,008,404	83,514	12
Nonoperating revenues (expenses):												
Investment income	-	-	-	696	500	1,935	175	-	-	2,600	885,611	1,111,520
Interest expense	-	-	-	(43,150)	-	-	-	-	(728)	-	-	-
Other nonoperating expenses, net	-	-	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	(42,454)	500	1,935	175	-	(728)	2,600	885,611	1,111,520
Income (loss) before capital contributions and transfers	(221,919)	(9,649)	238,108	(226,669,716)	(202,437)	248,601,157	720	(18,570)	(613,663)	2,011,004	969,125	1,111,532
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	108,338	-	-	226,519,596	-	9,143,724	-	-	4,623,162	775,844	-	-
Transfers out	-	-	-	-	-	(233,544,239)	-	-	(3,284,683)	(3,775,733)	-	-
Change in net position	(113,581)	(9,649)	238,108	(150,120)	(202,437)	24,200,642	720	(18,570)	724,816	(988,885)	969,125	1,111,532
Net position, beginning of year	3,807,851	219,775	-	23,546,561	1,271,547	6,220,728	60,996	91,165	(8,524)	2,671,595	17,427,823	41,873,214
Change in reporting entity	-	-	49,397	(49,397)	-	-	-	-	-	-	-	-
Net position, beginning of year, as adjusted	3,807,851	219,775	49,397	23,497,164	1,271,547	6,220,728	60,996	91,165	(8,524)	2,671,595	17,427,823	41,873,214
Net position, end of year	$ 3,694,270	$ 210,126	$ 287,505	$ 23,347,044	$ 1,069,110	$ 30,421,370	$ 61,716	$ 72,595	$ 716,292	$ 1,682,710	$ 18,396,948	$ 42,984,746

* Component unit audited by other auditors

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 Position by Program/Fund
Year Ended June 30, 2014

