

**HOUSING AUTHORITY OF THE
COUNTY OF SANTA CLARA**

**Basic Financial Statements and
Supplementary Information**

For the Year Ended June 30, 2015



Certified
Public
Accountants

HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA

(A Component Unit of the County of Santa Clara)

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the County of Santa Clara, California (Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following blended component units: PRIDE, Property Management, Inc., AE Associates, Ltd., Poco Way HDC, Inc., Rotary Plaza/HACSC HDC, Inc., San Pedro Gardens Associates, Ltd., S.P.G. Housing, Inc., Villa Garcia, Inc., and Villa San Pedro HDC, Inc., which collectively represent 21.5% of assets, 11.6% of net position, and 7.7% of revenues of the business-type activities opinion unit. We also did not audit the aggregate discretely presented component units of the Authority. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the following blended component units: Poco Way HDC, Inc., Rotary Plaza/HACSC HDC, Inc., Villa Garcia, Inc. and Villa San Pedro HDC, Inc.; and the following discrete component units: Bascom HACSC Associates, Blossom River Associates, Bracher Associates, L.P., Branham Lane LLC, Fairgrounds Senior Housing, L.P., HACSC/Choices Senior Associates, Helzer Associates, Huff Avenue Associates, Julian Street Partners, L.P., Klamath Associates, Pinmore Associates, Rincon Gardens Associates, L.P., Thunderbird Associates, and Willow HACSC Associates, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Accounting Principles

As discussed in Note 2 to the financial statements, effective July 1, 2014, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedules of pension contributions, and schedule of funding progress – postemployment healthcare benefits as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, 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 January 13, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
January 13, 2016

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HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA

(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis (Unaudited)
June 30, 2015

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, 2015. Please read it in conjunction with the Authority's financial statements, which follows this section.

Financial Highlights

- Beginning of the year net position as of July 1, 2014 was restated from \$159.8 million to \$144.8 million resulting in a decrease of \$14.9 million. The decrease was attributable to the following changes:
 - As required by GASB Statement No. 61 (The Financial Reporting Entity), the Authority reclassified certain discrete components units to blended component and certain affiliates of Rotary Plaza/HACSC HDC, Inc. and S.P.G Housing, Inc. as individual discrete component units, which resulted in a decrease of \$4.2 million to the Authority's business-type activity's the net position.
 - Implementation of GASB Statement No. 68 and 71 (Accounting and Financial Reporting for Pensions and Pension Transition for Contributions Made Subsequent to the Measurement date) decreased the Authority's net position by \$10.7 million.
- The assets and deferred outflows of resources of the Authority exceeded the liabilities and deferred inflows of resources by \$211.7 million (net position). \$2.9 million of the net position balance is restricted for specific purposes; \$ 25.6 million is related to the Authority's investment in capital assets and is not available for spending and \$183.1 million is unrestricted and available for spending.
- The Authority's total increase in net position of \$66.9 million to \$211.7 million is primarily due to the following:
 - During the year, the operating activity resulted in an increase in net position of \$49.6 million, net. The programs that primarily contributed to the increase for the year were the Move to Work, Public Housing Proceeds and Section 8 Rental Voucher programs.
 - In addition to the above, \$17.2 million increase in net position was related to special items recorded for the following related party transactions.
 - On December 19, 2013, Bendorf Drive LP purchased the Villa San Pedro Apartments, a 100-unit affordable apartment complex for the low-income families located in San Jose from Villa San Pedro, Inc. \$11.9 million was recorded as a special item for this transaction. (See footnote 17 of the Basic Financial Statements for details regarding this transaction).
 - On April 30, 2014, Poco Way HDC, Inc., purchased the Poco Way project, a 130-unit affordable apartment complex for the low-income families located in San Jose from MHIFED 96, Limited Partnership, a California limited partnership. \$5.4 million gain was recorded as a special item for this transaction. (See footnote 17 of the Basic Financial Statements for details regarding this transaction).

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(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis (Unaudited)
June 30, 2015

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 was restated as on June 30, 2014. The increase in net position of \$52 million as shown in the table below represents a decrease of \$14.9 million due to restatements for accounting changes that is offset by an increase of \$66.9 million related to current year operations. For details explaining the restatements of the net position and the changes due to current year operations, refer to the Financial Highlights section noted above.

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The following table indicates the net position as of June 30, 2015 and 2014 (in thousands):

	June 30		Increase (Decrease)	
	2015	2014	Amount	Percent (%)
Assets:				
Current assets	\$ 98,517	\$ 54,556	\$ 43,961	81%
Noncurrent and other assets	103,669	96,002	7,667	8%
Capital assets	55,313	28,525	26,788	94%
Total assets	257,499	179,083	78,416	44%
Deferred outflows of resources related to pensions	724	-	724	n/a
Liabilities:				
Current liabilities	6,351	4,715	1,636	35%
Noncurrent liabilities	36,288	14,572	21,716	149%
Total liabilities	42,639	19,287	23,352	121%
Deferred inflows of resources related to pensions	3,848	-	3,848	n/a
Net Position				
Net investment in capital assets	25,628	26,713	(1,085)	-4%
Restricted	2,960	1,069	1,891	177%
Unrestricted	183,148	132,014	51,134	39%
Total net position	\$ 211,736	\$ 159,796	\$ 51,940	33%

As previously discussed, the Authority reclassified its reporting entity and adopted the provisions of Statement Nos. 68 and 71 effective July 1, 2014. The restatement of all of the 2014 amounts was not practical because the actuarial information was not available. As such, the cumulative effect of these changes is reported as a restatement of beginning net position as of July 1, 2014 as discussed in Note 1 to the financial statements. Absent of the change in accounting, the Authority's net increase in total assets of \$78.4 million is primarily due to the following:

- An increase in the receivable from HUD of \$38.2 million for MTW funds as of June 30, 2015. (See Note 16 to the financial statements for additional information on the Moving-to-Work program).
- An increase in noncurrent and other assets of \$7.7 million was due primarily to the addition of the seller take back loans related to the sale of the Villa San Pedro apartments in the amount of \$9.3 and the disposition of Eklund Gardens I and II in the amount of \$2.8 million, offset by the change in the net OPEB asset of \$1.0 million.
- An increase in capital assets of \$11.1 million which included current year additions of the Poco Way Apartments with carrying value of \$14.6 million and other purchases; offset by a decrease of \$2.3 million due to dispositions/transfers and depreciation expense of \$1.5 million. (See Note 6 to the financial statements to see discussion on the Authority's capital asset activity).
- See capital asset activity discussion for a discussion on the Authority's capital assets (See Note 6 to the financial statements to see discussion on the Authority's capital asset activity).

Absent of the restatement due to change in accounting, the Authority's net increase in total liabilities of \$23.3 million is primarily due to the following:

- An increase in long-term debt of \$9 million, which included current year additions of \$9.5 million from the assumption of debt related to the Poco Way Apartments acquisition; and \$0.5 million in

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annual additional interest accruals; offset by a decrease of \$1 million in scheduled debt service payments.

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. The restatement of all of the 2014 amounts was not practical because the actuarial information was not available. As such, the cumulative effect of these changes is reported as a restatement of beginning net position as of July 1, 2014 as discussed in Note 1 to the financial statements. A summary of the activities for the fiscal years ended June 30, 2015 and 2014 is shown in the following table (in thousands):

	June 30		Increase (Decrease)	
	2015	2014	Amount	Percent (%)
Operating revenues				
Rental income	\$ 4,714	\$ 966	\$ 3,748	388%
Service fees	932	623	309	50%
Housing assistance payment earned	255,216	245,874	9,342	4%
HUD administrative fees	15,662	15,351	311	2%
Other	5,441	4,590	851	19%
Total operating revenues	281,964	267,404	14,560	5%
Operating expenses				
Wages and benefits	14,352	15,330	(978)	-6%
Pension expense	(486)	-	(486)	n/a
Administrative	2,063	1,921	142	7%
Tenant services	524	150	374	249%
Utilities	598	165	433	263%
Maintenance and operations	1,101	259	842	325%
General	1,462	1,297	165	13%
Depreciation and amortization	1,570	650	920	142%
Housing assistance payments	210,463	218,862	(8,399)	-4%
Other	4,898	5,123	(225)	-4%
Total operating expenses	236,545	243,757	(7,212)	-3%
Operating income	45,420	23,647	21,773	92%
Nonoperating revenues (expenses)				
Gain on disposition of capital assets	2,239	-	2,239	n/a
Investment income	2,782	2,326	456	20%
Interest expense	(954)	(537)	(417)	78%
Other nonoperating expenses net	-	(1,547)	1,547	-100%
Total nonoperating revenues (expenses)	4,067	242	3,825	1581%
Income before capital contributions and special items	49,487	23,889	25,598	107%
Capital contributions	191	8,866	(8,675)	-98%
Special items	17,224	-	17,224	n/a
Change in net position	66,901	32,755	34,146	104%
Net position, beginning of year, as restated	144,835	127,041	17,794	14%
Net position, end of year	\$ 211,737	\$ 159,796	\$ 51,941	33%

Revenues: As compared to 2014, revenues for 2015 increased by \$14.5 million primarily due to the following:

- \$9.3 million increase in the Housing Assistance Payments (HAPs) earned was primarily due to the increase in MTW Section 8 Housing Choice Voucher (HCV) HAPs funding. The increase in HAP funding was a result of HUD Housing Assistance revenues being restored to 101.25% proration level after the federal budget cuts called sequestration cuts in 2013.

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- \$3.7 million increase in rental income, is primarily due to the following:
 - \$2.4 million increase relates to the rental income from the following component units that were reclassified from discrete to blended in fiscal year 2015: AE Associates, Ltd, Rotary Plaza/HACSC HDC, Inc., S.P.G. Housing, Inc., and Villa San Pedro HDC, Inc. In addition, \$1.1 million of the increase is associated with the rental income from Poco Way apartments that was purchased by Poco Way HDC, Inc. in fiscal year 2015.

Expenses: As compared to 2014, total operating expenses in 2015 decreased by \$7.2 million, mainly due to the following:

- \$8.4 million decrease relates to the reduction in HAPs payments because of a decrease in lease up units related to the Section 8 HCV program. The decrease in lease up units is primarily due to the current challenging rental market condition in the Silicon Valley.
- Wages and benefits decreased by \$1.0 million and a pension expense showed a negative \$0.5 million due to the difference in how pension costs is measured under GASB Statement No. 68. Prior to GASB Statement No. 68, pension costs was related to the annual actuarially determined contribution requirements. Under the new standards, pension costs is measured as the change in the net pension liability or asset and the related deferred outflows and inflows of resources. These decreases were offset by a net increase in various categories of operating expenses for inflation.

Nonoperating revenues increased primarily due to a \$2.2 million gain on disposition recognized from the disposition of two public housing properties, Eklund Gardens I and II (CA059014), and their related improvements. See Note 5 for details of this transaction.

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 \$65.1 million. As discussed in Note 16, "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 program were \$15.2 million, \$1.6 million and \$1.4 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 \$27 thousand, \$14.3 million, \$1.7 million and \$0.9 million, respectively.

Capital Acquisitions and Construction Activities

During the fiscal year ended June 30, 2015, except for the acquisition of Poco Way projects discussed in the Financial Highlights section, 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 of 20 units, 16 units were disposed in July 2014 and the

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final 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)

	June 30		Increase (Decrease)	
	2015	2014 (as restated)	Amount	Percent (%)
<u>Housing Development Corporation</u>				
Lease Revenue Bonds	\$ 7,470	\$ 7,635	\$ (165)	-2%
<u>Section 8 Rental Voucher Program</u>				
Notes payable	1,398	1,398	-	0%
<u>Other Payables</u>				
Payment in lieu of taxes	10	84	(74)	-88%
Accrued vacation and sick leave	1,011	887	124	14%
Other blended component units	20,818	12,003	8,815	73%
Interest payable	5,236	4,990	246	5%
Total primary government	<u>\$ 35,943</u>	<u>\$ 26,997</u>	<u>\$ 8,946</u>	<u>33%</u>

As discussed in the financial highlights section, the Authority changed the presentation of certain discrete component units to blended component units. As a result, the Authority restated the July 1, 2014 long-term obligation balance in the amount of \$12.0 million to record the debt and related accrued interest in the amount of \$4.3 million as of the other blended component units’ year end of December 31, 2014. Current year additions of \$9.5 million from the assumption of debt related to the Poco Way Apartments acquisition was offset by the scheduled debt service payments as discussed in the Financial Analysis of the Authority section. In addition, the Authority included the current portion of interest payable in long-term debt activity for the year ended June 30, 2015. Additional information on the Authority’s Long-Term Debt Activity can be found in Note 8, “Long Term Obligations”, to the basic financial statements.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Renewal of the MTW contract with HUD beyond 2018 and future congressional appropriation bills on MTW funding.
- 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, 2015

	Primary Government - Business-type Activities	Discretely Presented Component Units
Assets:		
Current assets:		
Unrestricted cash and cash equivalents (Note 3)	\$ 20,283,117	\$ 7,901,781
Unrestricted short term investments (Note 3)	21,565,079	-
Accounts receivable:		
Tenants	5,533	55,967
HUD (Note 16)	50,863,519	21,450
Others	1,037,498	375,673
Interest receivable	13,190	-
Due from component units and related parties (Note 10)	708,412	-
Due from primary government	-	184,608
Prepaid expenses	528,450	540,608
Restricted cash and cash equivalents (Note 3)	3,425,735	20,147,539
Restricted short term investments (Note 3)	86,307	-
Total current assets	<u>98,516,840</u>	<u>29,227,626</u>
Noncurrent assets:		
Long term investments (Note 3)	10,488,551	-
Long-term receivables from non-related parties (Note 4)	5,927,740	-
Long-term receivables from component units and related parties (Note 10)	70,262,323	-
Net pension asset (Note 13)	8,804,996	-
Net OPEB asset (Note 14)	1,198,871	-
Investments in affiliated limited partnerships (Note 10)	6,947,508	
Other assets	38,857	5,273,351
Capital assets (Note 6):		
Nondepreciable	23,694,716	31,742,177
Depreciable	31,618,379	331,669,108
Total capital assets	<u>55,313,095</u>	<u>363,411,285</u>
Total noncurrent assets	<u>158,981,941</u>	<u>368,684,636</u>
Total assets	<u>257,498,781</u>	<u>397,912,262</u>
Deferred outflows of resources:		
Deferred pension contributions (Note 13)	<u>723,723</u>	-

See accompanying notes to financial statements.

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(A Component Unit of the County of Santa Clara)

Statement of Net Position

June 30, 2015

	Primary Government - Business-type Activities	Discretely Presented Component Units
Liabilities:		
Current liabilities:		
Accounts payable	709,716	1,804,163
Accrued wages and benefits	381,578	-
Accrued interest payable (Note 8)	149,585	1,848,059
Intergovernmental payable	97,617	-
Payable to component units and related parties	1,008,082	597,626
Due to primary government	-	5,382,230
Other accrued liabilities	23,829	826,407
Tenant security deposits	139,643	1,068,838
Unearned revenue	3,174,255	145,720
Current portion of accrued vacation and sick leave (Note 8)	258,545	-
Current portion of long-term obligations (Note 8)	406,085	12,185,628
Total current liabilities	<u>6,348,935</u>	<u>23,858,671</u>
Noncurrent liabilities:		
FSS escrow (Note 2)	551,261	-
Accrued vacation and sick leave, net of current portion (Note 8)	752,659	-
Long-term interest payable (Note 8)	5,087,382	19,584,389
Long-term obligations, net of current portion (Note 8)	29,288,940	217,082,377
Payable to component units and related parties, net of current portion	609,251	-
Advance from primary government	-	67,432,701
Other noncurrent liabilities	-	12,000
Total noncurrent liabilities	<u>36,289,493</u>	<u>304,111,467</u>
Total liabilities	<u>42,638,428</u>	<u>327,970,138</u>
Deferred inflows of resources:		
Difference between expected and actual investment rates of return (Note 13)	3,847,962	-
Net position:		
Net investment in capital assets	25,627,704	134,143,280
Restricted	2,960,617	19,074,968
Unrestricted	183,147,793	(83,276,124)
Total net position	<u>\$ 211,736,114</u>	<u>\$ 69,942,124</u>

See accompanying 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

For the Year Ended June 30, 2015

	Primary Government - Business-type Activities	Discretely Presented Component Units
Operating revenues:		
Rental income	\$ 4,714,171	\$ 33,390,686
Service fees	931,527	-
Housing assistance payments earned	255,215,751	-
HUD administrative fees	15,661,638	-
Other	5,441,293	578,776
Total operating revenues	<u>281,964,380</u>	<u>33,969,462</u>
Operating expenses:		
Wages and benefits	14,351,572	-
Pension expense (Note 13)	(485,767)	-
Administrative	2,062,822	4,405,246
Tenant services	523,662	-
Utilities	598,477	2,591,775
Maintenance and operations	1,101,006	5,580,495
General	1,461,805	-
Depreciation and amortization	1,569,931	11,942,057
Housing assistance payments	210,463,034	-
Other	4,898,204	1,434,016
Total operating expenses	<u>236,544,746</u>	<u>25,953,589</u>
Operating income (loss)	<u>45,419,634</u>	<u>8,015,873</u>
Nonoperating revenues (expenses):		
Gain on disposition of capital assets to related party (Note 5)	2,239,380	-
Investment income	2,781,565	247,071
Interest expense	(954,062)	(12,738,211)
Other nonoperating expenses, net	-	(3,710,688)
Total nonoperating revenues (expenses)	<u>4,066,883</u>	<u>(16,201,828)</u>
Income (loss) before capital contributions and special items	<u>49,486,517</u>	<u>(8,185,955)</u>
Capital contributions	190,587	8,867,498
Special items (Note 17)	17,223,685	(11,968,855)
Change in net position	66,900,789	(11,287,312)
Net position, beginning of year, as restated (Note 1)	144,835,325	81,229,436
Net position, end of year	<u>\$ 211,736,114</u>	<u>\$ 69,942,124</u>

See accompanying 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

For the Year Ended June 30, 2015

	Primary Government - Business-type Activities
Cash flows from operating activities:	
Receipts from tenants	\$ 4,485,963
Receipts from customers and others	8,174,809
Receipts from housing assistance programs	232,653,245
Payments to suppliers for goods and services	(11,920,609)
Housing assistance payments on behalf of tenants	(210,508,479)
Payments to employees for services	(15,523,129)
Net cash provided by operating activities	<u>7,361,800</u>
Cash flows from noncapital financing activities:	
Decrease of receivables to related parties and component units	<u>1,860,970</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(415,893)
Repayments of short-term and long-term liabilities	(870,841)
Interest and other fees paid	(507,837)
Net cash used in capital and related financing activities	<u>(1,603,984)</u>
Cash flows from investing activities:	
Interest received	716,143
Net purchase of investments	(7,684,528)
Receipt from investment in partnerships	1,899,537
Net cash used in investing activities	<u>(5,068,848)</u>
Net change in cash and cash equivalents	2,549,938
Cash and cash equivalents, beginning of year	<u>42,810,300</u>
Cash and cash equivalents, end of year	<u><u>\$ 45,360,238</u></u>

See accompanying 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

For the Year Ended June 30, 2015

	Primary Government - Business-type Activities
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 45,419,634
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,569,931
Decrease (increase) in:	
Receivables	(38,226,076)
Prepaid expenses	37,050
Net pension asset	(5,158,410)
Net OPEB asset	(953,876)
Other assets	4,148
Deferred outflows of resources	100,959
Increase (decrease) in:	
Accounts payable	(1,210,898)
Accrued wages and benefits	381,578
Intergovernmental payable	(45,445)
Tenant security deposits and FSS escrow	(226,917)
Unearned revenues	1,802,630
Accrued vacation and sick leave	124,463
Other liabilities	(104,933)
Deferred inflows of resources	3,847,962
Net cash provided by operating activities	<u>\$ 7,361,800</u>
Cash and cash equivalents:	
Unrestricted cash and cash equivalents	\$ 20,283,117
Unrestricted short term investments	21,565,079
Restricted cash and cash equivalents	3,425,735
Restricted short term investments	86,307
Total cash and cash equivalents	<u>\$ 45,360,238</u>
Noncash capital and related financing activities	
Disposition of capital assets with seller-loan receivable from related party	\$ 4,550,000
Acquisition of capital assets with assumption of debt	14,577,948
Assumption of debt related to acquisition of capital assets	(9,522,529)
Noncash investing activities	
Increase in accrued interest receivables	\$ 2,060,488

See accompanying notes to financial statements.

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HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA

(A Component Unit of the County of Santa Clara)

Notes to Financial Statements

June 30, 2015

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 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 discretely presented or blended units. CUs are discretely presented unless they qualify as a blended unit, which includes the governing board being substantially the same as the primary government's governing board and (1) there is a financial benefit or burden relationship between the primary government and the CU or (2) management of the primary government has operational responsibility for the CU. A CU can also be blended if the total outstanding debt of the CU is expected to be paid with resources of the primary government.

The Authority's basic financial statements include both discretely presented and blended CUs. The discretely presented CUs are reported in a separate column within the government wide financial statements for reasons, which include that the Authority does not have majority control over these entities and their outstanding debt is not expected to be paid by the Authority.

Conversely, the blended component unit's financial statements are incorporated with the primary government financial statements for the reasons previously noted. The following section discusses the Authority's blended and discretely presented CUs.

Blended component units

The blended CUs are combined with the primary government's financial statements and have a December 31, 2014 year-end, except for the Housing Development Corporation and the Program Responsible in Daring Excellence which has a June 30, 2015 year-end.

Blended Component Units

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

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Notes to Financial Statements

June 30, 2015

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.

Program Responsible in Daring Excellence ("PRIDE") - PRIDE was established as a 501(c)(3) 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 Authority appoints the voting majority of PRIDE's Board. Additionally, the Authority's employees, working on behalf of PRIDE's board, have operational and financial responsibility for PRIDE.

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 owns 100% of PMI's stock and holds the voting majority of PMI. In addition, the Authority's employees, working on behalf of PMI's board members, have operational and financial responsibility for PMI.

Blended component units - Other

AE Associates, Ltd. - A California limited partnership formed in August 1991 to develop and operate a 84-unit affordable housing complex for the elderly located in San Jose, California. AE Associates, Ltd. is controlled by its general partner Avenida Espana HDC, Inc., an Authority affiliated non-profit general partner with 1% ownership. In addition, the Authority as the limited partner owns 99% of the partnership. As the majority partner, the Authority can impose its will on AE Associates, Ltd. As a result, it is presented as a blended component unit.

