SANTA CLARA COUNTY
HOUSING AUTHORITY

Basic Financial Statements and Supplementary Information

For the Year Ended June 30, 2019

Certified
Public
Accountants

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
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June 30, 2019

mgo Certified Public Accountants

Independent Auditor's Report

Members of the Board of Commissioners of the
Santa Clara County Housing Authority
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 Santa Clara County Housing Authority, California (Authority), as of and for the year ended June 30, 2019, 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 Authority's blended component units, which includes AE Associates, Ltd., Alvarado Park LP, Avenida Espana HDC, Inc., Bellarmino Place LP; Blossom River Associates LP, Bracher HDC Inc., DeRose HDC, Inc., Helzer Associates, LP, Klamath Associates LP, Opportunity Center HDC, Inc., Pinmore HDC, Inc., 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 27.8% of assets, 3.6% of net position, and 2.8% 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 report has 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 blended component units, except for: AE Associates, Ltd., San Pedro Gardens Associates, Ltd., and S.P.G. Housing, Inc., and the financial statements of the discretely presented component units, except for Bendorf Drive, LP, Clarendon Street LP, Fairground Luxury Family Apartments, LP, HACSC/Choices Family Associates and Opportunity Center Associates, LP, 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 (primary government) and the aggregate discretely presented component units of the Authority as of June 30, 2019, 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 Matter

As discussed in Note 14 to the financial statements, the Authority is dependent on the U.S. Department of Housing and Urban Development (HUD) for 97.4% of its operating revenues. Our opinion is not modified with respect to this matter.

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, schedule of pension contributions, schedule of changes in the net other postemployment benefits liability and related ratios, and schedule of other postemployment benefit contributions, as listed in the accompanying 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 Governmental Accounting Standard Board (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 other supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the other supplementary 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 November 22, 2019, 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 solely 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 effectiveness of the Authority's 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
November 22, 2019

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This section of the Santa Clara County Housing Authority's (the Authority) financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the Authority's financial statements, which follows this section.

Financial Highlights

The assets and deferred outflows of resources of the Authority exceeded the liabilities and deferred inflows of resources by $435.1 million (net position). $23.0 million of the net position balance is restricted for specific purposes; $94.8 million is related to the Authority's investment in capital assets and is not available to meet on-going obligations; and $317.3 million is unrestricted and available for meeting on-going obligations.

The Authority's total increase in net position of $70.8 million to $435.1 million is a result of an increase in operating activity from the Moving-To-Work, Public Housing Proceeds, Public Housing Capital programs and Development Services.

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 third statement, the Statement of Cash Flows reports how the Authority obtained and used its cash during the fiscal year. Activities are reported in this statement by its operating, noncapital financing, capital and related financing and investment activities.
- 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 Required Supplementary Information (RSI) and Other Supplementary Information (OSI) sections. RSI presents additional information on pension and OPEB benefits and OSI 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 increase in net position of $70.8 million as shown in the table below represents an increase of $72.3 million for current year operations offset by a decrease of $1.5 million, a special item recorded for the Opportunity Center L.P. related party transaction. For details explaining the changes to the net position refer to the Financial Highlights section noted above.

The following table indicates the net position as of June 30, 2019 and 2018 (in thousands):

	June 30		Increase (Decrease)	
	2019	2018	Amount	Percent (%)
Assets:				
Current assets	$ 187,647	$ 128,364	$ 59,283	46%
Noncurrent and other assets	160,604	157,352	3,252	2%
Capital assets	145,331	145,589	(258)	0%
Total assets	493,582	431,305	62,277	14%
Deferred outflows of resources related to pensions and OPEB	6,028	21,135	(15,107)	-71%
Liabilities:				
Current liabilities	6,656	5,736	920	16%
Noncurrent liabilities	55,604	79,874	(24,270)	-30%
Total liabilities	62,260	85,610	(23,350)	-27%
Deferred inflows of resources related to pensions and OPEB	2,244	2,495	(251)	-10%
Net Position				
Net investment in capital assets	94,788	82,434	12,354	15%
Restricted	23,002	5,803	17,199	296%
Unrestricted	317,316	276,098	41,218	15%
Total net position	$ 435,106	$ 364,335	$ 70,771	19%

The Authority's net increase in current assets of $59.3 million is primarily due to the following:

- An increase in the receivables of $49.9 million includes $47.6 million from HUD for MTW funds and $2.3 million from related parties as of June 30, 2019. The net increase of $2.3 million in related party receivables represents $2.7 million excess cash distributions payments for seller take back notes offset by $0.4 million of Huff project acquisition receivable reclassified to long-term.