	Acquisition Development	Facilities Consolidation	Grants	HARA	Preservation/ Facilities Consolidation	Internal Service Programs	Housing Development Corporation	PRIDE	Property Management Inc. *	General Partner Entities	Eliminations	Total
Operating revenues:												
Rental income	$ -	$ -	$ -	$ 870,636	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 966,388
Service fees	-	-	-	-	-	7,368,016	-	-	-	-	(7,324,129)	622,835
Housing assistance payments earned	-	-	121,383	-	-	-	-	-	-	-	-	242,420,687
HUD administrative fees	-	-	11,144	-	-	-	-	-	-	-	-	15,220,078
Port Ins housing assistance earned	-	-	-	-	-	-	-	-	-	-	-	3,453,391
Port Ins administrative fees	-	-	-	-	-	-	-	-	-	-	-	131,002
FSS escrow forfeits/coordinator fees	-	-	-	-	-	-	-	-	-	-	-	428,912
Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	25,944
Operating subsidy	-	-	-	-	-	-	-	-	-	-	-	56,836
Land lease income	-	-	-	30,685	-	-	-	-	-	-	-	161,549
Other revenue	-	-	-	94,810	-	-	162,711	34,120	-	341,741	-	3,914,596
Total operating revenues	-	-	132,527	996,131	-	7,368,016	162,711	34,120	-	341,741	(7,324,129)	267,402,218
Operating expenses:												
Salaries and benefits	-	-	9,035	-	-	4,902,560	-	-	-	-	-	15,329,534
Administrative	17	-	-	269,215	-	611,921	2,184	625	14,990	1,531	-	1,920,753
Tenant services	-	-	-	4,550	-	-	-	-	-	-	-	150,388
Utilities	-	-	-	3,118	-	131,137	-	-	-	-	-	164,844
Maintenance and operations	-	-	-	2,772	-	150,199	-	-	-	-	-	259,087
General	-	-	161	6,906	-	227,127	100,370	3,387	800	-	-	1,296,584
Indirect allocation	-	-	-	-	-	-	-	-	-	-	(7,324,129)	-
Depreciation and amortization	-	-	-	371,740	-	109,734	-	-	-	-	-	650,012
Housing assistance payments	-	-	121,383	-	-	-	-	-	-	-	-	218,861,735
Port Ins housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	3,453,391
Other	-	-	-	301,236	-	1,234,226	-	44,190	-	-	-	1,669,225
Total operating expenses	17	-	130,579	959,537	-	7,366,904	102,554	48,202	15,790	1,531	(7,324,129)	243,755,553
Operating income (loss)	(17)	-	1,948	36,594	-	1,112	60,157	(14,082)	(15,790)	340,210	-	23,646,665
Nonoperating revenues (expenses):												
Investment income	38,883	5,933	-	62,909	-	38	243,274	4	-	214,934	(243,071)	2,325,941
Interest expense	-	-	-	(243,071)	-	-	(493,745)	-	-	-	243,071	(537,623)
Other nonoperating expenses, net	-	-	-	-	-	-	-	-	-	(1,547,214)	-	(1,547,214)
Total nonoperating revenues (expenses)	38,883	5,933	-	(180,162)	-	38	(250,471)	4	-	(1,332,280)	-	241,104
Income (loss) before capital contributions and transfers	38,866	5,933	1,948	(143,568)	-	1,150	(190,314)	(14,078)	(15,790)	(992,070)	-	23,887,769
Capital contributions	-	-	-	-	-	-	-	-	-	8,866,391	-	8,866,391
Transfers in	-	-	-	-	365,000	2,958,254	-	-	-	-	(244,493,918)	-
Transfers out	-	(3,765,000)	-	(124,263)	-	-	-	-	-	-	244,493,918	-
Change in net position	38,866	(3,759,067)	1,948	(267,831)	365,000	2,959,404	(190,314)	(14,078)	(15,790)	7,874,321	-	32,754,160
Net position, beginning of year	14,999,362	5,059,148	19,648	9,941,334	-	94,137	31,650	29,192	-	(1,708,895)	-	125,648,307
Change in reporting entity	-	-	-	-	-	-	-	-	(91,139)	1,484,503	-	1,393,364
Net position, beginning of year, as adjusted	14,999,362	5,059,148	19,648	9,941,334	-	94,137	31,650	29,192	(91,139)	(224,392)	-	127,041,671
Net position, end of year	$ 15,038,228	$ 1,300,081	$ 21,596	$ 9,673,503	$ 365,000	$ 3,053,541	$ (158,664)	$ 15,114	$ (106,929)	$ 7,649,929	$ -	$ 159,795,831

* Component unit 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 Position by Program/Fund - General Partner Entities
June 30, 2014

	Avenida Espana HDC, Inc.	Bracher HDC, Inc.	DeRose HDC, Inc.	Opportunity Center HDC, Inc.	Pinmore HDC, Inc.	Rotary Plaza/ HACSC HDC, Inc.	Villa Garcia Inc.	Poco Way HDC, Inc.	General Partner Entities Total
Component Unit Audit Year End	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	12/31/2013	
Assets									
Current assets:									
Cash and cash equivalents	$ 63,276	$ -	$ 13,163	$ -	$ 2,867,842	$ -	$ 1,410,560	$ 154,820	$ 4,509,661
Short term investments	-	-	-	-	-	-	-	-	-
Accounts receivable, net:									
Tenants	-	-	-	-	-	-	-	-	-
HUD	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	2	-	407,340	-	407,342
Interest receivable									-
Due from component units and related parties	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	-
Total current assets	63,276	-	13,163	-	2,867,844	-	1,817,900	154,820	4,917,003
Noncurrent assets:									
Long term investments	-	-	-	-	-	-	-	-	-
Self-help loans receivable	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-
Due from component units and related parties	-	-	-	-	-	-	-	-	-
Notes receivable from component units	292,103	30,000	45,000	25,938	226,361	-	8,966,189	144,682	9,730,273
Notes receivable from non-related parties	-	-	-	-	-	-	-	-	-
Net pension asset	-	-	-	-	-	-	-	-	-
Investments in affiliated limited partnerships	10,185,305	(2,109)	(1,781,817)	1,896,688	(2,106,139)	-	991	654,126	8,847,045
Capital assets:									
Nondepreciable	-	-	-	-	414,737	-	-	-	414,737
Depreciable	-	-	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	414,737	-	-	-	414,737
Total noncurrent assets	10,477,408	27,891	(1,736,817)	1,922,626	(1,465,041)	-	8,967,180	798,808	18,992,055
Total assets	10,540,684	27,891	(1,723,654)	1,922,626	1,402,803	-	10,785,080	953,628	23,909,058
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
Liabilities:									
Current liabilities:									
Accounts payable	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	-
Payable to related parties	12,369,057	-	-	377,821	15,010	-	82,241	-	12,844,129
Line of credit payable	-	-	-	-	-	-	-	-	-
Current portion of accrued vacation and sick leave	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	-	-	-	-	-	-	-	-	-
Total current liabilities	12,369,057	-	-	377,821	15,010	-	82,241	-	12,844,129
Noncurrent liabilities:									
Payable to related parties	-	-	-	-	3,265,000	-	-	150,000	3,415,000
Long-term interest payable	-	-	-	-	-	-	-	-	-
Long-term debt, net of current portion	-	-	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	3,265,000	-	-	150,000	3,415,000
Total liabilities	12,369,057	-	-	377,821	3,280,010	-	82,241	150,000	16,259,129
Deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position:									
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted (deficits)	(1,828,373)	27,891	(1,723,654)	1,544,805	(1,877,207)	-	10,702,839	803,628	7,649,929
Total net position	$ (1,828,373)	$ 27,891	$ (1,723,654)	$ 1,544,805	$ (1,877,207)	$ -	$ 10,702,839	$ 803,628	$ 7,649,929