Avenida Espana HDC, Inc. - A non-profit corporation organized in April 1990 to serve as the general partner in four limited partnerships (AE Associates, Ltd., Rincon Gardens Associates, L.P., Julian Street Partners, L.P. and McCreery Avenue LP). Avenida Espana HDC, Inc.'s three-member Board of Directors is appointed by the majority of the current board and no more than one of the three board members can be current commissioners, officers or employees of the primary government. Avenida Espana HDC, Inc. is a blended component unit of the Authority because the Authority is legally obligated to finance operating deficits, provide tax indemnification, and construction guarantees of Avenida Espana HDC, Inc. In addition, one of the board members is the Executive Director of the Authority and the Authority has operational and financial responsibility for Avenida Espana HDC, Inc.

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 Executive Director and two Directors appointed by the Housing Choices Coalition, Inc. Bracher HDC, Inc. is a blended component unit of the Authority because is legally obligated to finance operating deficits of Bracher HDC, Inc. and to provide tax indemnification guarantees on behalf of Bracher HDC, Inc. for its partnerships.

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 blended component unit of the Authority because the Authority's Board appoints the directors of DeRose HDC, Inc. and may remove any of its directors with or without cause.

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The three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority has also provided a tax indemnification guarantee on behalf of DeRose HDC, Inc. for one of its partnerships and has operational and financial responsibility for 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 blended component unit of the Authority because the three members of the five-member governing board are employees of the Authority and appointed and may be removed by the Authority's Board. 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 has operational and financial responsibility for 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, Fairgrounds Luxury Family Apartments and Fairgrounds Senior Housing). In 2015, Pinmore HDC, Inc. became the general partner for Park Avenue Senior and the Laurel Grove Family, which have commenced development activities for a 100 unit affordable senior housing project and an 82 unit affordable housing project, respectively. Pinmore HDC, Inc. is a blended 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. The Authority's employees, working on behalf of the general partner's board members, have operational and financial responsibility for Pinmore HDC, Inc.

Poco Way HDC, Inc. - A California non-profit corporation established in July 1994 to serve as the general partner in a limited partnership (Poco Way Associates). Poco Way Associates owned the Poco Way Apartments, a family rental housing complex in San Jose, California, which consists of 130 family rental housing units. Its three-member governing board is comprised of the Executive Director of the Authority and two Authority staff, appointed by the Authority's Board. It is a blended component unit of the Authority because the Authority is legally obligated to finance deficits of Poco Way HDC, Inc. and the Authority's employees have operational and financial responsibility for Poco Way HDC, Inc. In April 2014, Poco Way HDC, Inc. purchased a property from Poco Way Associates. In February 2015, Poco Way HDC, Inc. sold the property to McCreery Avenue LP as discussed in Note 17.

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 two (2) directors appointed by the Board of Directors of Rotary Plaza of San Jose and three (3) directors appointed by the Authority's Board. It is a blended component unit of the Authority because the Authority's employees, working on behalf of the Rotary Plaza/HACSC HDC, Inc.'s board, bears the responsibility for financial and operational matters of the corporation.

San Pedro Gardens Associates, Ltd. - A California limited partnership formed in August 1990 to develop and operate a 20-unit affordable housing complex located in Morgan Hill, California, which is controlled by its general partner S.P.G. Housing, Inc., an Authority affiliated non-profit general partner with 1% ownership. In addition, the Authority as the limited partner owns 99% of the partnership.

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

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Notes to Financial Statements

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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. S.P.G. Housing, Inc. serves as the general partner of San Pedro Gardens Associates, Ltd. ("SPGA"). The Authority's Board appoints its three-member governing board and may remove any of these members with or without cause. It is a blended component unit of the Authority because the Authority's employees, working on behalf of the S.P.G. Housing, Inc.'s board members, also bears responsibility for financial and operational matters of the corporation.

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 blended component unit of the Authority because the Authority's Board appoints its three-member governing board and may remove any of these members with or without cause. 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. The Authority has also provided operating deficit and tax indemnification guarantees on behalf of VGI for its partnership.

Villa San Pedro HDC, Inc. ("VSP") - A non-profit corporation established in March 1990 to provide low-income families with housing facilities and services. VSP is the managing general partner of Bendorf Drive, L.P. ("Bendorf"), a California limited partnership, which was formed on February 7, 2013 to acquire, rehabilitate, and operate the Villa San Pedro Apartments. VSP is a blended component unit of the Authority because the Authority's Board appoints its three-member governing board and may remove any of these members with or without cause. In addition, the Authority's employees, working on behalf of Villa San Pedro HDC, Inc.'s board members, also bear responsibility for financial and operational matters of the corporation. The Authority is also legally obligated to provide guarantees on behalf of Villa San Pedro HDC, Inc. for its partnership.

For all the partnerships of which the above entities are general partners, refer to Note 17 for detailed information.

Discretely presented component units

The Authority's discretely presented CUs are reported in a separate column within the government-wide financial statements and have a December 31, 2014 year-end. The Authority's tax credit partnerships do not include its board representation and its affiliated non-profit general partner entities serve as the general partner for these partnerships. However, the Authority's affiliated general partners do not hold a majority control of these entities because they are 99% owned by their limited partner. In addition, the Authority's has 4 other discretely presented CUs: Branham Lane LLC, Halford LLC, Poinciana LLC and South Drive LLC. These limited liability corporations are owned by Authority affiliated non-profit general partner entities, which own 100% of their respective limited liability corporation. Refer to Note 17 for detailed information on the Authority's discretely presented component units.

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Change in reporting entity

During the fiscal year, the Authority evaluated the presentation of its component units pursuant to GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, determined that the following component units should be reclassified as follows:

The effect of the change in the reporting entity is as follows:

	Primary Government	Component Units
	<u>\$ 159,795,831</u>	<u>\$ 76,992,872</u>
Net position, beginning of year, as previously reported		
Change in reporting entity:		
Reclassification of discrete component units (DCUs) to blended component units (BCUs):		
AE Associates, Ltd.	(2,123,004)	2,123,004
Rotary Plaza/HACSC HDC, Inc.	3,334,856	(3,334,856)
S.P.G. Housing, Inc.	3,130,682	(3,130,682)
Villa San Pedro HDC, Inc.	<u>5,763</u>	<u>(5,763)</u>
Total reclassifications of DCUs to BCUs	4,348,297	(4,348,297)
Report an affiliate of Rotary Plaza/HACSC HDC, Inc. as an individual discrete component unit:		
Huff Avenue Associates	(3,675,724)	3,675,724
Report certain affiliates of S.P.G. Housing, Inc. as individual discrete component units:		
Bracher Associates	(1,640,355)	1,640,355
Klamath Associates	41,106	(41,106)
Pinmore Associates	(856,373)	856,373
Report an affiliate of Villa San Pedro HDC, Inc. as an individual discrete component unit:		
Bendorf Drive LP	<u>(2,453,515)</u>	<u>2,453,515</u>
Total change in reporting entity	<u>(4,236,564)</u>	<u>4,236,564</u>
Implementation of GASB Statement Nos. 68 and 71 (See Note 2)	<u>(10,723,942)</u>	<u>-</u>
Net position, beginning of year, as restated	<u><u>\$ 144,835,325</u></u>	<u><u>\$ 81,229,436</u></u>

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Notes to Financial Statements

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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 inter-fund 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. 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. Non-exchange 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 non-operating 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 non-operating 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 non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating 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 of resources and deferred 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. The Authority reports pension contributions made subsequent to the measurement date as deferred outflows of resources.

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

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acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority reports the net difference between projected and actual earnings on pension plan investments as deferred inflows of resources.

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, 2015, this program has 4 occupied units under management in the HUD contract Deborah Drive (CA059016).

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.

The accompanying basic financial statements also include the activities of other local programs. A summary of each significant program is provided below:

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 non-negotiable certificates of deposit with financial institutions 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 reserves, security deposits, and residual receipts accounts.

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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

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, 2015, there has been no impairment of the capital assets.

Investments in partnerships

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

Pension plan

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

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.

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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's government wide financial statements. For the year ended June 30, 2015, offsetting amounts of \$4,409,784 were eliminated. The Authority also eliminated other material intercompany balances and transactions with the blended component units from the consolidated financial statements.

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, \$7,616,057 of internal charges for services has been eliminated for the year ended June 30, 2015.

Special Items

Special items are transactions or events that are within the control of the Authority and that are either unusual in nature or infrequent in occurrence.

Net position

Net position includes the various net earnings from operating income, nonoperating revenues and expenses, capital contributions 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 net investment in capital assets. 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 reduced by liabilities relating to those restricted assets.

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

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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, 2015, the Authority implemented the following new accounting standards:

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, which is intended to improve financial accounting and reporting by state and local governments for pensions and the information they provide about financial support for pensions. Also, in November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which will eliminate the source of a potential significant understatement of restated net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The provisions of Statement Nos. 68 and 71 are effective for fiscal year beginning after June 15, 2014. While restatement of all prior periods was not practical because the actuarial information was not available, the cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014 as follows:

Remove deferred pension costs measured pursuant to GASB Statement No. 27	\$ (15,195,210)
Record net pension asset measured pursuant to GASB Statement No. 68	3,646,586
Record deferred outflows of resources pursuant to GASB Statement No. 71	<u>824,682</u>
Implementation of GASB Statement Nos. 68 and 71	<u>\$ (10,723,942)</u>

In addition, the Authority recognized a negative pension expense to record the change in the net pension asset and the related pension deferred outflows and inflows of resources for the year ended June 30, 2015 pursuant to the implementation of these standards. In prior years, the Authority’s pension cost was its annual required contributions. Refer to Note 13 and the required supplementary information for the impact of implementing these statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The statement establishes accounting and financial reporting standards for governments that combine or dispose of their operations. The new standard is effective for periods beginning after December 15, 2013. Implementation of this statement did not have a significant impact on the Authority for the year ended June 30, 2015.

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

In February 2015 GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement provides guidance for determining fair value measurement for financial reporting purposes and for applying fair value to certain investments, and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value, and disclose investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2016.

In June 2015 GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and amendments to certain provisions of GASB Statements No. 67 and 68*. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 and for the assets accumulated for purposes of providing those pensions. The statement also clarifies the application of certain provisions of Statement No. 68. This statement is effective for the Authority's fiscal year ending June 30, 2016, except for those provisions that address employers and government non employer contribution entities for pensions that are not within the scope of statement No. 68, which are effective for the Authority's fiscal year ending June 30, 2017.

In June 2015 GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefits Plans other than Pension Plans*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Both statements replace the requirements of GASB statements related to postemployment benefits other than pensions (OPEB). Statement No. 74 is intended to make the OPEB accounting and financial reporting consistent with the pension standards outlined in Statement No. 67. It applies to OPEB plans, and parallels Statement No. 67 and replaces Statement No. 43. This statement is effective for the Authority's fiscal year ending June 30, 2017.

Statement No. 75 is intended to make OPEB accounting and financial reporting consistent with the pension standards outlined in Statement No. 68. This will include recognizing a net OPEB liability in accrual basis financial statements. It applies to government employers who provide OPEB plans to their employees. It parallels Statement No. 68 and replaces Statement No. 45. This statement is effective for the Authority's fiscal year ending June 30, 2018.

GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which supersedes Statement No. 55. This statement is effective for the Authority's fiscal year ending June 30, 2016.

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Note 3 – Cash, cash equivalents and investments

Cash, cash equivalents and investments are presented on the accompanying statements of net position as of June 30, 2015 for the primary government and as of the various fiscal year ends of the individual presented component units are as follows:

	Primary Government	Component Units	Total
Unrestricted cash and cash equivalents	\$ 20,283,118	\$ 7,901,781	\$ 28,184,899
Unrestricted short term investment	21,565,079	-	21,565,079
Restricted cash and cash equivalents	3,425,735	20,147,539	23,573,274
Restricted short term investments	86,307	-	86,307
Long term investments	10,488,551	-	10,488,551
Total	<u>\$ 55,848,790</u>	<u>\$ 28,049,320</u>	<u>\$ 83,898,110</u>
Deposits with financial institutions	\$ 22,790,187	\$ 28,049,320	\$ 50,839,507
Investments	33,058,603	-	33,058,603
Total	<u>\$ 55,848,790</u>	<u>\$ 28,049,320</u>	<u>\$ 83,898,110</u>

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 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

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portfolio. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.

- 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 invest 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 repurchase 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. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- J. Medium term notes (not to exceed five years) of U.S. Corporations rated "A" or better by Moody's or 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

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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. Credit ratings of securities other than LAIF are presented based on Moody’s Credit Rating.

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 (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are U.S. Treasuries, federal agency obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. LAIF’s weighted average to maturity is 239 days. More information on LAIF investment pool can be found at <http://www.treasurer.ca.gov/pmia-laif/>.

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 Authority diversifies its portfolio by limiting the percentage of the portfolio that can be invested in any one issuer’s name. Investments in U.S. Treasuries, U.S. Agency securities explicitly backed by the U.S., and mutual and pooled funds are not subject to this limitation.

More than 5% of the Authority’s investments are invested with the Federal Home Loan Mortgage Corporation, which represent 11% of the total Authority’s investments.

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A summary of the Authority's investments at June 30, 2015 is shown below:

	Credit Rating	June 30, 2015	Maturities (in years)		
			Less than 1	1 - 3	3 - 5
Conventional Housing Program/Rincon					
Money Market Mutual Fund	Not rated	\$ 26,033	\$ 26,033	\$ -	\$ -
State Local Agency Investment Fund	Not rated	2,645,259	2,645,259	-	-
Subtotal		<u>2,671,292</u>	<u>2,671,292</u>	<u>-</u>	<u>-</u>
Moving to Work Program					
State Local Agency Investment Fund	Not rated	7,024,935	7,024,935	-	-
Certificate of Deposits	Not rated	1,071,442	-	577,547	493,895
Federal Farm Credit Bank	Aaa	999,440	-	999,440	-
Federal National Mortgage Association	Aaa	994,010	-	994,010	-
Federal Home Loan Mortgage Corporation	Aaa	986,650	-	-	986,650
Federal Home Loan Bank	Aaa	983,470	-	-	983,470
Subtotal		<u>12,059,947</u>	<u>7,024,935</u>	<u>2,570,997</u>	<u>2,464,015</u>
Acquisition Development and Facilities Consolidation					
Money Market Mutual Fund	Not rated	23,026	23,026	-	-
State Local Agency Investment Fund	Not rated	5,153,230	5,153,230	-	-
Certificate of Deposits	Not rated	710,374	-	403,336	307,038
Subtotal		<u>5,886,630</u>	<u>5,176,256</u>	<u>403,336</u>	<u>307,038</u>
Housing Development Corporation					
Money Market Mutual Fund	Not rated	773,191	773,191	-	-
Other programs					
Money Market Mutual Fund	Not rated	96,416	96,416	-	-
State Local Agency Investment Fund	Not rated	6,827,962	6,827,962	-	-
Certificate of Deposits	Not rated	2,022,132	-	210,092	1,812,040
Federal Home Loan Mortgage Corporation	Aaa	2,721,033	-	499,415	2,221,618
Subtotal		<u>11,667,543</u>	<u>6,924,378</u>	<u>709,507</u>	<u>4,033,658</u>
Total investments		<u>\$ 33,058,603</u>	<u>\$ 22,570,052</u>	<u>\$ 3,683,840</u>	<u>\$ 6,804,711</u>

Note 4 – Long-term receivables with non-related parties

Self-help loans receivables

The San Pedro Gardens project consists of 20 rental apartments and 16 self-help owner built units located in Morgan Hill, California. As of June 30, 2015, the Authority held seven individual loans totaling \$167,740, which are secured by a deed of trust. The interest rates on these loans is 10% compounded annually. There shall be no payments due on principal or interest owed under the note so long the Borrower owns the property and is not in violation of any provisions of the note or the resale agreement. Furthermore, interest shall be forgiven, in part, at the end of the 30 years of the date of the execution of the note. At the request of the borrower, the Authority shall relieve the Borrower of all obligations under the note, provided that the Property is sold to a low income Eligible Purchaser. Due to the uncertainty of the payment the annual interest receivable, which totals to \$1,265,980 as of June 30, 2015, the Authority has recorded an allowance for uncollectibility with this interest receivable.

Ford Road Family Housing note receivable

In January 2013, the Authority entered into an Amended and Restated Promissory Note (Note) with the Ford Road Family Housing, L.P., a California limited partnership in the amount of \$5,760,000. The principal due under this Note will bear simple interest at the rate of zero percent per year and the Note matures on the earliest of the occurrence of an event of default; or fifty-five years from the Commencement Date of the Affordability Covenants. Payments on the Note is due and payable annually on July 1 and the annual payment is equal to the Authority's Proportionate Share of Net Cash Flow, as defined in the agreements. As of June 30, 2015, the amount due to the Authority is \$5,760,000.

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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.

In fiscal year 2009, the Authority completed the disposition of Rincon Gardens (CA059004) by selling the 200-unit building and improvements to Rincon Gardens Associates LP and during fiscal year 2011, it completed the disposition of six additional properties (CA059005, CA059012, CA059016 –the Miramar property, CA059007, CA059008) by selling the 335-unit related buildings and improvements to Julian Street Partners, L.P. Furthermore, in fiscal year 2015, the Authority disposed of two other properties, Eklund Gardens I and II (CA059014), and their related buildings and improvements with a book value of \$2,310,620 in exchange for notes receivable from Halford LLC and Poinciana LLC in the amount of \$4,550,000 and recognized a gain on the disposition of the properties in the amount of \$2,239,380.

As of June 30, 2015, the Authority has one remaining public housing project known as Deborah Drive (CA059016) with a total of 4 rental units managed under HUD's Public Housing rules and regulations. The Authority is waiting for the final confirmation from HUD in order to dispose of the remaining public housing project.

Note 6 - Capital assets

The primary government's capital assets activity for the year ended June 30, 2015 was as follows:

	<u>June 30, 2014, as reported</u>	<u>Change in reporting entity</u>	<u>July 1, 2014, as restated</u>	<u>Additions</u>	<u>Reductions/ Transfers</u>	<u>June 30, 2015</u>
Capital assets, not being depreciated:						
Land	\$ 17,229,032	\$ 557,324	\$ 17,786,356	\$ 5,131,161	\$ -	\$ 22,917,517
Construction in progress	736,046	-	736,046	250,857	(209,704)	777,199
Total capital assets, not being depreciated	<u>17,965,078</u>	<u>557,324</u>	<u>18,522,402</u>	<u>5,382,018</u>	<u>(209,704)</u>	<u>23,694,716</u>
Capital assets, being depreciated:						
Structures	16,840,398	22,809,344	39,649,742	16,430,810	(3,142,742)	52,937,810
Furniture and equipment	3,631,947	390,435	4,022,382	447,631	(15,924)	4,454,089
Total capital assets, being depreciated	<u>20,472,345</u>	<u>23,199,779</u>	<u>43,672,124</u>	<u>16,878,441</u>	<u>(3,158,666)</u>	<u>57,391,899</u>
Less accumulated depreciation:						
Structures	(6,642,239)	(7,723,120)	(14,365,359)	(8,681,038)	1,041,826	(22,004,571)
Furniture and equipment	(3,270,279)	(359,083)	(3,629,362)	(155,511)	15,924	(3,768,949)
Total accumulated depreciation	<u>(9,912,518)</u>	<u>(8,082,203)</u>	<u>(17,994,721)</u>	<u>(8,836,549)</u>	<u>1,057,750</u>	<u>(25,773,520)</u>
Total capital assets, being depreciated	<u>10,559,827</u>	<u>15,117,576</u>	<u>25,677,403</u>	<u>8,041,892</u>	<u>(2,100,916)</u>	<u>31,618,379</u>
Total capital assets, net	<u>\$ 28,524,905</u>	<u>\$ 15,674,900</u>	<u>\$ 44,199,805</u>	<u>\$ 13,423,910</u>	<u>\$ (2,310,620)</u>	<u>\$ 55,313,095</u>

During the year ended June 30, 2015, Poco Way HDC, Inc., a blended component unit of the Authority, recorded the additions of the Poco Way apartments, net of accumulated depreciation of \$7.3 million at the carrying value of \$14.6 million (see Note 17).

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The discretely presented component units' capital assets activity for the year ended June 30, 2015 was as follows:

	<u>June 30, 2014, as reported</u>	<u>Change in reporting entity</u>	<u>July 1, 2014, as restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Eliminations</u>	<u>June 30, 2015</u>
Capital assets, not being depreciated:							
Land	\$ 31,713,171	\$ 1,850,000	\$ 33,563,171	\$ 3,584,604	\$ (3,555,598)	\$ (1,850,000)	\$ 31,742,177
Capital assets, being depreciated:							
Structures	417,192,361	(13,247,813)	403,944,548	37,133,757	(15,752,976)	(10,118,855)	415,206,474
Furniture and equipment	6,258,231	(390,435)	5,867,796	1,469,728	(831,248)	-	6,506,276
Total capital assets, being depreciated	423,450,592	(13,638,248)	409,812,344	38,603,485	(16,584,224)	(10,118,855)	421,712,750
Less accumulated depreciation	(91,789,509)	8,082,203	(83,707,306)	(17,023,622)	10,687,286	-	(90,043,642)
Total capital assets, being depreciated	331,661,083	(5,556,045)	326,105,038	21,579,863	(5,896,938)	(10,118,855)	331,669,108
Total capital assets, net	\$ 363,374,254	\$ (3,706,045)	\$ 359,668,209	\$ 25,164,467	\$ (9,452,536)	\$ (11,968,855)	\$ 363,411,285

As discussed in Note 1, the Authority changed the presentation of certain discrete component units to blended component units. During the year, Bendorf Drive LP acquired the Villa San Pedro Apartments from Villa San Pedro HDC, Inc., a blended component unit of the Authority, at \$16.0 million. The Authority reported this acquisition at the historical carrying value of \$4.0 million by recording a reduction of \$12.0 million as a special item (see Note 17). As a result, the Authority restated the July 1, 2014 capital assets balance to reflect the change as follows:

<u>Entity</u>	<u>Property Name</u>	<u>Property Description</u>	<u>Book Value</u>
AE Associates, Ltd.	Avenida Espana Gardens	84-unit housing complex in San Jose	\$ 4,403,500
Rotary Plaza/HACSC HDC, Inc.	Morrone Gardens	102-unit housing complex in San Jose	5,021,044
S.P.G. Housing, Inc.	DeRose Senior Housing	76-unit housing complex in San Jose	4,971,831
San Pedro Gardens Associates Ltd.	San Pedro Gardens	20-unit housing complex in Morgan Hill	1,278,525
			15,674,900
Less capital assets reported at purchase price by the discretely presented component unit:			
Bendorf Drive L.P	Villa San Pedro Apartments	100-unit housing complex in San Jose	(11,968,855)
			\$ 3,706,045

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, 2015, the maturity date was extended to March 31, 2016. The line of credit, payable monthly, bears interest at the prime rate, which was 3.25% at June 30, 2015. During the year ended June 30, 2015, the Authority did not have any short-term borrowing activity against the line of credit.