- Cash and short-term investment of $8.2 million, is related to Public Housing Proceeds Program, Non-Federal Pool funds, Special Purpose Vouchers and Blended Component units.

The net increase in noncurrent assets of $3.3 million was primarily due to the following:

- An increase in net pension and net OPEB assets of $13.3 million is related to a one-time contribution made in fiscal year 2018. As these contributions were made subsequent to the measurement date, they were recognized as assets in fiscal year 2019 (see deferred outflows of resources discussion below).
- A decrease of $7.8 million in long-term receivables from related parties is due to an increase of $18.1 million in notes and interest receivable from affiliate entities offset by the decrease of $23.5 million in notes receivable issued to the blended component units in June 2018 (Blossom River Associates, Helzer Associates and Rotary Plaza HDC) for the refinancing of the City of San Jose loans, that were not eliminated in fiscal year 2018 and $2.4 million of seller take back notes reclassified to short-term receivables.
- A net decrease of $1.2 million equity interest in affiliated limited partnerships is primarily because in March of 2018 the Authority withdrew its membership from the board of the Opportunity Center HDC, Inc, which is the general partner of the Opportunity Center Associates LP (OPC), a discrete component unit of the Authority in fiscal year 2018. In fiscal year 2019, OPC is no longer part of the Authority's financial reporting entity.
- A decrease of $1.0 million due to change in long-term investments.

The decrease of $15.1 million in deferred outflows of resources is primarily due to the $10.9 million of pension and $2.6 million of Other Postemployment Benefits (OPEB) contributions made in December 2017. As the contributions were made subsequent to the measurement date, they were recorded as deferred outflows in fiscal year 2018 and recognized as a reduction of the net pension liability and net OPEB liability in fiscal year 2019.

The Authority's net decrease in total liabilities of $23.4 million is primarily due to the repayment of $22.5 million in principal and interest related to the City of San Jose loans for Blossom River Associates, Helzer Associates and Rotary Plaza/HACSC HDC, Inc. In addition, there is a $1.7 million net decrease in OPEB liability resulting from a $2.6 million one-time contributions made in December 2017. As the contributions were made subsequent to the measurement date, they were recorded as deferred outflows in fiscal year 2018 and recognized as a reduction of the net OPEB liability in fiscal year 2019.

Statement of Revenues, Expenses and Changes in Net Position - The statement shows the sources of the Authority's changes in net position as they arise through its various programs and functions. A summary of the activities for the fiscal years ended June 30, 2019 and 2018 is shown in the following table (in thousands):

	June 30		Increase (Decrease)	
	2019	2018	Amount	Percent (%)
Operating revenues				
Rental income	$ 9,009	$ 8,813	$ 196	2%
Service fees	249	361	(112)	-31%
Housing assistance payment earned	390,893	338,461	52,432	15%
HUD administrative fees	17,834	16,743	1,091	7%
Other	5,029	5,763	(734)	-13%
Total operating revenues	423,014	370,141	52,873	14%
Operating expenses				
Wages and benefits	18,128	16,766	1,362	8%
Pension and OPEB expense	1,408	1,971	(563)	-29%
Administrative	2,301	2,123	178	8%
Tenant services	608	600	8	1%
Utilities	1,079	1,034	45	4%
Maintenance and operations	2,114	1,722	392	23%
General	2,275	1,295	980	76%
Depreciation and amortization	2,851	2,790	61	2%
Housing assistance payments	320,816	302,556	18,260	6%
Other	3,802	4,300	(498)	-12%
Total operating expenses	355,382	335,157	20,225	6%
Operating income	67,632	34,984	32,648	93%
Nonoperating revenues (expenses)				
State Grants	418	-	418	n/a
Investment income	6,941	4,285	2,656	62%
Interest expense	(2,703)	(2,930)	227	-8%
Total nonoperating revenues (expenses)	4,656	1,355	3,301	244%
Income before special items	72,288	36,339	35,949	99%
Special items	(1,517)	-	(1,517)	n/a
Change in net position	70,771	36,339	34,432	95%
Net position, beginning of year	364,335	327,996	36,339	11%
Net position, end of year	$ 435,106	$ 364,335	$ 70,771	19%

Revenues: As compared to 2018, the 2019 operating revenues increased by $52.9 million primarily due to the following:

- $50.2 million of the 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 a 10% increase in funding eligibility based on increases in the HUD renewal inflation factors in prior years and proration factors.