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 Position by Program/Fund - General Partner Entities
Year Ended June 30, 2014

For the Year Ended	Avenida Espana HDC, Inc. 12/31/2013	Bracher HDC, Inc. 12/31/2013	DeRose HDC, Inc. 12/31/2013	Opportunity Center HDC, Inc. 12/31/2013	Pinmore HDC, Inc. 12/31/2013	Rotary Plaza/ HACSC HDC, Inc. 12/31/2013	Villa Garcia Inc. 12/31/2013	Poco Way HDC, Inc. 12/31/2013	Genreal Partner Entities Total
Operating revenues:									
Rental income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Service fees	-	-	-	-	-	-	-	-	-
Housing assistance payments earned	-	-	-	-	-	-	-	-	-
HUD administrative fees	-	-	-	-	-	-	-	-	-
Port ins and other housing assistance earned	-	-	-	-	-	-	-	-	-
Other HUD administrative fees	-	-	-	-	-	-	-	-	-
FSS coordinator fees	-	-	-	-	-	-	-	-	-
Capital fund grant	-	-	-	-	-	-	-	-	-
Operating subsidy	-	-	-	-	-	-	-	-	-
Land lease income	-	-	-	-	-	-	-	-	-
Other revenue	144,980	30,000	45,000	24,585	75,032	-	7,144	15,000	341,741
Total operating revenues	144,980	30,000	45,000	24,585	75,032	-	7,144	15,000	341,741
Operating expenses:									
Salaries and benefits	-	-	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	1,531	-	1,531
Tenant services	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-	-	-	-
Maintenance and operations	-	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-
Indirect allocation	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Housing assistance payments	-	-	-	-	-	-	-	-	-
Port ins and other housing assistance payments	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	-	-	-	-	1,531	-	1,531
Operating income (loss)	144,980	30,000	45,000	24,585	75,032	-	5,613	15,000	340,210
Nonoperating revenues (expenses):									
Investment income	49	-	-	-	2,569	-	212,316	-	214,934
Interest expense	-	-	-	-	-	-	-	-	-
Other nonoperating expenses, net	(306,706)	(30,060)	(530,989)	(23,815)	(658,056)	-	-	2,412	(1,547,214)
Total nonoperating revenues (expenses)	(306,657)	(30,060)	(530,989)	(23,815)	(655,487)	-	212,316	2,412	(1,332,280)
Income (loss) before capital contributions	(161,677)	(60)	(485,989)	770	(580,455)	-	217,929	17,412	(992,070)
Capital Contributions (distributions)	-	-	-	-	-	-	8,866,391	-	8,866,391
Change in net assets	(161,677)	(60)	(485,989)	770	(580,455)	-	9,084,320	17,412	7,874,321
Net position beginning of year	(1,666,696)	27,951	(1,237,665)	1,544,035	(1,296,752)	134,016	-	786,216	(1,708,895)
Change in reporting entity	-	-	-	-	-	(134,016)	1,618,519	-	1,484,503
Net position beginning of year, as adjusted	(1,666,696)	27,951	(1,237,665)	1,544,035	(1,296,752)	-	1,618,519	786,216	(224,392)
Net position, end of year	$ (1,828,373)	$ 27,891	$ (1,723,654)	$ 1,544,805	$ (1,877,207)	$ -	$ 10,702,839	$ 803,628	$ 7,649,929