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Note 8 - Long-term obligations

Outstanding long-term debt consisted of the following at June 30, 2015:

<u>Type of Indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Installment</u>	<u>Original Issue Amount</u>	<u>Balance as of June 30, 2015</u>
Housing Development Corporation					
Lease Revenue Bonds					
2004 Series (Julian Office)	9/1/2029	(a)	\$115,000 - \$255,000	\$ 3,550,000	\$ 2,710,000
2006 (Julian Office Renovation)	9/1/2038	5%	\$55,000 - \$510,000	5,125,000	4,760,000
Total Housing Development Corporation					<u>7,470,000</u>
Section 8 Choice Voucher Program					
Notes Payable					
City of Morgan Hill	6/15/2021	1%	425,000	425,000	425,000
City of San Jose	9/23/2024	4%	972,500	972,500	972,500
Total Section 8 Choice Voucher Program					<u>1,397,500</u>
Other Blended Component Units (detailed information in Note 17):					
AE Associates, Ltd.					4,594,790
Poco Way HDC, Inc.					9,016,511
Rotary Plaza/ HACSC HDC, Inc.					3,505,134
San Pedro Gardens Associates					1,626,535
S.P.G. Housing, Inc. (DeRose Senior Housing)					2,074,921
Total other blended component units					<u>20,817,891</u>
Total primary government					<u>\$ 29,685,391</u>

(a) Variable rate, 0.08% effective as of June 30, 2015.

Changes to the primary government's long-term obligations are as follows:

<u>Primary Government</u>	<u>July 1, 2014, as restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>Due within one year</u>
Housing Development Corporation					
Lease Revenue Bonds	\$ 7,635,000	\$ -	\$ 165,000	\$ 7,470,000	\$ 170,000
Section 8 Rental Voucher Program:					
Notes payable to the					
City of Morgan Hill	425,000	-	-	425,000	-
City of San Jose	972,500	-	-	972,500	20,000
Total notes payable	<u>1,397,500</u>	<u>-</u>	<u>-</u>	<u>1,397,500</u>	<u>20,000</u>
Other blended component units:					
A.E. Associates LP	4,628,231	-	33,441	4,594,790	25,830
Poco Way HDC, Inc.	-	9,522,529	506,018	9,016,511	-
Rotary Plaza/ HACSC HDC, Inc.	3,626,393	-	121,259	3,505,134	129,378
San Pedro Gardens Associates	1,640,723	-	14,188	1,626,535	15,888
S.P.G. Housing, Inc.	2,107,591	-	32,670	2,074,921	44,989
Total other blended component units	<u>12,002,938</u>	<u>9,522,529</u>	<u>707,576</u>	<u>20,817,891</u>	<u>216,085</u>
Interest payable:					
Other programs	727,756	149,458	126,471	750,743	126,309
Other blended component units	4,577,146	386,937	132,657	4,831,426	196,322
Eliminations	(314,749)	(30,453)	-	(345,202)	(173,046)
Total interest payable	<u>4,990,153</u>	<u>505,942</u>	<u>259,128</u>	<u>5,236,967</u>	<u>149,585</u>
Payment in lieu of taxes	84,473	1,917	76,756	9,634	-
Accrued vacation and sick leave	886,741	209,205	84,742	1,011,204	258,545
Total primary government	<u>\$ 26,996,805</u>	<u>\$ 10,239,593</u>	<u>\$ 1,293,202</u>	<u>\$ 35,943,196</u>	<u>\$ 814,215</u>

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As discussed in Note 1, the Authority changed the presentation of certain discrete component units to blended component units. As a result, the Authority restated the July 1, 2014 long-term obligation balance in the amount of \$21.5 million to record the debt and related accrued interest in the amount of \$4.6 million as of the general partner entities' year end of December 31, 2014. In addition, the Authority included the current portion of interest payable in table above for the year ended June 30, 2015.

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. At June 30, 2015, the letter of credit was set to expire on September 1, 2015. The Financing Authority's repayment of unreimbursed draws made on the credit facilities bear interest at rates as defined in the reimbursement agreement up to LIBOR plus 4% per annum with the principal due at September 1, 2015. The Financing Authority is required to pay U.S. Bank N.A. an annual commitment fee of 1.50% based on the outstanding principal amount of the bonds supported by the credit facility. For the year ended June 30, 2015, the Authority paid an annual commitment fee in the amount of \$41,689. On August 11, 2015, the Financing Authority extended the letter of credit with U.S. Bank N.A. and the new expiration date is August 31, 2018. 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 Financing 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 \$11,639,305 payable through September 1, 2038. For the current year, the total lease (debt service) payments made by the Authority totaled \$405,351 of which \$165,000 was applied to principal and \$240,351 to interest.

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Annual debt service requirements of the primary government's lease revenue bonds and notes payable to maturity are as follows:

Year Ending June 30.	Housing Development Corporation Lease Revenue Bonds		Section 8 Rental Voucher Program Notes Payable	
	Principal	Interest	Principal	Interest
2016	\$ 170,000	\$ 239,220	\$ 20,000	\$ 43,150
2017	180,000	236,345	-	43,150
2018	190,000	233,340	-	43,150
2019	200,000	230,200	-	43,150
2020	210,000	227,050	-	43,150
2021 - 2025	1,200,000	1,085,085	1,377,500	169,575
2026 - 2030	1,510,000	999,315	-	-
2031 - 2035	1,910,000	723,000	-	-
2036 - 2040	1,900,000	195,750	-	-
2041 - 2045	-	-	-	-
2046 - 2050	-	-	-	-
	<u>\$ 7,470,000</u>	<u>\$ 4,169,305</u>	<u>\$ 1,397,500</u>	<u>\$ 385,325</u>

The other blended component units' long-term debt are generally subject to changes in net cash flows and are payable from excess/distributable cash. See additional information on the debt in note 17.

Note 9 - Deficit program net position

At June 30, 2015, the Housing Development Corporation has a program deficit net position of \$236,002 and the Property Management, Inc. has a deficit net position of \$125,809. These deficits are within the level that be could covered by the Authority's HARA program's positive net position.

In addition, the following general partner entities have a deficit net position as of December 31, 2014:

A.E. Associates, LP	\$ (2,373,604)
Avenida Espana HDC, Inc.	(2,043,568)
DeRose HDC, Inc.	(2,189,196)
Pinmore HDC, Inc.	(2,476,196)
Rotary Plaza/ HACSC HDC, Inc.	(463,785)
San Pedro Gardens Associates	(1,416,428)

These entities are the non-profit entities or limited partnerships that were created by the Authority to own and operate low-income residential properties in the County of Santa Clara. The net deficit of these entities are mainly from cumulative operating losses, including depreciation expense on the properties. However, based on the Authority's past experience, these deficit balances are likely to be recovered from the sale or transfer of the low-income property at fair market values. The remaining deficits will be funded by the Authority's MTW funds under its preservation program, which is considered as a MTW non-traditional activity.

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Note 10 - Related parties

The Authority has the following receivables from related parties and other component units as of June 30, 2015:

Receivables due from Component Units	Short-term receivables	Notes Receivables	Lease/ Mortgage Receivables	Seller Take-Back Note	Interest on Receivables	Development and Other Services	Other Advances	Elimination	Subtotal	Total
AE Associates, Ltd.	-	\$ 34,237	\$ 10,000	-	-	-	-	\$ (44,237)	-	-
Avenida Espana HDC, Inc	156,983	-	-	-	-	12,330,000	85,078	(12,330,000)	85,078	242,061
Bascom/HACSC Associates LP	-	-	-	-	-	-	15,000	-	15,000	15,000
Bendorf Drive LP	-	800,000	-	9,277,939	360,509	1,100,000	41,104	-	11,579,552	11,579,552
Blossom River Associates LP	-	-	-	-	-	-	15,000	-	15,000	15,000
Branham Lane LLC	117,600	-	-	-	-	-	-	-	-	117,600
Bracher Associates LP	37,158	-	-	-	-	-	-	-	-	37,158
Clarendon Street LP	-	920,000	-	7,976,305	184,526	-	-	-	9,080,831	9,080,831
HACSC/Family Choices Associates LP	-	-	-	-	-	-	15,000	-	15,000	15,000
HACSC/Senior Choices Associates LP	-	-	-	-	-	-	15,000	-	15,000	15,000
Halford Avenue LLC	13,335	-	-	2,843,750	-	-	-	-	2,843,750	2,857,085
Helzer Associates LP	-	-	-	-	-	300,485	67,485	-	367,970	367,970
Huff Avenue Associates LP	15,000	-	-	-	-	-	-	-	-	15,000
Julian Street Partners L.P	154,054	-	-	22,802,850	4,252,940	-	-	-	27,055,790	27,209,844
Klamath Associates LP	100,827	-	-	-	-	-	7,935	-	7,935	108,762
McCreery Avenue LP	-	-	-	-	-	117,800	-	-	117,800	117,800
Opportunity Center Associates LP	25,445	-	-	-	-	-	26,798	-	26,798	52,243
Pinmore HDC	-	3,200,000	-	-	360,249	-	-	(3,560,249)	-	-
Poinciana Drive LLC	9,476	-	-	1,706,250	-	-	-	-	1,706,250	1,715,726
Rincon Garden Associates LP	76,617	-	-	15,670,000	1,460,805	-	-	-	17,130,805	17,207,422
Rotary Plaza/HACSC HDC, Inc	-	-	30,000	-	-	-	-	(30,000)	-	-
San Pedro Garden Associates	-	20,000	119,353	-	-	-	-	(139,353)	-	-
South Drive LLC	1,917	-	-	-	-	-	-	-	-	1,917
SPG Housing, Inc	-	-	1,421,253	-	-	-	-	(1,388,253)	33,000	33,000
Thunderbird Associates LP	-	-	-	-	-	-	15,000	-	15,000	15,000
Villa San Pedro Inc	-	1,500,000	-	-	41,100	-	-	(1,541,100)	-	-
Willows/HACSC Associates	-	-	-	-	-	116,710	35,054	-	151,764	151,764
Total	\$ 708,412	\$ 6,474,237	\$ 1,580,606	\$ 60,277,094	\$ 6,660,129	\$ 13,964,995	\$ 338,454	\$ (19,033,192)	\$ 70,262,323	\$ 70,970,735

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Short-term receivables and other advances

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.

Notes receivable

The notes receivable executed between the Authority and the affiliates are approved by the Board and occur as needed. Significant notes receivables between the Authority and its discrete component units are noted below:

Bendorf Drive LP - In December 2013, the Authority loaned Bendorf Drive LP \$800,000 to pay the pre-existing HUD financing in connection with its acquisition of the Villa San Pedro Apartment complex. The note bears interest at 3.32% compounded annually, matures on December 31, 2069 and is payable from excess/distributable cash. As of June 30, 2015, the balance on the note is \$800,000.

Clarendon Street Associates LP - The Authority has loaned the corporation's affiliated partnership, Clarendon Street, L.P. ("Clarendon"), an original amount of \$1,275,397. This loan bears interest at 2.40%, matures on December 31, 2068, and payable from excess/distributable cash. The balance as of June 30, 2015, was \$920,000.

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. The note was paid in full in March 2015.

In addition, the Authority made loans to its blended component units. The amounts have been eliminated on the statement of net position against the related payables because these component units are reported with the primary government. The notes receivables between the Authority and its blended component units are noted below:

AE Associates - In October 1994, The Authority provided an unsecured loan, in the original amount of \$96,693, to the partnership. The balance as of June 30, 2015 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 for pre-development expenditures related to the affordable housing project located at 777 Park Avenue in San Jose, California. Commencing on July 1, 2015, the principal due under this Note will bear simple interest at the rate of the then published Applicable Federal Rate and will be repaid annually from Net Cash Flows. The note is a nonrecourse and unsecured obligation. The balance as of June 30, 2015 was \$3,200,000.

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 and is a nonrecourse and unsecured obligation. The note is for the property acquisition of 898 Paula Street, San Jose, CA, which is to be used as low income housing. The note was paid in full in March 2015.

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 and is a

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nonrecourse unsecured obligation. The note is for the property acquisition of this project located at 1900 Poco Way, San Jose, CA, which is to be used as low income housing. The note was paid in full in March 2015.

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, 2015 was \$20,000. The loan is non-interest bearing and is due on demand.

Villa San Pedro HDC, Inc. - In March 2013, the Authority loaned Villa San Pedro HDC, Inc. \$1,500,000 to pay for pre-development costs associated with the affordable housing project located at 282 Danze Drive, San Jose, California (Villa San Pedro Apartments). The note bears simple interest at the published Applicable Federal Rate and is due at the earlier of the sale or transfer of the property or March 2069. As of June 30, 2015, the balance on the note is \$1,500,000.

Leases/mortgage receivable

Lease/Mortgage receivables are accrued lease payments incurred by land lease agreements between the Authority (Lessor) and several affiliated entities (Lessees), which are paid back to the extent of the entities' available operating cash flow surplus. The Authority made leases and mortgage loans receivables to its blended component units. The amounts have been eliminated on the statement of net position against the related payables because these component units are reported with the primary government. The lease/mortgage receivables between the Authority and its blended component units are noted below:

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. As of June 30, 2015, the lease receivable balance is \$10,000.

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. As of June 30, 2015, the lease receivable is \$30,000.

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. As of June 30, 2015, the lease receivable is \$119,353.

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. As of June 30, 2015, the lease receivable is \$1,421,253. As of December 31, 2014, S.P.G. Housing, Inc.'s financial statements note an amount of \$1,388,253. Accordingly, \$1,388,253 has been eliminated against the payable because S.P.G. Housing, Inc. is a blended component unit of the Authority.

Seller take-back notes

Bendorf Drive, LP - In December 2013, Bendorf Drive, LP entered into a seller take-back note with Villa San Pedro HDC, Inc. in the amount of \$9,277,939 for a 100-unit affordable housing complex (Villa San Pedro Apartments). The note bears interest at 3.32% compounded annually, payable from excess

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distributable cash, with the entire principal and interest due in full in December 2069. As of December 31, 2014, the outstanding amount is \$9,277,939.

Clarendon Street, L.P. - In 2013, Clarendon Street, L.P. into a seller take-back note with Villa Garcia, Inc. in the amount of \$8,724,603. The note bears interest at 2.4% compounded annually, payable from available excess/distributable cash, with the entire principal and interest due in full by December 31, 2068. As of December 31, 2014, the outstanding amount is \$7,976,305.

Halford LLC - On June 30, 2014, the Authority (Lessor) and the partnership (Lessee) entered into a seller take-back note in the amount of \$2,843,750. The note is secured by a subordinate deed of trust recorded against the Eklund Gardens I property and bears no interest. Payments are due and payable beginning June 1, 2015, continuing on the same day of each year thereafter until the maturity date of December 31, 2044, to the extent of available Net Cash Flow. As of June 30, 2015, the outstanding amount is \$2,843,750.

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 June 1, 2011 and continues on the first day of each year thereafter until the maturity date, December 31, 2055, to the extent of available net cash flow as defined in the agreement. As of June 30, 2015, the outstanding amount is \$22,802,850.

Poinciana LLC - On June 30, 2014, the Authority (Lessor) and the partnership (Lessee) entered into a seller take-back note in the amount of \$1,706,250. The note is secured by a subordinate deed of trust recorded against the Eklund Gardens II property and bears no interest. Payments are due and payable beginning June 1, 2015, continuing on the same day of each year thereafter until the maturity date of December 31, 2044, to the extent of available Net Cash Flow. As of June 30, 2015, the outstanding amount is \$1,706,250.

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.

Development and other services

The Authority advanced funds to 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 entities are reported as blended component units within the primary government financial statements.

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Investments in affiliated limited partnerships

Investments in affiliated limited partnerships as of June 30, 2015 include the following:

<u>Blended Component Units</u>	<u>Investee Partnerships</u>	<u>Amount</u>
Avenida Espana HDC, Inc.	AE Associates, Ltd. Julian Street Partners, L.P. McCreery Avenue L.P. Rincon Gardens Associates, L.P.	\$ 9,917,882
Bracher HDC, Inc.	HACSC/Choices Senior Associates HACSC/Choices Family Associates	(2,191)
DeRose HDC, Inc.	Bascom HACSC Associates Blossom River Associates Hermocilla LLC Thunderbird Associates	(2,246,713)
Opportunity Center HDC, Inc.	Opportunity Center Associates, L.P.	1,896,626
Pinmore HDC, Inc.	Fairground Luxury Family Apartments L.P. Fairgrounds Senior Housing, L.P. Helzer Associates Willows HACSC Associates	(2,609,731)
Poco Way HDC, Inc.	Poco Way Associates	(9,687)
Villa Garcia, Inc.	Clarendon Street L.P.	1,322
Total		<u>\$ 6,947,508</u>

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, 2015, the Authority has an unearned revenue balance in the amount of \$1,334,791 related to this ground lease.

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Guarantees, commitments and contingencies

Loan commitments - The Authority has committed funds for loans to various entities as of June 30, 2015. The amount of loans the Authority has committed to fund but has not funded as of June 30, 2015 is as follows:

Name of Project	Loan Commitment	Funded Amount	Unfunded Amount
Bendorf LLP	\$ 2,000,000	\$ 1,100,000	\$ 900,000

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, 2015, the Authority's significant guarantees and commitments are summarized as follows:

Properties	Operating Deficit Guarantees	General Partner Demand Note	Tax Indemni- fication Guarantees	Loan Repayment Guarantees	Investor Guarantee	HAP contract, Property Tax, Meal Service Program (if applicable)
A.E. Associates LP	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -
Bascom/HACSC Associates LP	-	-	424,512	-	-	-
Bendorf Drive LP	650,000	-	-	-	-	-
Blossom River Associates LP	-	250,000	-	-	-	-
Clarendon Street LP	575,000	-	7,241,109	-	-	-
DeRose Garden Apartments (SPG Housing, Inc.)	-	175,000	-	-	-	-
HACSC/Family Choices Associates LP	1,300,000	-	259,618	-	-	-
HACSC/Senior Choices Associates LP	840,000	-	941,782	-	-	-
Helzer Associates LP	630,000	-	597,795	-	-	-
Huff Avenue Associates LP	-	277,000	-	-	-	-
Julian Street Partners L.P.	1,900,000	-	14,824,739	-	Unlimited	Unlimited
McCreery Avenue LP	-	-	-	24,833,054	-	-
Rincon Garden Associates LP	-	194,000	-	-	-	-
Rotary Plaza/HACSC HDC, Inc	1,400,000	-	5,694,012	-	-	-
San Pedro Gardens Associates	-	80,000	-	-	-	-
Willows/HACSC Associates	643,000	-	-	-	-	-
Total	\$ 7,938,000	\$ 1,126,000	\$29,983,567	\$24,833,054		

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 L.P. - 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 L.P. of a 144-unit multifamily rental housing project, Blossom River Apartments, 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. The series A-T bonds matured on September 1, 2004. At June 30, 2015, the principal amount payable for the A series issues was \$11,630,000.

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Clarendon Street Associates L.P. - In November 2012, the Authority participated in the issuance of Multifamily Housing Revenue Bonds in the amount of \$13,000,000. These bonds were issued to provide a portion of the financing for the acquisition and construction renovation by Clarendon Street L.P. of an 80-unit multifamily rental housing development project 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. The multifamily Housing Revenue Construction Note was paid off at permanent loan conversion in May 2014. The remaining 2 notes, which are the Multifamily Housing Revenue Construction/Permanent Tranche A and Tranche B have balances of \$4,593,425 and \$1,935,958, respectively.

HACSC/Family Choices 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 for the 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, 2015, the principal amount payable for this issue was \$7,790,000.

HACSC/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, 2015, the principal amount payable for this issue was \$5,900,000.

Julian Street Partners L.P. - The Authority issued Multifamily Housing Revenue Bonds, 2010 Series A-1 loan in an amount of \$18,035,000 and 2010 Series A-2 in an amount of \$26,115,000 to provide financing to Julian Street Partners L.P. for the acquisition and rehabilitation of six affordable housing complexes. Series A-2 was paid in full in June 2012, as part of the permanent loan conversion. At June 30, 2015, the principal amount payable for the A-1 series issue was \$15,915,000.

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 the Willows Apartments, a 47-unit multifamily rental housing project. At June 30, 2015, the principal amount payable on the bond issue was \$3,981,000.

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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, 2015, the Authority has the following outstanding conduit debt with non-Authority related entities:

<u>Partnerships</u>	<u>Projects</u>	<u>Number of Units</u>	<u>Original Issue</u>	<u>Balance June 30, 2015</u>
MP Timberwood Associates	Timberwood	286	\$ 18,415,000	\$ 10,635,000
Monte Vista Associates, LP	Monte Vista Terrace	150	13,000,000	8,729,000
The Fountains	The Fountains	124	3,500,000	1,415,000
MP Latham Associates	Latham Park	74	4,500,000	1,354,858
Total		<u>634</u>		<u>\$ 22,133,858</u>

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.

<u>Liabilities</u>	<u>Deductible</u>	<u>Coverage</u>	<u>Excess</u>
General Liability	\$ 25,000	\$ 10,000,000	N/A
Personal and Advertising injury	25,000	10,000,000	N/A
Business Automobile Liability	-	5,000,000	N/A
Mold, Other Fungi or Bacteria Liability	25,000	250,000	N/A
Pesticide Liability	2,500	50,000	N/A
Employees Benefits	1,000	1,000,000	N/A
Employer's Practice Liability	75,000	2,000,000	N/A
Worker's Compensation	-	500,000	Statutory

There were no claims and no changes in the Authority's claims liability during the fiscal years ended June 30, 2015 and 2014.

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Note 13 – Pension plan

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Authority’s Miscellaneous Plan (Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and the Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website, <<http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports/home.xml>>.

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

	<u>Prior to</u> <u>January 1, 2013</u>	<u>On or After</u> <u>January 1, 2013</u>
Hire Date		
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service
benefit Payments	monthly for life	monthly for life
Retirement Age	50 -55	62 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	6.996%	6.250%
Required employer contribution rates	9.231%	7.750%

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for the plans:

Inactive employees or beneficiaries currently receiving benefits	49
Active employees	<u>123</u>
Total	<u><u>172</u></u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, the employee contribution rate for classic employees (employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in CalPERS system) is 6.996 percent of annual pay. Since January of 2010 the Authority contributes the employee’s portion on

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behalf of its employees. The employer's contribution rate is 9.231 percent of annual payroll. For non-classic members (employees hired after January 1, 2013) the employee's contribution rate is 6.25 percent and the employer contribution rate is 7.75 percent.