- $1.2 million increase in VASH, FUP and NED funding for 2019. This increase is because HUD uses prior year (2018) expenditure and lease up levels for current year funding. In 2018, VASH had a 5% increase in HAP expenditures.

- $1.0 million increase in Mainstream funding due to the addition of 89 new units.

- $1.1 million increase in HUD administrative fees is related to an increase of 4,613 units months leased for vouchers (including project-based voucher vacancies) and 3% increase in administrative fee rates per unit for fiscal year 2019.

Non-Operating Revenues: As compared to 2018, the 2019 increase of $3.3 million in non-operating revenues is related primarily to interest and investment income from MTW, Public Housing Proceeds, HARA, and non-federal pools funds.

Expenses: As compared to 2018, total operating expenses in 2019 increased by $20.2 million, mainly due to the following:

- HAP payments increased by $18.3 million due to the following reasons:
  - The continuing impact of the increase in program payments standards to 110% of the FMR implemented in 2017.
  - Implementation of vacancy loss payments to owners.
  - A 2% increase in the lease up rate.
- Wages and benefits increased by $1.4 million, due to the 2.5% COLA and employee merit increases that were paid in fiscal year 2019.
- General expenses increased by $1.0 million is primarily related to relocation costs paid to existing tenants for the Race Street project.
- The above increases were offset by $0.6 million decrease in pension and OPEB expenses.

Financial Analysis of the Authority's Programs

At the end of the fiscal year, the unrestricted net position for the MTW program was $204 million. As discussed in Note 15, "Moving-to-Work program", the eligible uses of MTW funds are defined in the MTW agreements and states that the eligibility would be as under Sections 9(d)(1), 9(e)(1) and 8(o) of the 1937 Act and the Authority may use MTW Reserves for activities that would be eligible for Public Housing and Voucher programs.

In addition, at the end of the fiscal year, the unrestricted net position for the Conventional Housing, the Public Housing Capital, the Section 8 Rental Voucher, the Special Purpose Voucher, Section 8 Moderate Rehabilitation, the Real Estate Services and the Development Services programs were as shown in the table below (in thousands):

Programs	Amount
Conventional Housing	$ (3)
Public Housing Capital	3,468
Section 8 Rental Voucher	3,603
Special Purpose Voucher	358
Section 8 Moderate Rehabilitation	198
Real Estate Services	(197)
Development Services	3,675

Capital Acquisitions and Construction Activities

During the fiscal year ended June 30, 2019, the Authority's activities related to construction and rehabilitation of the various projects were not significant. The net decrease of $0.2 million in capital assets includes an increase of $2.4 million in construction in progress (CIP) and furniture and equipment. CIP additions were mainly related to pre-development activity for the Buena Vista, East Santa Clara, and the Race Street projects. Office equipment additions were $0.7 related to the Authority and $0.5 million for blended component units. These increases were offset by depreciation expense of $2.8 million. 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)	
	2019	2018	Amount	Percent (%)
Section 8 Rental Voucher Program				
Notes payable	$ 973	$ 973	$ -	0%
Other Payables				
Payment in lieu of taxes	3	3	-	0%
Accrued vacation and sick leave	1,440	1,284	156	12%
Other blended component units	49,570	62,182	(12,612)	-20%
Interest payable	5,365	14,944	(9,579)	-64%
Total primary government	$ 57,351	$ 79,386	$ (22,035)	-28%

Long-Term debt decreased by $22.0 million primarily due to the refinancing of the City of San Jose loans related to the blended component units. In June of 2018, the Authority paid off $21.5 million in City of San Jose loans for Helzer Associates, Blossom River Associates and Rotary Plaza HDC. The payoff amount included principal of $11.8 million and interest of $9.7 million. Additional information on the Authority's Long-Term Debt Activity can be found in Note 7, "Long Term Obligations", to the basic financial statements.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Future congressional appropriation bills on MTW funding.
- 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 Santa Clara County Housing Authority, CFO/Director of Finance, 505 W. Julian Street, San Jose, CA 95110.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Statement of Net Position
June 30, 2019