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

Public Housing Combining Schedules - Schedule of Net Position
June 30, 2014

	CA059000004	OTHER PROJ	CA059000005	CA059000006	CA059000007	CA059000008	Total
111 Cash - Unrestricted				$41,297			$41,297
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted							
114 Cash - Tenant Security Deposits				$1,800			$1,800
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	$0	$0	$0	$43,097	$0	$0	$43,097
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous				$13,646			$13,646
126 Accounts Receivable - Tenants							
126.1 Allowance for Doubtful Accounts -Tenants							
126.2 Allowance for Doubtful Accounts - Other				$0			$0
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	$13,646	$0	$0	$13,646
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets				$2,217			$2,217
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	$58,960	$0	$0	$58,960
161 Land				$1,006,446			$1,006,446
162 Buildings				$3,992,386			$3,992,386
163 Furniture, Equipment & Machinery - Dwellings							
164 Furniture, Equipment & Machinery - Administration							
165 Leasehold Improvements							
166 Accumulated Depreciation				-$1,250,288			-$1,250,288
167 Construction in Progress				$209,707			$209,707
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$0	$3,958,251	$0	$0	$3,958,251
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	$3,958,251	$0	$0	$3,958,251
190 Total Assets	$0	$0	$0	$4,017,211	$0	$0	$4,017,211

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

Public Housing Combining Schedules - Schedule of Net Position
June 30, 2014

	CA059000004	OTHER PROJ	CA059000005	CA059000006	CA059000007	CA059000008	Total
200 Deferred Outflow of Resources							
290 Total Assets and Deferred Outflow of Resources	$0	$0	$0	$4,017,211	$0	$0	$4,017,211
311 Bank Overdraft							
312 Accounts Payable <= 90 Days				$16,682			$16,682
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable				$247			$247
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				$1,800			$1,800
342 Unearned Revenue				$823			$823
343 Current Portion of Long-term Debt - Capital							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities				$5,164			$5,164
346 Accrued Liabilities - Other				$7,718			$84,474
347 Inter Program - Due To				$3,625			$3,625
348 Loan Liability - Current							
310 Total Current Liabilities	$0	$0	$0	$36,059	$0	$0	$112,815
351 Long-term Debt, Net of Current - Capital Projects/Mortgage							
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other				$76,756			
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	$112,815	$0	$0	$112,815
400 Deferred Inflow of Resources							
508.4 Net Investment in Capital Assets				$3,958,251			$3,958,251
511.4 Restricted Net Position							
512.4 Unrestricted Net Position	$0	$0	$0	-$53,855	$0	$0	-$53,855
513 Total Equity - Net Assets / Position	$0	$0	$0	$3,904,396	$0	$0	$3,904,396
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets /	$0	$0	$0	$4,017,211	$0	$0	$4,017,211

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

Public Housing Combining Schedules - Schedule of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2014