B. Net Pension Liability (Asset)

The Authority's net pension liability (asset) for its Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. At June 30, 2015, the Authority reported a net pension asset of \$8.8 million for its Plan. A summary of principal assumptions and methods used to determine the net pension liability (asset) is shown below.

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Services
Investment Rate of Return ¹	7.50%
Mortality ²	Derived using CalPERS' Membership Data for all Funds

¹ Net of pension plan investment and administrative expenses, includes inflation.

² The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report.

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Authority.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue

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using a discount rate net of administrative expenses for GASB Statement Nos. 67 and 68 calculations through at least the 2017-18 fiscal years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

¹ An expected inflation of 2.5 percent used for this period.

² An expected inflation of 3.0 percent used for this period.

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C. Changes in the Net Pension Liability (Asset)

The following table shows the changes in net pension liability (asset) recognized over the measurement period.

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances calculated at July 1, 2014	\$ 45,080,983	\$ 48,727,569	\$ (3,646,586)
Changes for the year:			
Service cost	1,413,145	-	1,413,145
Interest on total pension liability	3,356,632	-	3,356,632
Contributions from employer	-	824,681	(824,681)
Contributions from employees	-	670,406	(670,406)
Net investment income	-	8,433,099	(8,433,099)
Benefit payments, including refunds of employee contributions	(2,064,928)	(2,064,928)	-
Net changes	2,704,849	7,863,258	(5,158,409)
Balances reported at June 30, 2015	\$ 47,785,832	\$ 56,590,827	\$ (8,804,995)

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense, which may differ from the plan assets reported in the funding actuarial valuation report.

² Net of administrative expenses.

Sensitivity of the Net Pension Liability (Asset) to Changes in Discount Rate - The following presents the net pension liability (asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate -1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (7.50%)
Net Pension Liability (Asset)	\$ (1,990,691)	\$ (8,804,995)	\$ (14,493,286)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan fiduciary net position is available in the separately issued CalPERS financial reports. The plan fiduciary net position disclosed per the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the Authority's funding actuarial valuation. In addition, differences may result from early financial statement closing and final reconciled reserves.

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D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Authority recognized a negative pension expense of \$485,766. At June 30, 2015, the Authority deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>of Resources</u>	<u>of Resources</u>
Pension contributions subsequent to measurement date	\$ 723,723	\$ -
Net difference between projected and actual earnings on plan investments	-	3,847,962
Total	<u>\$ 723,723</u>	<u>\$ 3,847,962</u>

The \$723,723 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an addition of the net pension asset in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources will be recognized as future pension expense as follows.

Year Ended June 30,	
2016	\$ (961,991)
2017	(961,991)
2018	(961,991)
2019	(961,989)

Note 14 –Other postemployment benefits

Plan description - The Authority provides eligible employees with postretirement 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 has made contributions toward the medical premiums of employees who meet the conditions set forth in the following table.

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Minimum Retirement Age *	Years of Service with the Authority		
	At least 20 and less than 25	At least 25 and less than 30	30 or more
62	80%	90%	100%
63	85%	95%	100%
64	90%	100%	100%
65	100%	100%	100%

* Employee must reach this age while employed.

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 CalPERS, 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, 2015, the Authority’s annual other postemployment benefits (“OPEB”) cost is actuarially determined in accordance with the parameters of GASB No. Statement 45, and based on the Authority’s most recent OPEB actuarial valuation that was performed as of July 1, 2013. The following table shows the components of the Authority’s annual OPEB cost for the year, the amount contributed to the plan, and changes in the Authority’s net OPEB obligation (asset):

Annual required contribution	\$ 165,067
Interest on net OPEB asset	(15,655)
Adjustment to annual required contribution	<u>22,041</u>
Annual OPEB cost	<u>171,453</u>
Contributions:	
Payments on behalf of retirees	(412,352)
Contributions to OPEB trust	<u>(712,977)</u>
Total contributions	<u>(1,125,329)</u>
Increase in net OPEB asset	(953,876)
Net OPEB obligation (asset), beginning of year	<u>(244,995)</u>
Net OPEB obligation (asset), end of year	<u><u>\$ (1,198,871)</u></u>

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Three year trend information is as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>OPEB</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation/</u> <u>(Asset)</u>
2015	\$ 171,453	656.3%	\$ (1,198,871)
2014	185,004	232.4%	(244,995)
2013	192,089	100.0%	-

Funding status and funding progress - the table below indicates the funded status of the OPEB Plan as of July 1, 2015 (the most recent actuarial study):

Actuarial accrued liability (AAL)	\$ 10,558,090
Actuarial value of plan asset	<u>8,506,685</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,051,405</u>
Funded ratio (actuarial value of plan assets)/AAL	80.6%
Annual covered payroll (active plan members)	\$ 9,393,019
UAAL as percentage of covered payroll	21.8%

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.

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A summary of the actuarial assumptions and methods used to calculate the annual required contribution for the year ended June 30, 2015 and the most recent funding status as of July 1, 2015 is as follows:

	July 1, 2013	July 1, 2015
Valuation date	July 1, 2013	July 1, 2015
Purpose	Fiscal year 2015 annual required contribution	Most recent funding status
Actuarial cost method	Entry age normal cost, level percent of pay	Entry age normal cost, level percent of pay
Asset valuation method	Market value of assets	Market value of assets
Long term return on assets	6.39%	6.73%
Discount rate	6.39%	6.73%
Salary increase	3.25% per year, used only to allocate the cost of benefits between service years	3.25% per year, used only to allocate the cost of benefits between service years
General inflation rate	3.00% per year	2.75% per year
Healthcare cost trend rate	Actual for 2014, 8.50% for 2015, reduced by decrements to an ultimate rate of 4.64% in year 2025 and later	8.00% for 2016, reduced by decrements to an ultimate rate of 5.50% in year 2021 and later

Note 15 - 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, 2015, approximately 96% of operating revenues and 98% 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.

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Note 16 - 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 the Authority became an MTW agency, the Authority 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 on December 9, 2011, HUD has implemented the United States Treasury's rule on cash management on all MTW Public Housing Authorities (MTW-PHA), including the Authority, 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 MTWPHA 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, the 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*

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for HCV Program, issued in 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 define 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 Statement No. 33 also provides that a PHA that treats the HCV program as an enterprise fund and uses the accrual basis (as does the Authority) 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. The Authority believes that 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 the Authority's management is of the opinion that HUD-Held Program funds should be recognized as revenues on the Authority's financial statement as the funds meet all the criteria and conditions of GASB Statement No. 33 for a voluntary non-exchange transaction. Accordingly, the Authority has recognized these HUD-Held HCV (MTW) Program funds (\$50,163,270 as of June 30, 2015) as revenues and receivables on its financial statements.

The Authority's fiscal year ended June 30, 2014 MTW-HCV HUD Housing Assistance revenues in calendar year 2014 were restored to a 99.7% pro-ration level, after the federal budget cuts named called sequestration cuts in 2013. In calendar year 2015, the HUD Housing Assistance revenues were further restored to 101.25% pro-ration level allowing the Authority to continue its efforts in reversing and mitigating some of the program changes made in September 2013. The following program changes were implemented in calendar year 2015.

- Lifted the freeze on issuing new vouchers in February 2015 and
- Progressively increased payment standards to 110% of fair market rent (FMR) (increased to 95% in January 2015, 100% in August 2015 and 110% in September 2015).

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Note 16 - Moving-to-Work program (Continued)

During the year ended June 30, 2015, the unrestricted net position activities of the Section 8 Rental Voucher Program and the Moving To Work Program are as follows:

	MTW - Public Housing		Section 8 Rental Voucher Program		Moving To Work Program			
	Conventional Housing Program and Public Housing Capital	Section 8 Vouchers Fee Reserves	Tenant Protection	Total Section 8 Rental Voucher Program	MTW - Contingency Reserve Fund	Park Avenue	MTW Reserves	Moving To Work Program
Unrestricted net position at June 30, 2014, as previously reported	\$ (53,852)	\$ 19,790,166	\$ 349,513	\$ 20,139,679	\$ -	\$ (134,294)	\$ 24,725,471	\$ 24,591,177
Implementation of GASB Statement Nos. 68 and 71	-	(9,010,419)	-	(9,010,419)	-	-	-	-
Balance at June 30, 2014, as restated	(53,852)	10,779,747	349,513	11,129,260	-	(134,294)	24,725,471	24,591,177
Year ended June 30, 2015 operating activity:								
HAP earned	-	-	-	-	-	-	243,485,058	243,485,058
HAP earned Port-In	-	-	-	-	-	-	681,212	681,212
Administrative fees earned	-	-	-	-	-	-	14,717,476	14,717,476
Administrative fees from Portability earned	-	29,418	-	29,418	-	-	-	-
Public Housing rental income	25,176	-	-	-	-	-	-	-
Operating subsidy	-	-	-	-	-	-	8,004	8,004
Grant revenue	-	-	-	-	-	-	22,203	22,203
Pension income (expense)	-	388,093	-	388,093	-	-	-	-
Other income	88,907	184,285	-	184,285	17,054	-	60,576	77,630
Gain/(loss) on investments	-	-	-	-	(35,268)	-	706	(34,562)
50% of fraud recovery	-	10,899	-	10,899	-	-	10,899	10,899
HAP expense	-	(199,001,600)	(79,311)	(199,080,911)	-	-	-	-
HAP expense Port-In	-	(681,212)	-	(681,212)	-	-	-	-
Administrative and operational expenses	(113,721)	(14,873,633)	(3,401)	(14,877,034)	(48)	(9,337)	-	(9,385)
Net increase/(decrease) in long term obligation	-	-	-	-	-	-	-	-
Net decrease/(increase) in capital assets	2,345,609	48,882	-	48,882	-	-	-	-
Capital gains from sale of Eklund I and II	2,239,380	-	-	-	-	-	-	-
Year ended June 30, 2015 transfers in (out):								
To transfer reimbursement from HARA for executive compensation per HUD notice PIH 2012-14	-	216,921	-	216,921	-	-	-	-
Transfer from indirect support departments	-	422,130	-	422,130	-	-	-	-
To receive transfer from Rincon Disposition to cover Eklund Park's operating expenses	22,233	-	-	-	-	-	90,777	90,777
To transfer out to Preservation Funds for Bendorf Drive LP rehabilitation project as approved by the Authority's Board	-	-	-	-	-	-	(2,000,000)	(2,000,000)
To transfer out proceeds from Eklund I and II disposition as notes receivables	(4,550,000)	-	-	-	-	-	-	-
Other interfund transfers between MTW and MTW related programs	49,802	216,439,388	28,859	216,468,247	8,000,000	143,491	(224,661,539)	(216,518,048)
Subtotal year ended June 30, 2015 activity	107,386	3,183,571	(53,853)	3,129,718	7,981,738	134,154	32,415,372	40,531,264
Unrestricted net position at June 30, 2015	\$ 53,534	\$ 13,963,318	\$ 295,660	\$ 14,258,978	\$ 7,981,738	\$ (140)	\$ 57,140,843	\$ 65,122,441

HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA

(A Component Unit of the County of Santa Clara)

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Note 17 – Related Parties Transactions

The following entities are considered component units of the Authority and are presented in accordance with GASB Statement 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 disclosures are presented pursuant to GASB Statement 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 disclosures 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.

The debt obligation noted in the following section, with the exception of land leases, does not include debt related to the Authority or its affiliates.

Other Blended Component Units

AE Associates, LTD

Ground lease

This Partnership leases land on which the Avenida Espana Gardens 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

State of California, Department of Housing and Community Development Rental Housing Construction Program (“RHCP”) Loan - The loan 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.

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

	December 31, 2014			Amounts due within one year
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	
RHCP Loan	\$ 2,127,426	\$ 3,285,000	\$ 5,412,426	\$ 25,830
City of San Jose	-	1,309,790	1,309,790	-
Total	<u>\$ 2,127,426</u>	<u>\$ 4,594,790</u>	<u>\$ 6,722,216</u>	<u>\$ 25,830</u>

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Poco Way HDC, Inc. (Poco Way Apartments)

Long-term debt

Citibank Loan - The loan dated February 2, 2005, in the amount of \$4,669,000, is secured by the Poco Way Apartments Project (the project) and is separated into three tranches as follows: 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. The note was paid off as part of the project's sale to McCreery Avenue Associates on February 20, 2015.

City of San Jose Note - The note dated May 30, 1997, in the amount of \$5,786,958, is secured by a deed of trust and 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 1st of each year thereafter. In addition, on May 30, 1997, this partnership executed a second promissory note (the second note) with the City of San Jose in the amount of \$237,300, which is secured by a deed of trust on the property.

It bears no interest and has a maturity date of June 1, 2027. The entire unpaid balance of principal on the Second Note shall be due and payable on the maturity date. The second note was forgiven and the first note was in part paid down and in part assumed when the Poco Way Apartment Project was sold to McCreery Avenue Associates on February 20, 2015 as described below.

	April 30, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	\$ 19,361	\$ 3,525,879	\$ 3,545,240	\$ 19,361
City of San Jose Note	-	5,490,632	5,490,632	-
Total	\$ 19,361	\$ 9,016,511	\$ 9,035,872	\$ 19,361

Special item

On April 30, 2014, Poco Way HDC, Inc., purchased the Poco Way project, a 130-unit affordable apartment complex for the low-income families located in San Jose from MHIFED 96, Limited Partnership, a California limited partnership. Since the parties involved in the sales transaction are related, generally accepted accounting principles require that Poco Way HDC, Inc. record the transaction based on the seller's carrying value of the assets at the time of acquisition.

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Details from the sale are as follows:

Land	\$	5,131,161
Structures and improvements		16,300,854
Furniture and equipment		411,383
Accumulated depreciation		<u>(7,265,452)</u>
Carrying value of assets at April 30, 2014		14,577,946
Less purchase price		<u>(9,323,116)</u>
Excess of carrying value of assets over purchase price on related party acquisition	\$	<u>5,254,830</u>

The excess of carrying value over the purchase price is recorded as a special item.

Subsequent Event

On February 20, 2015, Poco Way HDC, Inc. sold the project to McCreery Avenue Associates, a California Limited Partnership for total consideration as follows:

Cash	\$	5,588,016
Note receivable from Poco Way HDC, Inc.		10,021,352
San Jose City Note (first City note assumed)		<u>4,490,632</u>
Total consideration	\$	<u>20,100,000</u>

Gain on sale of the project is computed as follows:

Total consideration	\$	20,100,000
Adjustment to first City note		(325,295)
Net book value of property and equipment		(14,296,633)
Other sale expenses		<u>(61,148)</u>
Gain on sale of project	\$	<u>5,416,924</u>

Rotary Plaza/HACSC HDC, Inc. (Morrone Garden Apartments)

Ground lease

On April 19, 2013, Rotary Plaza/HACSC HDC, Inc. assumed the 60-year ground lease agreement entered into by Morrone Gardens Associates and the Authority on July 22, 1994, for the land on which the Morrone Gardens Apartments (the project) was built. The annual rent is \$20,000 and is payable to the extent of surplus cash. Any unpaid rent accrues interest at 7% compounded annually and is payable in subsequent years from surplus cash.

Long-term debt

California Community Reinvestment Corporation Note ("CCRC Note") - The note is dated September 23, 1994, in the original amount of \$2,982,000, is secured by the Morrone Gardens Apartment building, 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 was assumed by Rotary Plaza/HACSC HDC, Inc. at the time it acquired the project, on April 19, 2013.

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City of San Jose Note: The note dated April 1, 2010, in the amount of \$1,802,332, is secured by the 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 Rotary Plaza/HACSC HDC, Inc. at the time it acquired the project, on April 19, 2013.

	December 31, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
CCRC Note	\$ 173,046	\$ 1,702,801	\$ 1,875,847	\$ 173,046
City of San Jose Note	1,355,497	1,802,333	3,157,830	129,378
Total	\$ 1,528,543	\$ 3,505,134	\$ 5,033,677	\$ 302,424

San Pedro Gardens LTD

Ground lease

The Partnership leases the land on which the San Pedro Gardens Project was built from the Authority. The lease ends in 2056 and requires an annual payment of \$10,000, which is payable from excess/distributable cash. The unpaid rent accrues interest at 8% compounded annually.

Long-term debt

Citibank Loan - The original loan amount of \$337,400, currently bears interest at 2% per annum per annum and is payable in monthly installments of \$1,520.

State of California, Department of Housing and Community Development Rental Housing Construction Program (RHCP) Loan - The loan bears simple interest at 3% and is due in full in January 2047. Annual payments of principal and interest are payable from excess/distributable cash.

	December 31, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	\$ 228	\$ 137,035	\$ 137,263	\$ 15,888
RHCP Loan	979,797	1,489,500	2,469,297	-
Total	\$ 980,025	\$ 1,626,535	\$ 2,606,560	\$ 15,888

S.P.G. Housing, Inc. (DeRose Gardens Apartments)

Ground lease

S.P.G. Housing, Inc. subleases the land on which DeRose Senior Housing was built from the Authority. The sublease ends in year 2028 and requires a monthly base payment of \$5,500 which is subject to annual increases and an annual payment of \$66,000, which is payable from distributable cash. The unpaid rent accrues without interest.

Long-term debt

Citibank Loan - The loan in the original amount of \$1,015,000, bears an 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.

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City of San Jose Note - The note bears 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, 2014			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Citibank Loan	\$ 3,915	\$ 674,921	\$ 678,836	\$ 48,904
City of San Jose Note	-	1,400,000	1,400,000	-
Total	<u>\$ 3,915</u>	<u>\$ 2,074,921</u>	<u>\$ 2,078,836</u>	<u>\$ 48,904</u>

Villa San Pedro HDC, Inc.

Special item

On December 19, 2013, Bendorf Drive LP purchased the Villa San Pedro Apartments, a 100-unit affordable apartment complex for the low-income families located in San Jose from Villa San Pedro HDC, Inc. Since the buyer of the property is deemed to be controlled by the seller through its general partner interest, generally accepted accounting principles require that Bendorf Drive LP record the transaction based on the seller's carrying value of the assets at the time of acquisition. Details from the purchase are as follows:

Land	\$ 1,900,000
Structures and improvements	6,024,446
Furniture and equipment	20,112
Accumulated depreciation	<u>(3,913,413)</u>
Carrying value of assets at December 13, 2013	4,031,145
Less purchase price	<u>(16,000,000)</u>
Excess of debt assumed over the carrying value of property acquired	<u>\$ (11,968,855)</u>

The excess of debt assumed over the carrying value of the property acquired is recorded as a special item in Villa San Pedro HDC, Inc.

Discrete Component Units

Bascom HACSC Associates

Organization

Bascom HACSC Associates, a California limited partnership ("Bascom"), 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. Bascom operates El Parador Apartments, which consists of one residential building containing 125 units, 124 units are made available to very low income seniors, and one unit is set aside as a manager's unit.

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Long-term debt

Tax-exempt bonds Series A and B - The bonds issued by the City of San Jose, 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. In 2002, Series A was converted to an amortizing mortgage. 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.

City of San Jose Note - The note is dated December 1, 2000, in the original amount of \$7,370,000 is 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, 2014			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Tax-exempt bonds				
Series A and Series B	\$ 172,781	\$ 5,620,002	\$ 5,792,783	\$ 342,781
City of San Jose Note	<u>1,606,058</u>	<u>6,979,530</u>	<u>8,585,588</u>	<u>63,709</u>
Total	<u>\$ 1,778,839</u>	<u>\$ 12,599,532</u>	<u>\$ 14,378,371</u>	<u>\$ 406,490</u>

Bendorf Drive LP

Organization

Bendorf Drive LP, a California limited partnership (“Bendorf”), was formed on February 7, 2013 to acquire, rehabilitate and operate a 100-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Villa San Pedro Apartments. On December 19, 2013, the project was acquired from its general partner, Villa San Pedro HDC, Inc. Bendorf is controlled by its general partner, Villa San Pedro HDC, Inc. (0.009%). The Authority, the initial limited partner, transferred its partnership interest to RSEP Holding, LLC, the limited partner, and Red Stone Equity Manager, LLC, the special limited partner, on December 1, 2013. RESP Holding, LLC and Red Stone Equity Manager, LLC assigned its partnership interest to Red Stone VS Pedro, LLC (99.99%) and Red Stone Equity Manager 2, LLC (0.001%), respectively, on February 14, 2014.

Long-term debt

HDC California Housing Rehabilitation Program (CHRP) Loan - The loan bears simple interest at 3%, with an annual payment of 0.42% of the unpaid principal amount, and the remaining 2.58% interest to be paid from excess/distributable cash after the transition reserve account is fully funded. The entire principal and interest are due in December 2068.

CalHFA Acquisition/Rehabilitation and Permanent Loan - The loan is 50% insured by HUD through the Federal Housing Administration under Section 542(c) of the Housing and Community Development Act of 1992, in the maximum amount of \$20,215,000. The loan bears simple interest at 4% with interest-only payments due monthly until conversion, which is expected to be in September 2015. At that time, \$11,710,000 will be converted to a 30-year amortizing loan with interest at 5.75%.

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December 31, 2014

	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
CHRP Loan	\$ 1,086,946	\$ 4,156,798	\$ 5,243,744	\$ -
CalHFA Loan	-	19,774,942	19,774,942	8,164,406
Total	<u>\$ 1,086,946</u>	<u>\$ 23,931,740</u>	<u>\$ 25,018,686</u>	<u>\$ 8,164,406</u>

Blossom River Associates

Organization

Blossom River Associates, a California limited partnership (“Blossom”), was organized on August 16, 1996. DeRose HDC, Inc. is the 0.1% General Partner, and California Affordable Housing Fund 2000-I, LLC is the 99.9% Limited Partner. On November 30, 2014, the limited partner transferred its Partnership Interest to the Authority. The consideration of \$250,000 was paid by the Authority per the Limited Partnership Quit Claim and Assumption of Partnership Interest Agreement. The Partnership operates Blossom River Apartments, which consists of one residential building containing 144 units, 50 units are made available to very low-income families, 93 units are made available to low-income families, and one unit is set aside as a manager’s unit.

Long-term debt

Tax-exempt Bonds Series A issued by the City of San Jose - The bonds dated March 1, 1998, in the amount of \$13,000,000 are secured by the first deed of trust and a Debt Service Reserve Fund in the amount of \$915,000. 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.

City of San Jose Note - 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, 2014

	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
1998 Series A Bonds	\$ 190,450	\$ 11,720,000	\$ 11,910,450	\$ 370,450
City of San Jose Note	4,920,493	4,134,900	9,055,393	273,670
Total	<u>\$ 5,110,943</u>	<u>\$ 15,854,900</u>	<u>\$ 20,965,843</u>	<u>\$ 644,120</u>

Bracher Associates L.P.

Organization

Bracher Associates LP, a California limited partnership (“Bracher”), was formed on November 24, 1993 to develop and operate a 72-unit affordable housing complex for the elderly located in Santa Clara, California, which is currently operating under the name of Bracher Senior Housing. Bracher is controlled by its general partner, S.P.G. Housing, Inc. The project was transferred to South Drive, LLC, a California limited liability company controlled by its sole member, S.P.G. Housing, Inc., on November 14, 2014 and the related notes payable were assumed by the buyer as described below.

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Long-term debt

Citibank Loan - The loan bears interest at 6.5% per annum, is payable in monthly installments of \$12,736 and matures in January 2016. The interest rate and monthly payment may be adjusted in February 2016. The principal and interest were assigned to South Drive LLC in November 2014, as part of the transfer of the Bracher Senior Housing project from Bracher Associates L.P. to South Drive LLC.

Citibank Affordable Housing Program loan - The loan bears no interest and is due in full January 2026. The note was fully re-conveyed in January 2014.

City of Santa Clara Note (Successor Agency to the Redevelopment Agency of the City of Santa Clara) - The note bears simple interest at 6%, is payable from excess/distributable cash and is due in August 2024. The principal and interest were assigned to South Drive LLC in November 2014, as part of the transfer of the Bracher Senior Housing project from Bracher Associates L.P. to South Drive LLC.

Branham Lane LLC

Organization

Branham Lane LLC, a California limited liability company (“Branham”), was formed on April 1, 2014 to acquire and operate a 51-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Pinmore Gardens. Branham is controlled by its sole member, S.P.G. Housing, Inc.

Long-term debt

Citibank Loan - The loan originally amounting to \$1,976,000 bears interest at 5.65% per annum and is payable in monthly installments of \$12,342. It is due in full in January 2016. An interest rate adjustment will occur in February 2021. The note was assumed by Branham Lane LLC when it acquired the Pinmore Gardens housing complex from Pinmore Associates on April 30, 2014.

City of San Jose Note - The note originally amounting to \$1,490,000 bears simple interest at 4% and is due in full in January 2015. Annual payments of principal and interest are payable from excess/distributable cash. The note was assumed by Branham Lane LLC when it acquired the Pinmore Gardens housing complex from Pinmore Associates on April 30, 2014.

December 31, 2014

	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Citibank Loan	\$ 11,832	\$ 1,218,119	\$ 1,229,951	\$ 92,331
City of San Jose Note	1,083,741	1,488,125	2,571,866	39,886
Total	<u>\$ 1,095,573</u>	<u>\$ 2,706,244</u>	<u>\$ 3,801,817</u>	<u>\$ 132,217</u>

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Clarendon Street, L.P.

Organization

Clarendon Street, L.P., a California limited partnership (“Clarendon”), 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. On November 8, 2012, the project was acquired from its general partner, Villa Garcia, Inc. Clarendon is controlled by its general partner, Villa Garcia, Inc. The Authority, the initial limited partner, transferred its partnership interest to MCCC, LLC on November 1, 2012. MCCC, LLC assigned its partnership interest to Merritt Community Capital Fund XV, L.P. on April 10, 2013.

Long-term debt

Bank of the West as the servicer of the HACSC Multifamily Note (“Tranche A”) - The note, in the original amount of \$4,725,000, bears interest at 3.96%, with interest payments only due monthly commencing December 2012. Beginning in May 2014, monthly payments of principal and interest are due based on a 25-year loan amortization, with the entire principal and interest due based on an 11-year loan amortization and due May 2030.

Bank of the West, as the servicer of the HACSC Multifamily Note (“Tranche B”) - The note, in the original amount of \$2,132,000 bears interest at 2.80%, with interest payments only due monthly commencing December 2012. Beginning in May 2014, monthly payments of principal and interest are due 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 - The 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. Interest payments only are due monthly commencing December 2012. The entire principal and interest were paid off at permanent loan conversion in May 2014.

	December 31, 2014			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Bank of the West (Tranche A)	\$ 15,346	\$ 4,650,192	\$ 4,665,538	\$ 127,706
Bank of the West (Tranche B)	4,715	2,020,611	2,025,326	55,563
Total	<u>\$ 20,061</u>	<u>\$ 6,670,803</u>	<u>\$ 6,690,864</u>	<u>\$ 183,269</u>

Fairground Luxury Family Apartments, L.P.

Organization

Fairground Luxury Family Apartments, L.P., a California limited partnership (“Fairground Family”), was formed on January 14, 2003 to construct and operate a 300-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Corde Terra Family Apartments. The Fairground Family’s 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.

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Long-term debt

California Housing Finance Authority (CalHFA) - On December 17, 2003, CalHFA made a construction loan to the partnership in principal amount of \$40,405,000, which converted to a permanent loan of \$24,235,000 on February 1, 2008. The permanent loan is secured by a deed of trust, bears interest at a fixed rate of 5.7% per annum, is payable in monthly installments of principal and interest of \$128,312 and matures February 1, 2048.

City of San Jose Loan - On September 1, 2005, the City of San Jose made a construction loan and permanent loan to the Partnership in the amount of up to \$19,235,050 during the construction period and up to \$21,084,426 for the period of time after the construction loan period. On February 1, 2008, the CSJ Loan was converted to a permanent loan. 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, 2014			Amounts due
	Interest Payable	Principal	Total	within one year
CalHFA Loan	\$ 108,850	\$ 22,915,800	\$ 23,024,650	\$ 348,587
City of San Jose Note	2,648,767	17,245,082	19,893,849	-
Total	\$ 2,757,617	\$ 40,160,882	\$ 42,918,499	\$ 348,587

Fairgrounds Senior Housing, L.P.

Organization

Fairgrounds Senior Housing, L.P., a California limited partnership (“Fairgrounds Senior”), was formed on May 7, 2007 to construct and operate a 201-unit affordable housing project located in San Jose, California, which is currently operating under the name of Fairgrounds Senior Housing Apartments. At December 31, 2014, the Fairground Senior’s managing general partner is Pinmore HDC, Inc., the co-general partner is ROEM FG Senior, LLC, the investor limited partner is Alliant Tax Credit Fund 52, Ltd., a Florida limited partnership, and the administrative limited partner is Alliant ALP 52, LLC, a Florida limited liability company.

Long-term debt

City of San Jose issued Multifamily Housing Revenue Bonds - On May 8, 2008, the bonds, secured by the property, were issued in the amount of \$26,000,000, to provide financing for the Fairgrounds Senior Housing Apartments 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.

City of San Jose Loan - The loan, dated May 1, 2008, 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.

County of Santa Clara Note - The Note, 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 May 1, 2063, (55 years from the date of completion). Annual payments of principal and interest are contingent on available residual receipts, as defined in the note.

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	December 31, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
City of San Jose Revenue Bonds	\$ 57,628	\$ 12,460,000	\$ 12,517,628	\$ 370,000
City of San Jose Note	493,638	8,036,582	8,530,220	296,871
County of Santa Clara Note	29,171	1,322,994	1,352,165	98,977
Total	<u>\$ 580,437</u>	<u>\$ 21,819,576</u>	<u>\$ 22,400,013</u>	<u>\$ 765,848</u>

HACSC/Choices Family Associates

Organization

HACSC/Choices Family Associates, a limited partnership (“HACSC/Choices Family”), was formed on February 22, 2000 to develop and operate a 100-unit affordable housing complex located in Santa Clara, California, which is currently operating under the name of River Town Apartments. HACSC/Choices Family is controlled by its general partner, Bracher HDC, Inc. and the investor limited partner is UBOC Tax Credit Fund I, L.L.C.

Long-term debt

City of Santa Clara Note (Successor agency to the Redevelopment Agency of the City of Santa Clara) - The note, originally amounting to \$4,323,000, 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, originally amounting to \$8,865,000 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.

California Department of Housing and Community Development Multifamily Housing Program Loan - The loan bears simple interest at 3%, with an annual payment of 0.42% of the unpaid principal amount, to be repaid in full by October 2058.

	December 31, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
County of Santa Clara Note	\$ 964,428	\$ 3,892,000	\$ 4,856,428	\$ 192,997
Series 2001 A Bonds	199,756	7,845,000	8,044,756	314,756
California HCD	894,582	4,050,500	4,945,082	-
Total	<u>\$ 2,058,766</u>	<u>\$ 15,787,500</u>	<u>\$ 17,846,266</u>	<u>\$ 507,753</u>

HACSC/Choices Senior Associates

Organization

HACSC/Choices Senior Associates, a limited partnership (“HACSC/Choices Senior”), was formed on February 22, 2000 to develop and operate a 100-unit affordable housing complex for the elderly located in Santa Clara, California, which is currently operating under the name of John Burns Gardens. HACSC/Choices Senior is controlled by its general partner, Bracher HDC, Inc. and the investor limited partner is UBOC Tax Credit Fund I, L.L.C.

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Long-term debt

City of Santa Clara (Successor Agency to the Redevelopment Agency of the City of Santa Clara) Loan - The note 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 bond bears 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, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
County of Santa Clara Loan	\$ 1,381,642	\$ 5,317,000	\$ 6,698,642	\$ 11,554
Series 2001 A Bonds	149,944	5,945,000	6,094,944	239,944
Total	\$ 1,531,586	\$ 11,262,000	\$ 12,793,586	\$ 251,498

Halford Avenue LLC

Organization

Halford Avenue LLC was formed as a limited liability company on May 13, 2014, to acquire and operate a 10-unit affordable housing complex located in the City of Santa Clara, California, operating under the name of Eklund Gardens I. The company is owned by its sole member, S.PG. Housing, Inc., which is a nonprofit organization affiliated with the Authority.

Ground lease

Halford Avenue LLC has a land lease agreement from the Authority, which expires in 2069. 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.

Long-term debt

At December 31, 2014, Halford Avenue LLC does not have unaffiliated long-term debt.

Helzer Associates L.P.

Organization

Helzer Associates, a California limited partnership (“Helzer”), was formed on March 9, 1998 to develop and operate a 155-unit affordable housing complex. Pinmore HDC, Inc. is the 0.1% general partner and MUFG Union Bank, N.A. and California Affordable Housing Fund 2001-I, L.P. are the 99.9% limited partners.

Long-term debt

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

City of San Jose Note - The note dated May 25, 1999, in the original amount of \$7,211,000 is secured by

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the property. It bears 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.

California Housing Finance Agency (“CalHFA”) Note - The note, dated December 1, 2000, in the original amount of \$333,547 bears 0% interest. The outstanding principal amount is due 55 years following the effective date of the Regulatory Agreement.

	December 31, 2014			Amounts due
	Interest Payable	Principal	Total	within one year
1999 Series A Bonds	\$ 80,644	\$ 15,153,000	\$ 15,233,644	\$ 285,644
City of San Jose Note	2,289,915	5,916,366	8,206,281	-
CalHFA Note	-	333,547	333,547	-
Total	\$ 2,370,559	\$ 21,402,913	\$ 23,773,472	\$ 285,644

For guaranteeing the operating deficits and for entering into an indemnification agreement with Helzer Associates, Helzer Associates has granted the Authority a right of first refusal and an option to purchase the project. The option commences on January 1, 2017 and expires on January 1, 2018. An early assumption of the limited partner interest was agreed by the limited partner. As of December 31, 2014, the Authority exercised its purchase option and acquired the project and related reserves in February 2015. The consideration of \$1 was paid by the Authority plus the amount of, or assumption of, the principal amount of all outstanding debt secured by deeds of trust of mortgages on the project and any obligations of the partnership as agreed to pursuant the Limited Partnership Quit Claim and Assumption of Partnership Interest Agreement.

Huff Avenue Associates

Organization

Huff Associates, a California limited partnership (“Huff”), was formed on March 8, 1994 to develop and operate a 72-unit affordable housing complex. Rotary Plaza/HACSC, HDC, Inc. is the 1% general partner and Edison Capital Housing Partners VII, L.P. is the 99% limited partners.

Long-term debt

City of San Jose Note - The note dated March 12, 1997, in the original amount of \$989,181 is secured by Deed of Trust. It bears 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.

ARCS Commercial Mortgage Co., L.P. Note (ARCS Note) - The note dated July 20, 2006, in the original amount of \$3,969,000 is secured by the property. It bears 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.

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	December 31, 2014			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
City of San Jose Note	\$ 39,862	\$ 949,621	\$ 989,483	\$ 39,862
ARCS Note	19,540	3,507,476	3,527,016	364,884
Total	<u>\$ 59,402</u>	<u>\$ 4,457,097</u>	<u>\$ 4,516,499</u>	<u>\$ 404,746</u>

For guaranteeing the operating deficits and for entering into an indemnification agreement with Huff Avenue Associates, Huff Avenue Associates has granted the Authority an option to purchase the project. The option commenced on January 1, 2012 and expired on January 1, 2016. The purchase price of the project shall be the greater of the then fair market value of the project or the assumption of the outstanding debt secured by deeds of trust or mortgages on the project but any obligations of the owner. On December 11, 2015, The Authority through Huff Avenue LLC is in the process of acquiring the Huff Avenue Apartments for \$5.1 million.

Julian Street Partners, L.P.

Organization

Julian Street Partners, L.P. (“Julian”), was formed on September 22, 2009 to acquire, rehabilitate, and operate six affordable housing complexes: Cypress Gardens (125 units in San Jose); Julian Gardens (9 units in San Jose); Lenzen Gardens (94 units in San Jose); Lucretia Gardens (16 units in San Jose); Miramar Way (16 units in Santa Clara); and Sunset Gardens (75 units in Gilroy). The partnership is controlled by its general partner, Avenida Espana HDC, Inc. At December 31, 2014, the special limited partner is Columbia Housing SLP Corporation and the investor limited partner is PNC Real Estate Tax Credit Capital Institutional Fund 45 Limited Partnership.

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.

Long-term debt

Housing Authority of the County of Santa Clara Multifamily Housing Revenue Bonds 2010 Series A-1 loan - The Bond series A-1 loan, with U.S. Bank as the trustee, consists of three bonds bearing a current aggregate interest rate of 4.31%. 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, 2014			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Revenue Bonds 2010 Series A-1 Loan	\$ 165,726	\$ 16,365,000	\$ 16,530,726	\$ 1,060,726

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Klamath Associates L.P.

Organization

Kalmath Associates, a California limited partnership (“Kalmath”), was formed on November 3, 1993 to develop and operate a 17-unit affordable housing complex located in Santa Clara, California, which is currently operating under the name of Kalmath Gardens. S.P.G. Housing, Inc., is the general partner. On May 30, 2014, the limited partner, Edison Funding Omicron Incorporated, assigned its limited partner interest to the Authority and withdrew from the partnership. The Authority was admitted to the partnership as the new limited partner.

Long-term debt

Citibank Loan - The loan with an original amount of \$750,000, bears an adjustable interest rate (currently at 6.75%) and 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%.

City of Santa Clara Note (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.

	December 31, 2014			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Citibank Loan	\$ 2,858	\$ 508,050	\$ 510,908	\$ 29,932
City of Santa Clara Note	712,244	681,176	1,393,420	16,213
Total	<u>\$ 715,102</u>	<u>\$ 1,189,226</u>	<u>\$ 1,904,328</u>	<u>\$ 46,145</u>

Opportunity Center Associates L.P.

Organization

Opportunity Center Associates, L.P., a California limited partnership (“Opportunity Center”), was formed on October 21, 2002 to develop and operate an 89-unit affordable housing complex located in Palo Alto, California, which is currently operating under the name of Opportunity Center of the Mid-Peninsula. Opportunity Center is controlled by its general partner, Opportunity Center HDC, Inc. On December 31, 2014, Opportunity Center’s investor limited partner is MMA Opportunity Center, LLC and the special limited partner is MMA Special Limited Partner, Inc.

Long-term debt

Department of Housing and Community Development Multifamily Housing (MHP) Loan - The loan consists of a loan for MHP 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 are to be made from excess/distributable cash. The note matures in April 2062.

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

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

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Housing Trust Silicon Valley (assigned from Opportunity Fund Northern California formerly Lenders for Community Development) Note - The note bears no interest and is due in full in April 2062.

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

County of Santa Clara HOME Program Loan - The 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, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
MHP Loan	\$ 1,504,121	\$ 7,500,000	\$ 9,004,121	\$ -
City of Palo Alto Note	-	750,000	750,000	-
County of San Mateo Note	-	450,000	450,000	-
Housing Trust Silicon Valley Note	-	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	\$ 1,504,121	\$ 10,700,000	\$ 12,204,121	\$ -

Pinmore Associates L.P.

Organization

Pinmore Associates, L.P., a California limited partnership ("Pinmore"), was formed on November 9, 1993 to develop and operate a 51-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Pinmore Gardens. Pinmore is controlled by its general partner, S.P.G. Housing, Inc. The project was sold to Branham Lane LLC on April 2014.

Long-term debt

Citibank Loan - The loan originally amounting to \$1,976,000 bears interest at 5.65% per annum, payable in monthly installments of \$12,342, due in full in January 2016. An interest rate adjustment will occur in February 2021. The note was assumed by Branham Lane LLC when it acquired the Pinmore Gardens housing complex from Pinmore Associates on April 30, 2014.

The City of San Jose Note originally amounting to \$1,490,000 bears simple interest at 4%, due in full in January 2015. Annual payments of principal and interest are payable from excess/distributable cash. The note was assumed by Branham Lane LLC when it acquired the Pinmore Gardens housing complex from Pinmore Associates on April 30, 2014.

Poinciana LLC

Organization

Poinciana LLC was formed as a limited liability company on May 13, 2014, to acquire and operate a 6-unit affordable housing complex located in the City of Santa Clara, California, operating under the name of Eklund Gardens II. The company is owned by its sole member, S.P.G. Housing, Inc., which is a nonprofit organization affiliated with the Authority.

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Ground lease

Poinciana LLC has a land lease agreement from the Authority, which expires in 2069. 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.

Long-term debt

At December 31, 2014, Poinciana does not have unaffiliated long-term debt.

Rincon Gardens Associates, L.P.:

Organization

Rincon Gardens Associates, L.P., a California limited partnership (“Rincon Gardens”), 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. Rincon Gardens is controlled by its general partner, Avenida Espana HDC, Inc. On December 31, 2014, Rincon Gardens’ investor limited partner is PNC Multifamily Capital Institutional Fund XXXIX Limited Partnership and the special limited partner is Columbia Housing SLP Corporation.

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.

Long-term debt

Housing Authority of the County of Santa Clara Multifamily Housing Revenue Bonds 2008 Series A-1 and A-2 loans - The Bonds, in the maximum amount of \$13,630,000 and \$3,391,000, respectively, bear 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, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
2008 Series A-1 and A-2 Bonds	\$ -	\$ 15,234,391	\$ 15,234,391	\$ 474,063

South Drive LLC

Organization

South Drive LLC a California limited liability company, was formed on June 4, 2014, to acquire and operate a 72-unit affordable housing complex located in Santa Clara, California, which is currently operating under the name of Bracher Garden Apartments. The company is owned by its sole member, S.P.G. Housing, Inc., which is a nonprofit organization affiliated with HACSC. The project was operated by Bracher Associates until it was assumed by South Drive LLC on November 14, 2014.

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Long-term debt

Citibank Loan - The loan originally amounting to \$1,950,000 bears interest at 6.5% per annum is payable in monthly installments \$12,736 unit maturity in January 2016. The interest rate and monthly payment may be adjusted in February 2016. The principal and interest were assigned to South Drive LLC in November 2014, as part of the transfer of the Bracher Senior Housing project from Bracher Associates L.P. to South Drive LLC.

Citibank Affordable Housing Program loan - The loan bears no interest and is due in full January 2026. The note was fully re-conveyed in January 2014.

City of Santa Clara Note (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. The principal and interest were assigned to South Drive LLC in November 2014, as part of the transfer of the Bracher Senior Housing project from Bracher Associates L.P. to South Drive LLC.

	December 31, 2014			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	\$ 9,587	\$ 1,204,769	\$ 1,214,356	\$ 86,780
City of Santa Clara Note	566,173	1,550,000	2,116,173	27,537
Total	\$ 575,760	\$ 2,754,769	\$ 3,330,529	\$ 114,317

Thunderbird Associates

Organization

Thunderbird Associates, L.P., a California limited partnership (“Thunderbird”), was formed on February 21, 1997 to develop and operate a 100-unit affordable housing complex, which is currently operating under the name of Villa Hermosa Apartments. Thunderbird is controlled by its general partner, DeRose HDC, Inc. On December 31, 2014, Thunderbird’s limited partner is Fannie Mae Multi-Family Equity Investments.

Long-term debt

Citibank Note - The note, in the original amount of \$2,525,000, is secured by the Villa Hermosa Apartments project and bears interest at a variable rate. It is payable in monthly payments of principal and interest of \$15,447 and matures October 1, 2029.

City of San Jose Note - The note, in the original amount of \$1,343,000, is secured by a deed of trust and bears interest at 5% per annum compounded annually. It is payable annually up to 100% of Net Cash Flow and matures August 1, 2029.

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June 30, 2015

December 31, 2014

	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Citibank Loan	\$ 8,782	\$ 1,855,369	\$ 1,864,151	\$ 91,337
City of San Jose Note	7,081	260,628	267,709	7,081
Total	<u>\$ 15,863</u>	<u>\$ 2,115,997</u>	<u>\$ 2,131,860</u>	<u>\$ 98,418</u>

For guaranteeing the operating deficits and for entering into an indemnification agreement with Thunderbird Associates, Thunderbird Associates has granted the Authority an option to purchase the project. The option commenced on January 1, 2014 and continue until June 30, 2014. In August 2015, the Thunderbird Associates sold the property to Hermocilla LLC, a limited liability corporation with DeRose HDC, Inc. as its sole owner.

Willows/HACSC Associates

Organization

Willows/HACSC Associates, a California limited partnership (“Willows”), was formed on December 1, 1998 to develop and operate a 47-unit affordable housing complex, which is currently operating under the name of The Willows. Willows is controlled by its general partner, Pinmore HDC, Inc. On December 31, 2014, Willows’ limited partner is California Affordable Housing Fund 2000-I, LLC.

Long-term debt

Series 2005 tax exempt bonds issued by the Authority - The bonds, in the original amount of \$4,284,000, are secured by The Willow complex (the Willows) and have an irrevocable direct pay Letter of Credit issued by Union Bank of California, N.A. maturing April 1, 2040. They 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 - The note, in the original amount of \$427,000, is secured by the project and bears a simple interest rate at 2% per annum. It matures January 1, 2045 and is payable annually from residual receipts up to 50% of the Surplus Cash.