	CA059000004	OTHER PROJ	CA059000005	CA059000006	CA059000007	CA059000008	Total
70300 Net Tenant Rental Revenue				$94,012			$94,012
70400 Tenant Revenue - Other							
70500 Total Tenant Revenue	$0	$0	$0	$94,012	$0	$0	$94,012
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							
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery							
71500 Other Revenue				$1,545			$1,545
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	$0	$0	$0	$95,557	$0	$0	$95,557
91100 Administrative Salaries				$11,786			$11,786
91200 Auditing Fees							
91300 Management Fee				$0			$0
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative				$3,335			$3,335
91600 Office Expenses				$5,940			$5,940
91700 Legal Expense				$10,170			$10,170
91800 Travel							
91810 Allocated Overhead							
91900 Other				$23,918			$23,918
91000 Total Operating - Administrative	$0	$0	$0	$55,149	$0	$0	$55,149
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other				$10,438			$10,438
92500 Total Tenant Services	$0	$0	$0	$10,438	$0	$0	$10,438

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

Public Housing Combining Schedules - Schedule of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2014

	CA059000004	OTHER PROJ	CA059000005	CA059000006	CA059000007	CA059000008	Total
93100 Water				$9,591			$9,591
93200 Electricity				$1,807			$1,807
93300 Gas				$238			$238
93400 Fuel							
93500 Labor							
93600 Sewer				$8,681			$8,681
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	$0	$0	$0	$20,317	$0	$0	$20,317
94100 Ordinary Maintenance and Operations - Labor				$6,248			$6,248
94200 Ordinary Maintenance and Operations - Materials and				$157			$157
94300 Ordinary Maintenance and Operations Contracts				$58,087			$58,087
94500 Employee Benefit Contributions - Ordinary Maintenance							
94000 Total Maintenance	$0	$0	$0	$64,492	$0	$0	$64,492
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs				$1,618			$1,618
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	$0	$0	$0	$1,618	$0	$0	$1,618
96110 Property Insurance				$18,310			$18,310
96120 Liability Insurance							
96130 Workmen's Compensation				$1,019			$1,019
96140 All Other Insurance							
96100 Total insurance Premiums	$0	$0	$0	$19,329	$0	$0	$19,329
96200 Other General Expenses							
96210 Compensated Absences							
96300 Payments in Lieu of Taxes				$7,355			$7,355
96400 Bad debt - Tenant Rents				$4,098			$4,098
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	$0	$0	$0	$11,453	$0	$0	$11,453

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

Public Housing Combining Schedules - Schedule of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2014

	CA059000004	OTHER PROJ	CA059000005	CA059000006	CA059000007	CA059000008	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	$182,796	$0	$0	$182,796
97000 Excess of Operating Revenue over Operating Expenses	$0	$0	$0	-$87,239	$0	$0	-$87,239
97100 Extraordinary Maintenance				$26,500			$26,500
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments							
97350 HAP Portability-In							
97400 Depreciation Expense				$117,827			$117,827
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	$327,123	$0	$0	$327,123
10010 Operating Transfer In				$108,336			$108,336
10020 Operating transfer Out							
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
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	$0	$0	$108,336	$0	$0	$108,336
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	$0	$0	$0	-$123,230	$0	$0	-$123,230

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

Public Housing Combining Schedules - Schedule of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2014

	CA059000004	OTHER PROJ	CA059000005	CA059000006	CA059000007	CA059000008	Total
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$0	$0	$0	$4,027,626	$0	$0	$4,027,626
11040 Prior Period Adjustments, Equity Transfers and Correction							
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	0	0	0	240	0	0	240
11210 Number of Unit Months Leased	0	0	0	240	0	0	240
11270 Excess Cash	$0	$0	$0	-$70,501	$0	$0	-$70,501
11610 Land Purchases	$0	$0	$0	$0	$0	$0	$0
11620 Building Purchases	$0	$0	$0	$0	$0	$0	$0
11630 Furniture & Equipment - Dwelling Purchases	$0	$0	$0	$0	$0	$0	$0
11640 Furniture & Equipment - Administrative Purchases	$0	$0	$0	$0	$0	$0	$0
11650 Leasehold Improvements Purchases	$0	$0	$0	$0	$0	$0	$0
11660 Infrastructure Purchases	$0	$0	$0	$0	$0	$0	$0
13510 CFFP Debt Service Payments	$0	$0	$0	$0	$0	$0	$0
13901 Replacement Housing Factor Funds	$0	$0	$0	$0	$0	$0	$0