December 31, 2014

	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Series 2005 Bonds	\$ 299	\$ 4,013,000	\$ 4,013,299	\$ 60,450
LCD Note	4,849	242,435	247,284	84,990
Total	<u>\$ 5,148</u>	<u>\$ 4,255,435</u>	<u>\$ 4,260,583</u>	<u>\$ 145,440</u>

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Required Supplementary Information (Unaudited)
June 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios

	2015 *
Total pension liability	
Service cost	\$ 1,413,145
Interest	3,356,632
Benefit payments, including refunds of employee contributions	(2,064,928)
Net change in total pension liability	2,704,849
Total pension liability - beginning	45,080,983
Total pension liability - ending (a)	\$47,785,832
Plan fiduciary net position	
Contributions - employer	\$ 824,681
Contributions - employee	670,406
Net investment income	8,433,099
Benefit payments, including refunds of employee contributions	(2,064,928)
Net change in fiduciary net position	7,863,258
Plan fiduciary net position - beginning	48,727,569
Plan fiduciary net position - ending (b)	\$56,590,827
Plan net pension liability (asset) - Ending (a) - (b)	\$ (8,804,995)
Plan fiduciary net position as a percentage of total pension liability	118.4%
Covered employee payroll	\$ 9,370,369
Plan net pension liability (asset) as a percentage of covered employee payroll	-94.0%

Notes to schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

Covered employee payroll - assumed to increase by the 3.00% payroll growth assumption.

Changes in assumptions - There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, therefore only one year of information is shown.

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Required Supplementary Information (Unaudited)
June 30, 2015

Schedule of Plan Contributions

	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 723,723	\$ 824,682
Actual contribution	<u>(723,723)</u>	<u>(824,682)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	10,910,833	\$ 9,370,369
Contributions as percentage of covered-employee payroll	6.63%	8.80%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2015 and 2014 contribution rates are as follows:

Valuation dates	June 30, 2012 and June 30, 2011
Actuarial cost method	Entry age normal
Amortization method/period	Level percent of payroll
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% - 14.20% depending on age, service and type of employment
Payroll growth	3.00%
Investment rate of return	7.50%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS experience study of the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS experience study of the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, therefore only two years of information is shown.

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Required Supplementary Information (Unaudited)

June 30, 2015

Schedule of Funding Progress - Postemployment Healthcare Benefits

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, 2015.

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 [(C) / (E)]
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%
7/1/2015	\$ 8,506,685	\$ 10,558,090	\$ 2,051,405	80.6%	\$ 9,393,019	21.8%

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Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2015

	Bascom HACSC Associates (1)(2)	Bendorf Drive LP (1)(2)	Blossom River Associates (1)(3)	Bracher Associates L.P. (1)(2)(5)	Branham Lane LLC (1)(2)	Clarendon Street, L.P. (1)(2)
Assets:						
Current assets:						
Cash:						
Unrestricted	\$ 215,380	\$ 306,993	\$ 308,810	-	\$ 88,497	\$ 1,467,607
Tenant security deposits	50,098	38,082	72,196	-	9,751	45,905
Total cash	<u>265,478</u>	<u>345,075</u>	<u>381,006</u>	<u>-</u>	<u>98,248</u>	<u>1,513,512</u>
Accounts receivable:						
Tenants	-	3,675	8,339	-	5,086	1,416
HUD	-	12,903	-	-	1,585	-
Due from primary government	688	-	796	-	-	63,101
Others	2,227	1,056	33,455	-	3,787	-
Total accounts receivable, net	<u>2,915</u>	<u>17,634</u>	<u>42,590</u>	<u>-</u>	<u>10,458</u>	<u>64,517</u>
Prepaid expenses	19,723	81,358	30,263	-	-	26,104
Restricted cash and cash equivalents	1,301,777	60,030	2,335,188	-	13,873	709,668
Total current assets	<u>1,589,893</u>	<u>504,097</u>	<u>2,789,047</u>	<u>-</u>	<u>122,579</u>	<u>2,313,801</u>
Noncurrent assets:						
Prepaid costs, net	-	361,234	199,709	-	37,346	161,082
Capital assets:						
Nondepreciable	4,049,218	3,779,006	5,870,629	-	1,697,718	212,624
Depreciable	9,852,755	35,737,683	7,494,017	-	2,728,169	22,690,205
Total capital assets	<u>13,901,973</u>	<u>39,516,689</u>	<u>13,364,646</u>	<u>-</u>	<u>4,425,887</u>	<u>22,902,829</u>
Total noncurrent assets	<u>13,901,973</u>	<u>39,877,923</u>	<u>13,564,355</u>	<u>-</u>	<u>4,463,233</u>	<u>23,063,911</u>
Total assets	<u>15,491,866</u>	<u>40,382,020</u>	<u>16,353,402</u>	<u>-</u>	<u>4,585,812</u>	<u>25,377,712</u>
Liabilities:						
Current liabilities:						
Accounts payable	12,684	1,115,462	30,079	-	16,136	56,946
Payable to related parties	22,500	3,718	20,150	-	-	5,000
Due to primary government	898	1,672,017	1,423	-	186,757	848,160
Other accrued liabilities	21,622	-	36,935	-	-	-
Tenant security deposits	50,098	38,082	72,150	-	9,751	45,905
Unearned revenues	5	12,256	765	-	832	96
Interest payable	236,490	-	464,120	-	51,218	20,061
Current portion of long-term obligations	170,000	8,164,406	180,000	-	80,999	163,208
Total current liabilities	<u>514,297</u>	<u>11,005,941</u>	<u>805,622</u>	<u>-</u>	<u>345,693</u>	<u>1,139,376</u>
Noncurrent liabilities:						
Interest payable, net of current portion	1,542,348	1,086,946	4,646,823	-	1,044,355	-
Long-term obligations, net of current portion	12,429,532	15,767,334	15,674,900	-	2,625,245	6,507,595
Other noncurrent liabilities	-	12,000	-	-	-	-
Advance from primary government	-	10,424,839	-	-	-	9,059,081
Total liabilities	<u>14,486,177</u>	<u>38,297,060</u>	<u>21,127,345</u>	<u>-</u>	<u>4,015,293</u>	<u>16,706,052</u>
Net position:						
Net investment in capital assets	1,302,441	15,584,949	(2,490,254)	-	1,719,643	16,232,026
Restricted	1,301,777	60,030	2,335,188	-	13,873	709,668
Unrestricted (deficits)	(1,598,529)	(13,560,019)	(4,618,877)	-	(1,162,997)	(8,270,034)
Total net position	<u>\$ 1,005,689</u>	<u>\$ 2,084,960</u>	<u>\$ (4,773,943)</u>	<u>\$ -</u>	<u>\$ 570,519</u>	<u>\$ 8,671,660</u>

(1) Component unit was audited by other auditors.

(2) As of December 31, 2014

(3) As of November 30, 2014

(4) Component unit was audited other auditors as a subsidiary of the S.P.G. Housing, Inc.

(5) Component unit was dissolved during the year ended December 31, 2014

Fairground Luxury Family Apartments, L.P. (1)(2)	Fairground Senior Housing, L.P. (1)(2)	HACSC/ Choices Family Associates (1)(2)	HACSC/ Choices Senior Associates (1)(2)	Halford LLC (2)(4)	Helzer Associates (1)(2)	Huff Avenue Associates (1)(2)	Julian Street Partners, L.P. (1)(2)
\$ 1,042,574	\$ 768,382	\$ 422,123	\$ 94,634	\$ 52,058	\$ 327,395	\$ 496,796	\$ 1,011,657
223,028	102,347	35,682	37,920	1,800	104,827	47,063	126,868
<u>1,265,602</u>	<u>870,729</u>	<u>457,805</u>	<u>132,554</u>	<u>53,858</u>	<u>432,222</u>	<u>543,859</u>	<u>1,138,525</u>
838	1,823	6,326	384	212	12,810	20	1,120
-	-	-	1,969	-	-	36	4,957
-	-	525	402	-	-	625	-
<u>57,403</u>	<u>253,595</u>	<u>902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>8,933</u>
<u>58,241</u>	<u>255,418</u>	<u>7,753</u>	<u>2,755</u>	<u>212</u>	<u>12,810</u>	<u>1,481</u>	<u>15,010</u>
95,410	17,884	17,610	10,572	4,427	37,131	13,042	75,337
<u>1,721,629</u>	<u>2,056,966</u>	<u>1,680,731</u>	<u>1,452,053</u>	<u>3,000</u>	<u>1,340,148</u>	<u>693,200</u>	<u>2,936,234</u>
<u>3,140,882</u>	<u>3,200,997</u>	<u>2,163,899</u>	<u>1,597,934</u>	<u>61,497</u>	<u>1,822,311</u>	<u>1,251,582</u>	<u>4,165,106</u>
211,273	480,815	268,250	231,444	-	499,652	39,005	793,979
40,077	-	3,818,724	2,612,715	-	2,690,280	2,768,902	-
<u>58,215,725</u>	<u>30,851,411</u>	<u>12,111,687</u>	<u>8,737,241</u>	<u>2,788,801</u>	<u>16,532,033</u>	<u>4,525,033</u>	<u>68,227,702</u>
<u>58,255,802</u>	<u>30,851,411</u>	<u>15,930,411</u>	<u>11,349,956</u>	<u>2,788,801</u>	<u>19,222,313</u>	<u>7,293,935</u>	<u>68,227,702</u>
<u>58,467,075</u>	<u>31,332,226</u>	<u>16,198,661</u>	<u>11,581,400</u>	<u>2,788,801</u>	<u>19,721,965</u>	<u>7,332,940</u>	<u>69,021,681</u>
<u>61,607,957</u>	<u>34,533,223</u>	<u>18,362,560</u>	<u>13,179,334</u>	<u>2,850,298</u>	<u>21,544,276</u>	<u>8,584,522</u>	<u>73,186,787</u>
57,462	69,436	43,835	38,441	4,245	26,620	2,275	179,107
178,962	136,473	5,000	5,000	-	83,428	102,485	17,769
-	-	34,519	28,783	124	214,595	16,035	1,092,876
486,770	197,894	-	-	-	9,250	22,299	-
222,347	100,790	35,682	37,920	1,800	104,727	46,996	126,650
1,657	3,348	951	-	7	3,131	495	4,900
108,850	57,628	392,753	161,498	-	80,644	59,402	165,726
<u>239,737</u>	<u>708,220</u>	<u>115,000</u>	<u>90,000</u>	<u>-</u>	<u>205,000</u>	<u>345,344</u>	<u>895,000</u>
<u>1,295,785</u>	<u>1,273,789</u>	<u>627,740</u>	<u>361,642</u>	<u>6,176</u>	<u>727,395</u>	<u>595,331</u>	<u>2,482,028</u>
2,648,767	522,809	1,666,013	1,370,088	-	2,289,915	-	-
39,921,145	21,111,356	15,672,500	11,172,000	-	21,197,913	4,111,753	15,470,000
-	-	-	-	-	-	-	-
-	-	-	-	2,843,750	286,742	-	26,308,031
<u>43,865,697</u>	<u>22,907,954</u>	<u>17,966,253</u>	<u>12,903,730</u>	<u>2,849,926</u>	<u>24,501,965</u>	<u>4,707,084</u>	<u>44,260,059</u>
18,094,920	9,031,835	142,911	87,956	2,788,801	(2,180,600)	2,836,838	51,862,702
1,721,629	2,056,966	1,680,731	1,452,053	3,000	1,340,148	693,200	2,936,234
<u>(2,074,289)</u>	<u>536,468</u>	<u>(1,427,335)</u>	<u>(1,264,405)</u>	<u>(2,791,429)</u>	<u>(2,117,237)</u>	<u>347,400</u>	<u>(25,872,208)</u>
<u>\$ 17,742,260</u>	<u>\$ 11,625,269</u>	<u>\$ 396,307</u>	<u>\$ 275,604</u>	<u>\$ 372</u>	<u>\$ (2,957,689)</u>	<u>\$ 3,877,438</u>	<u>\$ 28,926,728</u>

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, 2015

	Klamath Associates (1)(2)	Opportunity Center Associates, L.P. (1)(2)	Pinmore Associates (1)(2)(5)	Poco Way Associates (5)	Poinciana LLC (2)(4)	Rincon Gardens Associates, L.P. (1)(2)
Assets:						
Current assets:						
Cash:						
Unrestricted	\$ 1,676	\$ 85,246	\$ -	\$ -	\$ 32,507	\$ 846,617
Tenant security deposits	5,708	30,693	-	-	6,000	58,769
Total cash	<u>7,384</u>	<u>115,939</u>	<u>-</u>	<u>-</u>	<u>38,507</u>	<u>905,386</u>
Accounts receivable:						
Tenants	2,066	3,581	-	-	657	3,672
HUD	-	-	-	-	-	-
Due from primary government	-	-	-	-	-	2,562
Others	-	12,693	-	-	-	822
Total accounts receivable, net	<u>2,066</u>	<u>16,274</u>	<u>-</u>	<u>-</u>	<u>657</u>	<u>7,056</u>
Prepaid expenses	3,168	11,435	-	-	3,293	54,700
Restricted cash and cash equivalents	8,655	442,623	-	-	1,800	1,962,130
Total current assets	<u>21,273</u>	<u>586,271</u>	<u>-</u>	<u>-</u>	<u>44,257</u>	<u>2,929,272</u>
Noncurrent assets:						
Prepaid costs, net	19,363	35,622	-	-	-	295,950
Capital assets:						
Nondepreciable	717,242	1,953,111	-	-	-	-
Depreciable	1,178,405	12,991,809	-	-	1,674,087	36,666,183
Total capital assets	<u>1,895,647</u>	<u>14,944,920</u>	<u>-</u>	<u>-</u>	<u>1,674,087</u>	<u>36,666,183</u>
Total noncurrent assets	<u>1,915,010</u>	<u>14,980,542</u>	<u>-</u>	<u>-</u>	<u>1,674,087</u>	<u>36,962,133</u>
Total assets	<u>1,936,283</u>	<u>15,566,813</u>	<u>-</u>	<u>-</u>	<u>1,718,344</u>	<u>39,891,405</u>
Liabilities:						
Current liabilities:						
Accounts payable	13,528	45,359	-	-	2,728	64,525
Payable to related parties	-	-	-	-	-	11,593
Due to primary government	109,510	380,748	-	-	105	669,427
Other accrued liabilities	-	-	-	-	-	-
Tenant security deposits	5,700	30,693	-	-	6,000	58,725
Unearned revenues	-	108,708	-	-	222	4,812
Interest payable	19,071	-	-	-	-	-
Current portion of long-term obligations	27,074	-	-	-	-	474,063
Total current liabilities	<u>174,883</u>	<u>565,508</u>	<u>-</u>	<u>-</u>	<u>9,055</u>	<u>1,283,145</u>
Noncurrent liabilities:						
Interest payable, net of current portion	696,031	1,504,121	-	-	-	-
Long-term obligations, net of current portion	1,162,152	10,700,000	-	-	-	14,760,328
Non-current liabilities - other	-	-	-	-	-	-
Advance from primary government	-	-	-	-	1,706,250	16,671,658
Total liabilities	<u>2,033,066</u>	<u>12,769,629</u>	<u>-</u>	<u>-</u>	<u>1,715,305</u>	<u>32,715,131</u>
Net position:						
Net investment in capital assets	706,421	4,244,920	-	-	1,674,087	21,431,792
Restricted	8,655	442,623	-	-	1,800	1,962,130
Unrestricted (deficits)	(811,859)	(1,890,359)	-	-	(1,672,848)	(16,217,648)
Total net position	<u>\$ (96,783)</u>	<u>\$ 2,797,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,039</u>	<u>\$ 7,176,274</u>

(1) Component unit was audited by other auditors.

(2) As of December 31, 2014

(3) As of November 30, 2014

(4) Component unit was audited other auditors as a subsidiary of the S.P.G. Housing, Inc.

(5) Component unit was dissolved during the year ended December 31, 2014

South Drive LLC (2)(4)	Thunderbird Associates (1)(2)	Willows HACSC Associates (1)(2)	Elimination	Total
\$ 4,080	\$ 107,854	\$ 220,895	\$ -	\$ 7,901,781
22,466	39,600	13,768	-	1,072,571
26,546	147,454	234,663	-	8,974,352
4	2,711	1,227	-	55,967
-	-	-	-	21,450
115,909	-	-	-	184,608
-	-	-	-	375,673
115,913	2,711	1,227	-	637,698
16,130	15,747	7,274	-	540,608
1,957	30,859	322,447	-	19,074,968
160,546	196,771	565,611	-	29,227,626
21,861	18,055	1,598,711	-	5,273,351
1,857,880	1,524,051	-	(1,850,000)	31,742,177
3,075,819	3,915,074	1,794,124	(10,118,855)	331,669,108
4,933,699	5,439,125	1,794,124	(11,968,855)	363,411,285
4,955,560	5,457,180	3,392,835	(11,968,855)	368,684,636
5,116,106	5,653,951	3,958,446	(11,968,855)	397,912,262
8,399	15,561	1,335	-	1,804,163
-	174	5,374	-	597,626
84,785	-	41,468	-	5,382,230
-	35,550	16,087	-	826,407
22,455	38,600	13,767	-	1,068,838
246	96	3,193	-	145,720
9,587	15,863	5,148	-	1,848,059
104,730	82,555	140,292	-	12,185,628
230,202	188,399	226,664	-	23,858,671
566,173	-	-	-	19,584,389
2,650,039	2,033,442	4,115,143	-	217,082,377
-	-	-	-	12,000
-	15,640	116,710	-	67,432,701
3,446,414	2,237,481	4,458,517	-	327,970,138
2,178,930	3,323,128	(2,461,311)	(11,968,855)	134,143,280
1,957	30,859	322,447	-	19,074,968
(511,195)	62,483	1,638,793	-	(83,276,124)
<u>\$ 1,669,692</u>	<u>\$ 3,416,470</u>	<u>\$ (500,071)</u>	<u>\$ (11,968,855)</u>	<u>\$ 69,942,124</u>

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

Discretely Presented Component Units

For the Year Ended June 30, 2015

	Bascom HACSC Associates (1)(2)	Bendorf Drive LP (1)(2)(5)	Blossom River Associates (1)(3)	Bracher Associates L.P. (1)(2)	Branham Lane LLC (1)(2)	Clarendon Street, L.P. (1)(2)
Operating revenues:						
Rental income	\$ 1,421,991	\$ 1,333,469	\$ 2,065,316	\$ 638,078	\$ 456,862	\$ 1,483,296
Tenant revenue - other	4,186	360	39,988	2,951	-	8,606
Management fees from related parties	-	-	-	-	-	-
Donation and other	5,914	1,002	-	126,000	50,038	7,054
Total operating revenues	<u>1,432,091</u>	<u>1,334,831</u>	<u>2,105,304</u>	<u>767,029</u>	<u>506,900</u>	<u>1,498,956</u>
Operating expenses:						
Administrative	171,236	250,573	219,739	165,305	98,155	263,738
Utilities	131,086	90,001	164,717	58,386	31,762	45,157
Maintenance and operations	311,430	140,234	393,667	132,112	84,196	126,944
Marketing and leasing	-	40,192	-	-	-	6,610
Insurance and taxes	44,248	84,312	80,416	52,600	43,665	81,214
Depreciation and amortization	396,755	498,129	575,508	123,447	102,883	645,838
Total operating expenses	<u>1,054,755</u>	<u>1,103,441</u>	<u>1,434,047</u>	<u>531,850</u>	<u>360,661</u>	<u>1,169,501</u>
Operating income (loss)	<u>377,336</u>	<u>231,390</u>	<u>671,257</u>	<u>235,179</u>	<u>146,239</u>	<u>329,455</u>
Nonoperating revenues (expenses):						
Investment income	33,561	321	88,111	182	5	723
Interest expense	(584,980)	(520,266)	(1,150,581)	(151,572)	(92,665)	(500,710)
Partnership and asset management fees	(22,500)	(12,000)	(20,150)	(13,083)	(6,667)	(5,000)
Ground lease	-	-	-	-	-	-
Incentive, issuer and investor service fees	-	-	-	-	-	-
Bond and loan fees	(37,929)	-	(6,882)	-	-	(4,000)
Other nonoperating expense, net	(800)	(68,000)	(800)	(61,441)	-	(25,303)
Total nonoperating revenues (expenses)	<u>(612,648)</u>	<u>(599,945)</u>	<u>(1,090,302)</u>	<u>(225,914)</u>	<u>(99,327)</u>	<u>(534,290)</u>
Income (loss) before capital contributions transfers and special items	<u>(235,312)</u>	<u>(368,555)</u>	<u>(419,045)</u>	<u>9,265</u>	<u>46,912</u>	<u>(204,835)</u>
Capital contributions	-	-	-	-	-	8,867,498
Special items	-	-	-	-	-	-
Transfers in	-	-	-	-	523,607	-
Transfers out	-	-	-	(1,649,620)	-	-
Change in net position	<u>(235,312)</u>	<u>(368,555)</u>	<u>(419,045)</u>	<u>(1,640,355)</u>	<u>570,519</u>	<u>8,662,663</u>
Net position beginning of year, as reported	1,241,001	-	(4,354,898)	-	-	8,997
Change in reporting entity	-	2,453,515	-	1,640,355	-	-
Net position beginning of year, as restated	<u>1,241,001</u>	<u>2,453,515</u>	<u>(4,354,898)</u>	<u>1,640,355</u>	<u>-</u>	<u>8,997</u>
Net position ending of year	<u>\$ 1,005,689</u>	<u>\$ 2,084,960</u>	<u>\$ (4,773,943)</u>	<u>\$ -</u>	<u>\$ 570,519</u>	<u>\$ 8,671,660</u>

- (1) Component unit was audited by other auditors. -
- (2) For the year ended December 31, 2014
- (3) For the period January 1, 2014 through November 30, 2014
- (4) Component unit was audited other auditors as a subsidiary of the S.P.G. Housing, Inc.
- (5) Component unit was dissolved during the year ended December 31, 2014

Fairground Luxury Family Apartments, L.P. (1)(2)	Fairground Senior Housing, L.P. (1)(2)	HACSC/ Choices Family Associates (1)(2)	HACSC/ Choices Senior Associates (1)(2)	Halford LLC (2)(4)	Helzer Associates (1)(2)	Huff Avenue Associates (1)(2)	Julian Street Partners, L.P. (1)(2)
\$ 4,375,434	\$ 3,252,042	\$ 1,442,335	\$ 1,136,120	\$ 82,676	\$ 2,452,739	\$ 1,426,613	\$ 5,512,669
19,679	15,950	35,481	25,992	-	12,186	15,115	-
-	-	-	-	-	-	-	-
-	-	9,803	-	18,913	-	-	27,958
<u>4,395,113</u>	<u>3,267,992</u>	<u>1,487,619</u>	<u>1,162,112</u>	<u>101,589</u>	<u>2,464,925</u>	<u>1,441,728</u>	<u>5,540,627</u>
252,402	179,764	221,580	203,509	9,991	217,050	181,633	867,606
386,098	188,671	91,981	112,036	4,967	245,358	95,681	369,311
508,645	285,471	222,328	389,717	17,935	343,039	272,983	713,907
-	-	-	-	-	-	-	20,558
133,995	49,341	92,693	53,913	2,915	151,173	38,995	190,860
<u>2,028,544</u>	<u>1,042,390</u>	<u>558,252</u>	<u>393,192</u>	<u>65,409</u>	<u>877,053</u>	<u>270,515</u>	<u>2,091,406</u>
<u>3,309,684</u>	<u>1,745,637</u>	<u>1,186,834</u>	<u>1,152,367</u>	<u>101,217</u>	<u>1,833,673</u>	<u>859,807</u>	<u>4,253,648</u>
<u>1,085,429</u>	<u>1,522,355</u>	<u>300,785</u>	<u>9,745</u>	<u>372</u>	<u>631,252</u>	<u>581,921</u>	<u>1,286,979</u>
5,972	1,314	58,703	51,396	-	149	412	3,667
(2,001,981)	(1,056,447)	(667,828)	(461,492)	-	(1,202,075)	(261,299)	(1,876,035)
(56,916)	(27,485)	(20,000)	(20,000)	-	(19,000)	(15,000)	(53,309)
(895,538)	(440,894)	-	-	-	-	-	(6)
(133,959)	(114,482)	(18,588)	(13,081)	-	-	-	(61,007)
-	(32,100)	(9,350)	(6,385)	-	(30,134)	-	(251,129)
<u>(14,841)</u>	<u>(148,104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(800)</u>	<u>(104,320)</u>	<u>-</u>
<u>(3,097,263)</u>	<u>(1,818,198)</u>	<u>(657,063)</u>	<u>(449,562)</u>	<u>-</u>	<u>(1,251,860)</u>	<u>(380,207)</u>	<u>(2,237,819)</u>
(2,011,834)	(295,843)	(356,278)	(439,817)	372	(620,608)	201,714	(950,840)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(2,011,834)</u>	<u>(295,843)</u>	<u>(356,278)</u>	<u>(439,817)</u>	<u>372</u>	<u>(620,608)</u>	<u>201,714</u>	<u>(950,840)</u>
19,754,094	11,921,112	752,585	715,421	-	(2,337,081)	-	29,877,568
-	-	-	-	-	-	3,675,724	-
<u>19,754,094</u>	<u>11,921,112</u>	<u>752,585</u>	<u>715,421</u>	<u>-</u>	<u>(2,337,081)</u>	<u>3,675,724</u>	<u>29,877,568</u>
<u>\$ 17,742,260</u>	<u>\$ 11,625,269</u>	<u>\$ 396,307</u>	<u>\$ 275,604</u>	<u>\$ 372</u>	<u>\$ (2,957,689)</u>	<u>\$ 3,877,438</u>	<u>\$ 28,926,728</u>

(Continued)

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

For the Year Ended June 30, 2015

	Klamath Associates (1)(2)	Opportunity Center Associates, L.P. (1)(2)	Pinmore Associates (1)(2)(5)	Poco Way Associates (5)	Poinciana LLC (2)(4)	Rincon Gardens Associates, L.P. (1)(2)
Operating revenues:						
Rental income	\$ 252,404	\$ 753,579	\$ 222,403	\$ -	\$ 58,703	\$ 3,171,786
Tenant revenue - other	-	15,888	5,433	-	-	16,039
Management fees from related parties	-	-	-	-	-	-
Donation and other	3,151	52,313	667	-	11,088	2,948
Total operating revenues	<u>255,555</u>	<u>821,780</u>	<u>228,503</u>	<u>-</u>	<u>69,791</u>	<u>3,190,773</u>
Operating expenses:						
Administrative	86,977	280,078	54,170	-	7,579	413,436
Utilities	18,215	103,172	17,038	-	2,783	239,644
Maintenance and operations	43,771	310,050	244,137	-	15,239	209,804
Marketing and leasing	-	-	-	-	-	-
Insurance and taxes	21,752	57,944	21,527	-	1,887	97,854
Depreciation and amortization	57,078	431,420	70,145	-	39,264	1,143,269
Total operating expenses	<u>227,793</u>	<u>1,182,664</u>	<u>407,017</u>	<u>-</u>	<u>66,752</u>	<u>2,104,007</u>
Operating income (loss)	<u>27,762</u>	<u>(360,884)</u>	<u>(178,514)</u>	<u>-</u>	<u>3,039</u>	<u>1,086,766</u>
Nonoperating revenues (expenses):						
Investment income	9	273	74	-	-	1,564
Interest expense	(75,948)	(225,000)	(44,050)	-	-	(1,708,645)
Partnership and asset management fees	(7,500)	(25,445)	(3,333)	-	-	(34,778)
Ground lease	-	-	-	-	-	-
Incentive, issuer and investor service fees	-	-	-	-	-	(53,304)
Bond and loan fees	-	(3,000)	-	-	-	-
Other nonoperating expense, net	-	-	(106,943)	(408,087)	-	(166,571)
Total nonoperating revenues (expenses)	<u>(83,439)</u>	<u>(253,172)</u>	<u>(154,252)</u>	<u>(408,087)</u>	<u>-</u>	<u>(1,961,734)</u>
Income (loss) before capital contributions transfers and special items	<u>(55,677)</u>	<u>(614,056)</u>	<u>(332,766)</u>	<u>(408,087)</u>	<u>3,039</u>	<u>(874,968)</u>
Capital contributions	-	-	-	-	-	-
Special items	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(523,607)	-	-	-
Change in net position	<u>(55,677)</u>	<u>(614,056)</u>	<u>(856,373)</u>	<u>(408,087)</u>	<u>3,039</u>	<u>(874,968)</u>
Net position beginning of year, as reported	-	3,411,240	-	408,087	-	8,051,242
Change in reporting entity	<u>(41,106)</u>	<u>-</u>	<u>856,373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position beginning of year, as restated	<u>(41,106)</u>	<u>3,411,240</u>	<u>856,373</u>	<u>408,087</u>	<u>-</u>	<u>8,051,242</u>
Net position ending of year	<u>\$ (96,783)</u>	<u>\$ 2,797,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,039</u>	<u>\$ 7,176,274</u>

(1) Component unit was audited by other auditors.

(2) For the year ended December 31, 2014

(3) For the period January 1, 2014 through November 30, 2014

(4) Component unit was audited other auditors as a subsidiary of the S.P.G. Housing, Inc.

(5) As of May 31, 2015

South Drive LLC (2)(4)	Thunderbird Associates (1)(2)	Willows HACSC Associates (1)(2)	Elimination	Total
\$ 97,000	\$ 1,023,842	\$ 731,329	\$ -	\$ 33,390,686
-	8,355	13,596	-	239,805
-	-	-	-	-
22,122	-	-	-	338,971
<u>119,122</u>	<u>1,032,197</u>	<u>744,925</u>	<u>-</u>	<u>33,969,462</u>
23,074	140,336	97,315	-	4,405,246
4,481	115,496	75,734	-	2,591,775
17,859	671,356	125,671	-	5,580,495
-	-	-	-	67,360
7,704	36,759	20,889	-	1,366,656
22,112	322,298	187,150	-	11,942,057
<u>75,230</u>	<u>1,286,245</u>	<u>506,759</u>	<u>-</u>	<u>25,953,589</u>
<u>43,892</u>	<u>(254,048)</u>	<u>238,166</u>	<u>-</u>	<u>8,015,873</u>
3	284	348	-	247,071
(21,907)	(126,323)	(8,407)	-	(12,738,211)
(1,916)	(15,000)	(40,428)	-	(419,510)
-	-	-	-	(1,336,438)
-	-	-	-	(394,421)
-	-	(65,857)	-	(446,766)
-	(800)	(6,743)	-	(1,113,553)
<u>(23,820)</u>	<u>(141,839)</u>	<u>(121,087)</u>	<u>-</u>	<u>(16,201,828)</u>
20,072	(395,887)	117,079	-	(8,185,955)
-	-	-	-	8,867,498
-	-	-	(11,968,855)	(11,968,855)
1,649,620	-	-	(2,173,227)	-
-	-	-	2,173,227	-
<u>1,669,692</u>	<u>(395,887)</u>	<u>117,079</u>	<u>(11,968,855)</u>	<u>(11,287,312)</u>
-	3,812,357	(617,150)	-	72,644,575
-	-	-	-	8,584,861
-	3,812,357	(617,150)	-	81,229,436
<u>\$ 1,669,692</u>	<u>\$ 3,416,470</u>	<u>\$ (500,071)</u>	<u>\$ (11,968,855)</u>	<u>\$ 69,942,124</u>

HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA
(A Component Unit of the County of Santa Clara)
Combining Schedule of Net Position by Program
June 30, 2015

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Residential Opportunity Self Sufficiency	Section 8 Rental Voucher
Assets:					
Current assets:					
Unrestricted cash and cash equivalents	\$ 40,562	\$ 23,581	\$ -	\$ -	\$ 4,407,085
Unrestricted short term investments	-	1,829,495	-	-	3,004,092
Accounts receivable:					
Tenants	-	-	-	-	-
HUD	-	-	-	201,125	-
Others	523	-	-	-	-
Interest receivable	-	1,114	-	-	1,832
Due from other programs	-	-	186,733	-	1,383,883
Due from component units and related parties	-	-	-	-	-
Prepaid expenses	2,074	-	-	-	112,320
Restricted cash and cash equivalents	-	-	-	-	-
Restricted cash in FSS escrow	-	-	-	-	546,267
Restricted short term investments	-	-	-	-	-
Total current assets	<u>43,159</u>	<u>1,854,190</u>	<u>186,733</u>	<u>201,125</u>	<u>9,455,479</u>
Noncurrent assets:					
Long term investments	-	-	-	-	-
Long-term receivables from non-related parties	-	-	-	-	167,740
Advances to other programs	-	-	-	-	-
Long-term receivables from component units and related parties	-	-	-	-	2,111,802
Net pension asset	-	-	65,780	-	7,034,567
Net OPEB asset	-	-	-	-	884,912
Investments in limited partnerships	-	-	-	-	-
Other assets	-	-	-	-	-
Capital assets:					
Nondepreciable	1,006,446	-	-	-	3,959,739
Depreciable	606,193	-	-	-	596,244
Total capital assets	<u>1,612,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,555,983</u>
Total noncurrent assets	<u>1,612,639</u>	<u>-</u>	<u>65,780</u>	<u>-</u>	<u>14,755,004</u>
Total assets	<u>1,655,798</u>	<u>1,854,190</u>	<u>252,513</u>	<u>201,125</u>	<u>24,210,483</u>
Deferred outflows of resources:					
Deferred pension contributions	-	-	5,407	-	615,490
Liabilities:					
Current liabilities:					
Accounts payable	5,300	-	-	208	230,404
Accrued wages and benefits	102	-	-	2,275	210,773
Accrued interest payable	-	-	-	-	34,057
Intergovernmental payable	-	-	-	-	-
Due to other programs	-	-	-	196,465	818,678
Due to component units and related parties	-	-	-	-	-
Other accrued liabilities	-	-	-	-	442
Tenant security deposits	400	-	-	-	-
Unearned revenue	1	1,828,378	-	-	-
Current portion of accrued vacation and sick leave	-	-	-	336	62,493
Current portion of long-term debt	-	-	-	-	20,000
Total current liabilities	<u>5,803</u>	<u>1,828,378</u>	<u>-</u>	<u>199,284</u>	<u>1,376,847</u>
FSS escrow	-	-	-	-	546,267
Accrued vacation and sick leave, net of current portion	-	-	-	1,841	409,215
Advance to other programs	-	-	-	-	-
Payable to component units and related parties, net of current portion	-	-	-	-	-
Long-term interest payable	-	-	-	-	624,434
Long-term obligations, net of current portion	9,634	-	-	-	1,377,500
Total liabilities	<u>15,437</u>	<u>1,828,378</u>	<u>-</u>	<u>201,125</u>	<u>4,334,263</u>
Deferred inflows of resources:					
Difference between expected and actual investment rates of return	-	-	28,747	-	3,074,249
Net position:					
Net investment in capital assets	1,612,639	-	-	-	3,158,483
Restricted	-	-	-	-	-
Unrestricted	27,722	25,812	229,173	-	14,258,978
Total net position	<u>\$ 1,640,361</u>	<u>\$ 25,812</u>	<u>\$ 229,173</u>	<u>\$ -</u>	<u>\$ 17,417,461</u>

Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Continuum of Care	Real Estate Services	Development Services	Acquisition Development
\$ 11,686	\$ 1,390,238	\$ 1,372,257	\$ 73,287	\$ 58,452	\$ 348,829	\$ 34,333	\$ 23,403
-	815,764	7,024,935	61,631	-	-	537,763	2,300,000
-	-	-	-	-	-	-	-
2,066	-	50,651,563	6,828	-	-	-	-
3,570	-	347,352	-	4,010	289,420	-	-
53	497	4,278	37	-	-	327	1,401
13,373	-	763,455	981	13,508	568,729	24,381	-
-	-	-	-	-	195,511	-	-
-	-	-	-	-	4,310	-	-
1,466,474	-	-	-	-	2,020	-	-
4,994	-	-	-	-	-	-	-
86,307	-	-	-	-	-	-	-
1,588,523	2,206,499	60,163,840	142,764	75,970	1,408,819	596,804	2,324,804
-	-	5,035,012	-	-	-	-	508,198
-	-	-	-	-	-	-	5,760,000
-	-	-	-	-	-	-	-
-	61,151,672	-	-	-	-	-	6,561,905
239,229	-	-	41,393	156,729	700,588	566,710	-
-	-	-	-	-	20,755	27,257	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,718,523	5,830,193	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,718,523	5,830,193	-	-	-	-	-
239,229	65,870,195	10,865,205	41,393	156,729	721,343	593,967	12,830,103
1,827,752	68,076,694	71,029,045	184,157	232,699	2,130,162	1,190,771	15,154,907
12,038	-	-	2,502	10,793	42,343	35,150	-
6,330	314	140	2,641	2,008	34,003	10,217	-
5,340	-	-	1,146	8,971	15,227	8,785	-
-	-	-	-	-	12,919	-	-
15,455	-	61,754	16,595	3,477	-	-	-
158,327	-	-	38,621	20,490	51,591	34,706	-
-	-	-	-	-	3,676	-	-
17	-	14,517	4	3	2,030	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,633	-	-	286	1,938	6,573	1,279	-
-	-	-	-	-	-	-	-
187,102	314	76,411	59,293	36,887	126,019	54,987	-
4,994	-	-	-	-	-	-	-
11,218	-	-	2,051	11,838	51,025	6,803	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
203,314	314	76,411	61,344	48,725	177,044	61,790	-
104,548	-	-	18,089	68,494	306,171	247,664	-
-	4,718,523	5,830,193	-	-	-	-	-
1,552,617	-	-	-	-	2,020	-	-
(20,689)	63,357,857	65,122,441	107,226	126,273	1,687,270	916,467	15,154,907
\$ 1,531,928	\$ 68,076,380	\$ 70,952,634	\$ 107,226	\$ 126,273	\$ 1,689,290	\$ 916,467	\$ 15,154,907

(Continued)

HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA

(A Component Unit of the County of Santa Clara)

Combining Schedule of Net Position by Program

June 30, 2015

	Non-Federal Pooled Funds	Facilities Consolidation	Grants	Winter Shelter	HARA
Assets:					
Current assets:					
Unrestricted cash and cash equivalents	\$ 1,119,017	\$ 34,757	\$ 24,586	\$ 5,097	\$ 919,348
Unrestricted short term investments	550,497	1,402,733	-	-	3,138,169
Accounts receivable:					
Tenants	-	-	-	-	491
HUD	-	-	-	-	-
Others	-	-	1,017	-	37,376
Interest receivable	335	855	-	-	1,912
Due from other programs	-	-	-	-	215,538
Due from component units and related parties	-	-	-	-	-
Prepaid expenses	-	2,800	-	-	723,017
Restricted cash and cash equivalents	-	-	-	-	-
Restricted cash in FSS escrow	-	-	-	-	-
Restricted short term investments	-	-	-	-	-
Total current assets	<u>1,669,849</u>	<u>1,441,145</u>	<u>25,603</u>	<u>5,097</u>	<u>5,035,851</u>
Noncurrent assets:					
Long term investments	-	202,176	-	-	4,743,165
Long-term receivables from non-related parties	-	-	-	-	-
Advances to other programs	-	-	-	-	-
Long-term receivables from component units and related parties	117,800	-	-	-	300,485
Net pension asset	-	-	-	-	-
Net OPEB asset	-	-	-	-	-
Investments in limited partnerships	-	-	-	-	-
Other assets	-	-	-	-	-
Capital assets:					
Nondepreciable	-	-	-	-	1,825,736
Depreciable	-	-	-	-	6,476,220
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,301,956</u>
Total noncurrent assets	<u>117,800</u>	<u>202,176</u>	<u>-</u>	<u>-</u>	<u>13,345,606</u>
Total assets	<u>1,787,649</u>	<u>1,643,321</u>	<u>25,603</u>	<u>5,097</u>	<u>18,381,457</u>
Deferred outflows of resources:					
Deferred pension contributions	-	-	-	-	-
Liabilities:					
Current liabilities:					
Accounts payable	4,918	-	-	-	8,395
Accrued wages and benefits	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-
Due to other programs	-	-	-	-	216,921
Due to component units and related parties	-	-	-	-	-
Other accrued liabilities	-	-	-	5,097	(60)
Tenant security deposits	-	-	-	-	650
Unearned revenue	-	-	-	-	1,334,791
Current portion of accrued vacation and sick leave	-	-	-	-	-
Current portion of long-term debt	-	-	-	-	-
Total current liabilities	<u>4,918</u>	<u>-</u>	<u>-</u>	<u>5,097</u>	<u>1,560,697</u>
FSS escrow	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	-	-	-
Advance to other programs	-	-	-	-	7,470,000
Payable to component units and related parties, net of current portion	-	-	-	-	-
Long-term interest payable	-	-	-	-	-
Long-term obligations, net of current portion	-	-	-	-	-
Total liabilities	<u>4,918</u>	<u>-</u>	<u>-</u>	<u>5,097</u>	<u>9,030,697</u>
Deferred inflows of resources:					
Difference between expected and actual investment rates of return	-	-	-	-	-
Net position:					
Net investment in capital assets	-	-	-	-	831,956
Restricted	-	-	-	-	-
Unrestricted	1,782,731	1,643,321	25,603	-	8,518,804
Total net position	<u>\$ 1,782,731</u>	<u>\$ 1,643,321</u>	<u>\$ 25,603</u>	<u>\$ -</u>	<u>\$ 9,350,760</u>

(2) As of December 31, 2014

Preservation Programs	Internal Service Programs	Blended Component Units					Eliminations	Total
		Housing Development Corporation	PRIDE	Property Management, Inc.	Other Entities			
\$ 900,000	\$ 738,497	\$ 477	\$ -	\$ 322,774	\$ 9,334,851	\$ -	\$ 20,283,117	
-	-	-	-	-	-	-	21,565,079	
-	-	-	-	-	5,042	-	5,533	
-	-	-	-	-	1,937	-	50,863,519	
-	-	-	-	7,654	346,576	-	1,037,498	
549	-	-	-	-	-	-	13,190	
-	1,140,196	-	-	-	99,007	(4,409,784)	-	
-	-	-	-	-	512,901	-	708,412	
-	260,244	-	-	4,721	140,915	(721,951)	528,450	
-	-	773,191	-	1,780	631,009	-	2,874,474	
-	-	-	-	-	-	-	551,261	
-	-	-	-	-	-	-	86,307	
900,549	2,138,937	773,668	-	336,929	11,072,238	(5,131,735)	98,516,840	
-	-	-	-	-	-	-	10,488,551	
-	-	-	-	-	-	-	5,927,740	
-	-	7,470,000	-	-	-	(7,470,000)	-	
1,100,000	-	-	-	-	17,951,850	(19,033,191)	70,262,323	
-	-	-	-	-	-	-	8,804,996	
-	265,947	-	-	-	-	-	1,198,871	
-	-	-	-	-	6,947,508	-	6,947,508	
-	-	-	-	-	38,857	-	38,857	
-	-	-	-	-	6,354,079	-	23,694,716	
-	310,944	-	-	-	23,628,778	-	31,618,379	
-	310,944	-	-	-	29,982,857	-	55,313,095	
1,100,000	576,891	7,470,000	-	-	54,921,072	(26,503,191)	158,981,941	
2,000,549	2,715,828	8,243,668	-	336,929	65,993,310	(31,634,926)	257,498,781	
-	-	-	-	-	-	-	723,723	
-	220,768	22,848	-	197	161,025	-	709,716	
-	128,959	-	-	-	-	-	381,578	
-	-	79,333	-	-	196,322	(173,046)	149,585	
-	-	-	-	336	-	-	97,617	
625,667	1,488,264	185,538	-	455,509	119,007	(4,409,784)	-	
-	-	-	-	-	1,350,961	(346,555)	1,008,082	
-	441	-	-	519	819	-	23,829	
-	-	-	-	2,793	135,800	-	139,643	
-	-	721,951	-	3,384	7,701	(721,951)	3,174,255	
-	184,007	-	-	-	-	-	258,545	
-	-	170,000	-	-	216,085	-	406,085	
625,667	2,022,439	1,179,670	-	462,738	2,187,720	(5,651,336)	6,348,935	
-	-	-	-	-	-	-	551,261	
-	258,668	-	-	-	-	-	752,659	
-	-	-	-	-	18,513,590	(25,983,590)	-	
-	-	-	-	-	609,251	-	609,251	
-	-	-	-	-	4,462,948	-	5,087,382	
-	-	7,300,000	-	-	20,601,806	-	29,288,940	
625,667	2,281,107	8,479,670	-	462,738	46,375,315	(31,634,926)	42,638,428	
-	-	-	-	-	-	-	3,847,962	
-	310,944	-	-	-	9,164,966	-	25,627,704	
-	-	773,191	-	1,780	631,009	-	2,960,617	
1,374,882	123,777	(1,009,193)	-	(127,589)	9,822,020	-	183,147,793	
\$ 1,374,882	\$ 434,721	\$ (236,002)	\$ -	\$ (125,809)	\$ 19,617,995	\$ -	\$ 211,736,114	

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

For the Year Ended June 30, 2015

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Residential Opportunity Self Sufficiency	Section 8 Rental Voucher
Operating revenues:					
Rental income	\$ 24,298	\$ -	\$ -	\$ -	\$ -
Service fees	-	-	-	-	-
Housing assistance payments earned	-	-	-	-	-
HUD administrative fees	-	-	-	-	-
FSS coordinator fees	-	-	101,760	201,125	-
Operating subsidy	-	-	-	-	-
Other operating revenues	86,172	-	-	-	217,986
Total operating revenues	<u>110,470</u>	<u>-</u>	<u>101,760</u>	<u>201,125</u>	<u>217,986</u>
Operating expenses:					
Wages and benefits	3,420	-	7,920	-	7,351,119
Pension expense	-	-	(3,629)	-	(388,093)
Administrative	645	-	-	-	674,589
Tenant services	2,467	-	189,205	201,125	-
Utilities	3,712	-	-	-	-
Maintenance and operations	48,730	-	-	-	-
General	12,888	-	-	-	110,249
Indirect allocation	-	-	-	-	6,282,892
Depreciation and amortization	34,991	-	-	-	48,882
Housing assistance payments	-	-	-	-	199,080,911
Other	6,868	-	-	-	1,047,365
Total operating expenses	<u>113,721</u>	<u>-</u>	<u>193,496</u>	<u>201,125</u>	<u>214,207,914</u>
Operating income (loss)	<u>(3,251)</u>	<u>-</u>	<u>(91,736)</u>	<u>-</u>	<u>(213,989,928)</u>
Nonoperating revenues (expenses):					
Gain on disposition of capital assets to related party	2,239,380	-	-	-	-
Investment income	4	3,609	-	-	6,616
Interest expense	-	-	-	-	(43,150)
Total nonoperating revenues (expenses)	<u>2,239,384</u>	<u>3,609</u>	<u>-</u>	<u>-</u>	<u>(36,534)</u>
Income (loss) before capital contributions, transfers and special items	<u>2,236,133</u>	<u>3,609</u>	<u>(91,736)</u>	<u>-</u>	<u>(214,026,462)</u>
Capital contributions	-	-	-	-	-
Transfers in	259,958	22,203	-	-	220,607,288
Transfers out	(4,550,000)	(210,126)	-	-	(3,499,990)
Special items	-	-	-	-	-
Change in net position	<u>(2,053,909)</u>	<u>(184,314)</u>	<u>(91,736)</u>	<u>-</u>	<u>3,080,836</u>
Net position, beginning of year, as previously reported	3,694,270	210,126	287,505	-	23,347,044
Change in reporting entity	-	-	-	-	-
Implementation of GASB Statement Nos. 68 and 71	-	-	33,404	-	(9,010,419)
Net position, beginning of year, as restated	<u>3,694,270</u>	<u>210,126</u>	<u>320,909</u>	<u>-</u>	<u>14,336,625</u>
Net position, end of year	<u>\$ 1,640,361</u>	<u>\$ 25,812</u>	<u>\$ 229,173</u>	<u>\$ -</u>	<u>\$ 17,417,461</u>

Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Continuum of Care	Real Estate Services	Development Services	Acquisition Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	534,616	-	-
7,914,618	-	243,485,058	1,031,767	2,753,873	-	-	-
595,182	-	14,717,476	100,773	242,635	-	-	-
-	-	-	-	-	-	-	-
-	-	8,004	-	-	-	-	-
50,479	85,076	730,678	-	-	654,534	304,429	-
8,560,279	85,076	258,941,216	1,132,540	2,996,508	1,189,150	304,429	-
361,403	-	-	47,039	205,098	809,329	676,045	-
(13,198)	-	-	(2,284)	(8,647)	(38,651)	(31,265)	-
8,004	878	48	2,904	6,100	63,411	40,952	12
-	-	-	-	-	-	-	-
-	-	2,292	-	-	3,953	-	-
-	-	7,045	-	-	9,000	-	-
22,027	-	-	-	-	15,122	(7,188)	-
237,071	-	-	28,542	64,973	572,895	429,684	-
-	-	-	-	-	-	-	-
7,566,048	-	-	1,031,767	2,753,873	-	-	-
53,595	-	-	2,121	5,375	(18,978)	3,974	-
8,234,950	878	9,385	1,110,089	3,026,772	1,416,081	1,112,202	12
325,329	84,198	258,931,831	22,451	(30,264)	(226,931)	(807,773)	(12)
-	-	-	-	-	-	-	-
100	2,060,488	4,501	134	-	-	1,490	116,691
-	-	-	(5)	-	-	-	-
100	2,060,488	4,501	129	-	-	1,490	116,691
325,429	2,144,686	258,936,332	22,580	(30,264)	(226,931)	(806,283)	116,679
-	-	22,203	-	-	-	-	-
15,906	4,550,000	8,740,189	1,910	4,354	893,493	23,873	759,273
-	-	(227,167,460)	-	-	-	(236,000)	(759,273)
-	-	-	-	-	-	-	-
341,335	6,694,686	40,531,264	24,490	(25,910)	666,562	(1,018,410)	116,679
1,069,110	61,381,694	30,421,370	61,716	72,595	716,292	1,682,710	15,038,228
-	-	-	-	-	-	-	-
121,483	-	-	21,020	79,588	306,436	252,167	-
1,190,593	61,381,694	30,421,370	82,736	152,183	1,022,728	1,934,877	15,038,228
\$ 1,531,928	\$ 68,076,380	\$ 70,952,634	\$ 107,226	\$ 126,273	\$ 1,689,290	\$ 916,467	\$ 15,154,907

(Continued)

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
For the Year Ended June 30, 2015

	Non-Federal Pooled Funds	Facilities Consolidation	Grants	Winter Shelter	HARA
Operating revenues:					
Rental income	\$ -	\$ -	\$ -	\$ -	\$ 860,803
Service fees	-	-	-	-	-
Housing assistance payments earned	-	-	30,435	-	-
HUD administrative fees	-	-	5,572	-	-
FSS coordinator fees	-	-	-	-	-
Operating subsidy	-	-	-	-	-
Other operating revenues	2,496,567	-	-	-	100,515
Total operating revenues	<u>2,496,567</u>	<u>-</u>	<u>36,007</u>	<u>-</u>	<u>961,318</u>
Operating expenses:					
Wages and benefits	-	-	1,565	-	-
Pension expense	-	-	-	-	-
Administrative	346	618	-	-	201,726
Tenant services	-	-	-	-	4,316
Utilities	-	-	-	-	3,001
Maintenance and operations	-	-	-	-	15,535
General	714,322	-	-	-	4,302
Indirect allocation	-	-	-	-	-
Depreciation and amortization	-	-	-	-	346,184
Housing assistance payments	-	-	30,435	-	-
Other	-	25,210	-	-	296,651
Total operating expenses	<u>714,668</u>	<u>25,828</u>	<u>32,000</u>	<u>-</u>	<u>871,715</u>
Operating income (loss)	<u>1,781,899</u>	<u>(25,828)</u>	<u>4,007</u>	<u>-</u>	<u>89,603</u>
Nonoperating revenues (expenses):					
Gain on disposition of capital assets to related party	-	-	-	-	-
Investment income	832	4,068	-	-	52,759
Interest expense	-	-	-	-	(240,351)
Total nonoperating revenues (expenses)	<u>832</u>	<u>4,068</u>	<u>-</u>	<u>-</u>	<u>(187,592)</u>
Income (loss) before capital contributions, transfers and special items	<u>1,782,731</u>	<u>(21,760)</u>	<u>4,007</u>	<u>-</u>	<u>(97,989)</u>
Capital contributions	-	-	-	-	-
Transfers in	-	365,000	-	-	4,884,225
Transfers out	-	-	-	-	(5,108,979)
Special items	-	-	-	-	-
Change in net position	<u>1,782,731</u>	<u>343,240</u>	<u>4,007</u>	<u>-</u>	<u>(322,743)</u>
Net position, beginning of year, as previously reported	-	1,300,081	21,596	-	9,673,503
Change in reporting entity	-	-	-	-	-
Implementation of GASB Statement Nos. 68 and 71	-	-	-	-	-
Net position, beginning of year, as restated	<u>-</u>	<u>1,300,081</u>	<u>21,596</u>	<u>-</u>	<u>9,673,503</u>
Net position, end of year	<u>\$ 1,782,731</u>	<u>\$ 1,643,321</u>	<u>\$ 25,603</u>	<u>\$ -</u>	<u>\$ 9,350,760</u>

(2) As of December 31, 2014

Preservation Programs	Internal Service Programs	Blended Component Units		Blended Component Units		Eliminations	Total
		Housing Development Corporation	PRIDE	Property Management, Inc. (2)	Other Entities		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,829,070	\$ -	\$ 4,714,171
-	7,616,057	-	-	-	396,911	(7,616,057)	931,527
-	-	-	-	-	-	-	255,215,751
-	-	-	-	-	-	-	15,661,638
-	-	-	-	-	-	-	302,885
-	-	-	-	-	-	-	8,004
-	32,121	3,500	200	-	368,147	-	5,130,404
-	7,648,178	3,500	200	-	4,594,128	(7,616,057)	281,964,380
-	4,525,629	-	-	-	363,005	-	14,351,572
-	-	-	-	-	-	-	(485,767)
-	855,469	21,934	241	11,000	173,945	-	2,062,822
-	-	-	-	-	126,549	-	523,662
-	140,041	-	-	-	445,478	-	598,477
-	324,737	-	-	-	695,959	-	1,101,006
-	81,952	58,904	25	7,880	441,322	-	1,461,805
-	-	-	-	-	-	(7,616,057)	-
-	113,661	-	-	-	1,026,213	-	1,569,931
-	-	-	-	-	-	-	210,463,034
-	1,107,120	-	650	-	2,368,253	-	4,898,204
-	7,148,609	80,838	916	18,880	5,640,724	(7,616,057)	236,544,746
-	499,569	(77,338)	(716)	(18,880)	(1,046,596)	-	45,419,634
-	-	-	-	-	-	-	2,239,380
549	9	240,351	2	-	529,713	(240,351)	2,781,565
-	-	(240,351)	-	-	(670,556)	240,351	(954,062)
549	9	-	2	-	(140,843)	-	4,066,883
549	499,578	(77,338)	(714)	(18,880)	(1,187,439)	-	49,486,517
-	-	-	-	-	168,384	-	190,587
2,000,000	-	-	-	-	-	(243,127,672)	-
(990,667)	(590,777)	-	(14,400)	-	-	243,127,672	-
-	-	-	-	-	17,223,685	-	17,223,685
1,009,882	(91,199)	(77,338)	(15,114)	(18,880)	16,204,630	-	66,900,789
365,000	3,053,541	(158,664)	15,114	(106,929)	7,649,929	-	159,795,831
-	-	-	-	-	(4,236,564)	-	(4,236,564)
-	(2,527,621)	-	-	-	-	-	(10,723,942)
365,000	525,920	(158,664)	15,114	(106,929)	3,413,365	-	144,835,325
\$ 1,374,882	\$ 434,721	\$ (236,002)	\$ -	\$ (125,809)	\$ 19,617,995	\$ -	\$ 211,736,114

HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA
(A Component Unit of the County of Santa Clara)
Combining Schedule of Net Position by Program - Other Blended Component Units
June 30, 2015

	AE Associates, Ltd. (1)(2)	Avenida España HDC, Inc. (2)	Bracher HDC, Inc. (2)	DeRose HDC, Inc. (2)	Opportunity Center HDC, Inc. (2)
Assets:					
Current assets:					
Cash and cash equivalents	\$ 91,549	\$ 40,935	\$ -	\$ 13,163	\$ -
Accounts receivable:					
Tenants	3,399	-	-	-	-
HUD	-	-	-	-	-
Others	500	-	-	-	-
Due from other programs	-	99,007	-	-	-
Due from component units and related parties	-	230,671	-	-	-
Prepaid expenses	51,633	-	-	-	-
Restricted cash and cash equivalents	236,412	-	-	-	-
Total current assets	383,493	370,613	-	13,163	-
Noncurrent assets:					
Long-term receivables from component units and related parties	-	-	30,000	45,000	26,798
Investments in limited partnerships	-	9,917,882	(2,191)	(2,246,713)	1,896,626
Other assets	6,311	-	-	-	-
Capital assets:					
Nondepreciable	557,324	-	-	-	-
Depreciable	3,624,667	-	-	-	-
Total capital assets	4,181,991	-	-	-	-
Total noncurrent assets	4,188,302	-	27,809	(2,201,713)	1,923,424
Total assets	4,571,795	10,288,495	27,809	(2,188,550)	1,923,424
Liabilities:					
Current liabilities:					
Accounts payable	42,439	2,063	-	-	-
Accrued interest payable	-	-	-	-	-
Due to other programs	119,007	-	-	-	-
Due to component units and related parties	613	-	-	-	377,821
Other accrued liabilities	-	-	-	646	-
Tenant security deposits	26,735	-	-	-	-
Unearned revenue	152	-	-	-	-
Current portion of long-term debt	25,830	-	-	-	-
Total current liabilities	214,776	2,063	-	646	377,821
Advance to other programs	34,237	12,330,000	-	-	-
Long-term payable to component units and related parties	-	-	-	-	-
Long-term interest payable	2,127,426	-	-	-	-
Long-term obligations, net of current portion	4,568,960	-	-	-	-
Total liabilities	6,945,399	12,332,063	-	646	377,821
Net position:					
Net investment in capital assets	(412,799)	-	-	-	-
Restricted	236,412	-	-	-	-
Unrestricted	(2,197,217)	(2,043,568)	27,809	(2,189,196)	1,545,603
Total net position	\$ (2,373,604)	\$ (2,043,568)	\$ 27,809	\$ (2,189,196)	\$ 1,545,603

- (1) Component unit was audited by other auditors.
(2) As of December 31, 2014

Pinmore HDC, Inc. (2)	Poco Way HDC, Inc. (1)(2)	Rotary Plaza/ HACSC HDC, Inc. (1)(2)	San Pedro Gardens Associates, Ltd. (1)(2)	S.P.G. Housing, Inc. (1)(2)	Villa Garcia Inc. (1)(2)	Villa San Pedro HDC, Inc. (1)(2)	Total
\$ 2,734,339	\$ 894,330	\$ 292,705	\$ 90,803	\$ 594,854	\$ 2,871,451	\$ 1,710,722	\$ 9,334,851
-	1,227	71	8	337	-	-	5,042
-	1,746	-	-	191	-	-	1,937
42,387	93,011	1,035	-	195,958	9,967	3,718	346,576
-	-	-	-	-	-	-	99,007
-	-	15,000	-	267,230	-	-	512,901
-	30,371	29,367	4,200	25,344	-	-	140,915
-	65,830	54,948	87,998	185,821	-	-	631,009
<u>2,776,726</u>	<u>1,086,515</u>	<u>393,126</u>	<u>183,009</u>	<u>1,269,735</u>	<u>2,881,418</u>	<u>1,714,440</u>	<u>11,072,238</u>
110,474	-	-	-	-	8,101,172	9,638,406	17,951,850
(2,609,731)	(9,687)	-	-	-	1,322	-	6,947,508
-	-	20,502	12,044	-	-	-	38,857
665,594	5,131,161	-	-	-	-	-	6,354,079
-	9,228,180	4,749,762	1,202,740	4,823,429	-	-	23,628,778
<u>665,594</u>	<u>14,359,341</u>	<u>4,749,762</u>	<u>1,202,740</u>	<u>4,823,429</u>	<u>-</u>	<u>-</u>	<u>29,982,857</u>
<u>(1,833,663)</u>	<u>14,349,654</u>	<u>4,770,264</u>	<u>1,214,784</u>	<u>4,823,429</u>	<u>8,102,494</u>	<u>9,638,406</u>	<u>54,921,072</u>
<u>943,063</u>	<u>15,436,169</u>	<u>5,163,390</u>	<u>1,397,793</u>	<u>6,093,164</u>	<u>10,983,912</u>	<u>11,352,846</u>	<u>65,993,310</u>
722	54,824	21,510	11,606	23,866	2,022	1,973	161,025
-	19,361	173,046	-	3,915	-	-	196,322
-	-	-	-	-	-	-	119,007
153,537	857	312,439	173,270	250,183	82,241	-	1,350,961
-	-	173	-	-	-	-	819
-	29,965	43,154	2,775	33,171	-	-	135,800
-	239	17	10	7,283	-	-	7,701
-	-	129,378	15,888	44,989	-	-	216,085
<u>154,259</u>	<u>105,246</u>	<u>679,717</u>	<u>203,549</u>	<u>363,407</u>	<u>84,263</u>	<u>1,973</u>	<u>2,187,720</u>
3,200,000	-	-	20,000	1,388,253	-	1,541,100	18,513,590
65,000	150,000	216,205	-	178,046	-	-	609,251
-	-	1,355,497	980,025	-	-	-	4,462,948
-	9,016,511	3,375,756	1,610,647	2,029,932	-	-	20,601,806
<u>3,419,259</u>	<u>9,271,757</u>	<u>5,627,175</u>	<u>2,814,221</u>	<u>3,959,638</u>	<u>84,263</u>	<u>1,543,073</u>	<u>46,375,315</u>
665,594	5,342,830	1,244,628	(423,795)	2,748,508	-	-	9,164,966
-	65,830	54,948	87,998	185,821	-	-	631,009
<u>(3,141,790)</u>	<u>755,752</u>	<u>(1,763,361)</u>	<u>(1,080,631)</u>	<u>(800,803)</u>	<u>10,899,649</u>	<u>9,809,773</u>	<u>9,822,020</u>
<u>\$ (2,476,196)</u>	<u>\$ 6,164,412</u>	<u>\$ (463,785)</u>	<u>\$ (1,416,428)</u>	<u>\$ 2,133,526</u>	<u>\$ 10,899,649</u>	<u>\$ 9,809,773</u>	<u>\$ 19,617,995</u>

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 - Other Blended Component Units
For the Year Ended June 30, 2015

	AE Associates, Ltd. (1)(2)	Avenida España HDC, Inc. (1)(2)	Bracher HDC, Inc. (2)	DeRose HDC, Inc. (2)	Opportunity Center HDC, Inc. (2)
Operating revenues:					
Rental income	\$ 659,923	\$ -	\$ -	\$ -	\$ -
Service fees	-	188,164	30,000	45,000	25,445
Other operating revenues	11,408	-	-	-	-
Total operating revenues	<u>671,331</u>	<u>188,164</u>	<u>30,000</u>	<u>45,000</u>	<u>25,445</u>
Operating expenses:					
Wages and benefits	72,215	-	-	-	-
Administrative	53,708	2,063	-	646	-
Tenant services	31,959	-	-	-	-
Utilities	103,213	-	-	-	-
Maintenance and operations	201,193	-	-	-	-
General	61,863	-	-	-	-
Depreciation and amortization	216,381	-	-	-	-
Other	75,763	401,355	30,082	509,896	24,647
Total operating expenses	<u>816,295</u>	<u>403,418</u>	<u>30,082</u>	<u>510,542</u>	<u>24,647</u>
Operating income (loss)	<u>(144,964)</u>	<u>(215,254)</u>	<u>(82)</u>	<u>(465,542)</u>	<u>798</u>
Nonoperating revenues (expenses):					
Investment income	78	59	-	-	-
Interest expense	(105,714)	-	-	-	-
Total nonoperating revenues (expenses)	<u>(105,636)</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions, transfers and special items	<u>(250,600)</u>	<u>(215,195)</u>	<u>(82)</u>	<u>(465,542)</u>	<u>798</u>
Capital contributions	-	-	-	-	-
Special items	-	-	-	-	-
Change in net position	<u>(250,600)</u>	<u>(215,195)</u>	<u>(82)</u>	<u>(465,542)</u>	<u>798</u>
Net position, beginning of year, as previously reported	-	(1,828,373)	27,891	(1,723,654)	1,544,805
Change in reporting entity	(2,123,004)	-	-	-	-
Net position, beginning of year, as restated	<u>(2,123,004)</u>	<u>(1,828,373)</u>	<u>27,891</u>	<u>(1,723,654)</u>	<u>1,544,805</u>
Net position, end of year	<u>\$ (2,373,604)</u>	<u>\$ (2,043,568)</u>	<u>\$ 27,809</u>	<u>\$ (2,189,196)</u>	<u>\$ 1,545,603</u>

(1) Component unit was audited by other auditors.

(2) As of December 31, 2014

Pinmore HDC, Inc. (2)	Poco Way HDC, Inc. (1)(2)	Rotary Plaza/ HACSC HDC, Inc. (1)(2)	San Pedro Gardens Associates (1)(2)	S.P.G. Housing, Inc. (1)(2)	Villa Garcia Inc. (1)(2)	Villa San Pedro HDC, Inc. (1)(2)	Total
\$ -	\$ 1,142,909	\$ 981,830	\$ 222,882	\$ 821,526	\$ -	\$ -	\$ 3,829,070
76,302	5,000	15,000	-	-	-	12,000	396,911
-	348,629	1,395	60	6,296	359	-	368,147
76,302	1,496,538	998,225	222,942	827,822	359	12,000	4,594,128
-	73,985	108,635	27,712	80,458	-	-	363,005
721	28,004	31,776	17,629	31,014	5,170	3,214	173,945
-	23,025	32,444	14,004	25,117	-	-	126,549
-	114,692	128,166	1,490	97,284	-	633	445,478
-	156,097	177,716	48,170	112,783	-	-	695,959
-	63,420	58,357	22,387	235,295	-	-	441,322
-	290,032	283,751	77,291	158,758	-	-	1,026,213
679,642	462,291	73,979	11,857	97,723	1,018	-	2,368,253
680,363	1,211,546	894,824	220,540	838,432	6,188	3,847	5,640,724
(604,061)	284,992	103,401	2,402	(10,610)	(5,829)	8,153	(1,046,596)
5,072	61	42	37	108	202,639	321,617	529,713
-	(179,099)	(226,360)	(64,926)	(53,357)	-	(41,100)	(670,556)
5,072	(179,038)	(226,318)	(64,889)	(53,249)	202,639	280,517	(140,843)
(598,989)	105,954	(122,917)	(62,487)	(63,859)	196,810	288,670	(1,187,439)
-	-	-	-	168,384	-	-	168,384
-	5,254,830	-	-	-	-	11,968,855	17,223,685
(598,989)	5,360,784	(122,917)	(62,487)	104,525	196,810	12,257,525	16,204,630
(1,877,207)	803,628	-	-	-	10,702,839	-	7,649,929
-	-	(340,868)	(1,353,941)	2,029,001	-	(2,447,752)	(4,236,564)
(1,877,207)	803,628	(340,868)	(1,353,941)	2,029,001	10,702,839	(2,447,752)	3,413,365
\$ (2,476,196)	\$ 6,164,412	\$ (463,785)	\$ (1,416,428)	\$ 2,133,526	\$ 10,899,649	\$ 9,809,773	\$ 19,617,995