	Primary Government - Business-type Activities	Discretely Presented Component Units
Assets:		
Current assets:		
Unrestricted cash and cash equivalents (Note 3)	$ 18,652,158	$ 24,683,669
Unrestricted short term investments (Note 3)	51,654,680	-
Accounts receivable:		
Tenants	11,640	88,646
HUD (Note 15)	103,911,558	248,415
Others	502,622	483,458
Interest receivable	323,421	-
Due from component units and related parties (Note 9)	3,876,628	-
Prepaid expenses	384,915	586,323
Restricted cash and cash equivalents (Note 3)	7,603,550	22,642,037
Restricted short term investments (Note 3)	725,801	-
Total current assets	187,646,973	48,732,548
Noncurrent assets:		
Long term investments (Note 3)	18,428,564	-
Long-term receivables from non-related parties (Note 4)	5,674,963	-
Long-term receivables from component units and related parties (Note 9)	113,062,623	-
Net pension asset (Note 12)	15,218,163	-
Net OPEB asset (Note 13)	960,814	-
Equity interest in affiliated limited partnerships (Note 9)	7,258,801	-
Other assets	-	1,491,588
Capital assets (Note 6):		
Nondepreciable	106,290,144	49,417,977
Depreciable	39,040,908	337,851,426
Total capital assets	145,331,052	387,269,403
Total noncurrent assets	305,934,980	388,760,991
Total assets	493,581,953	437,493,539
Deferred outflows of resources:		
Pension related (Note 12)	3,653,730	-
Other post employment benefits (OPEB) related (Note 13)	2,374,382	-
Total deferred outflows of resources	6,028,112	-

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Statement of Net Position
June 30, 2019

	Primary Government - Business-type Activities	Discretely Presented Component Units
Liabilities:		
Current liabilities:		
Accounts payable	1,338,143	12,406,009
Accrued wages and benefits	514,328	-
Accrued interest payable (Notes 7 and 17)	394,841	2,319,966
Intergovernmental payable	50,003	-
Payable to component units and related parties	38,732	1,108,022
Due to primary government	-	5,477,499
Other accrued liabilities	184,835	-
Tenant security deposits	413,718	1,252,638
Unearned revenue (Note 9)	1,253,934	81,372
Current portion of accrued vacation and sick leave (Note 7)	247,955	-
Current portion of long-term obligations (Notes 7 and 17)	2,219,217	4,370,225
Total current liabilities	6,655,706	27,015,731
Noncurrent liabilities:		
FSS escrow (Note 2)	1,080,613	-
Accrued vacation and sick leave, net of current portion (Note 7)	1,192,129	-
Payable to component units and related parties, net of current portion	34,969	-
Long-term interest payable (Notes 7 and 17)	4,969,905	8,200,621
Long-term obligations, net of current portion (Notes 7 and 17)	48,326,443	207,509,417
Advance from primary government	-	111,491,055
Other noncurrent liabilities	-	-
Total noncurrent liabilities	55,604,059	327,201,093
Total liabilities	62,259,765	354,216,824
Deferred inflows of resources:		
Pension related (Note 12)	768,149	-
OPEB related (Note 13)	1,476,029	-
Total deferred inflows of resources	2,244,178	-
Net position:		
Net investment in capital assets	94,788,350	74,498,801
Restricted	23,001,713	21,388,342
Unrestricted	317,316,059	(12,610,428)
Total net position	$ 435,106,122	$ 83,276,715

See accompanying notes to the basic financial statements

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	Primary Government - Business-type Activities	Discretely Presented Component Units
Operating revenues:		
Rental income	$ 9,009,070	$ 39,676,178
Service fees	249,154	-
Housing assistance payments earned	390,892,978	-
HUD administrative fees	17,833,733	-
Other	5,028,762	403,510
Total operating revenues	423,013,697	40,079,688
Operating expenses:		
Wages and benefits	18,128,558	-
Pension and OPEB expense (Notes 12 and 13)	1,407,617	-
Administrative	2,300,895	4,501,337
Tenant services	608,237	-
Utilities	1,078,949	2,670,729
Maintenance and operations	2,113,885	4,854,412
General	2,274,588	698,757
Depreciation and amortization	2,850,741	11,711,653
Housing assistance payments	320,816,455	-
Other	3,801,533	1,738,508
Total operating expenses	355,381,458	26,175,396
Operating income	67,632,239	13,904,292
Nonoperating revenues (expenses):		
State grants	418,464	-
Investment income	6,940,505	937,404
Interest expense	(2,703,096)	(11,321,337)
Other nonoperating expenses, net	-	(3,785,930)
Total nonoperating revenues (expenses)	4,655,873	(14,169,863)
Income (loss) before capital contributions and special item	72,288,112	(265,571)
Capital contributions	-	(264,763)
Special item (Note 2)	(1,516,965)	(1,516,965)
Change in net position	70,771,147	(2,047,299)
Net position, beginning of year	364,334,975	85,324,014
Net position, end of year	$ 435,106,122	$ 83,276,715

See accompanying notes to the basic financial statements

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Statement of Cash Flows
For the Year Ended June 30, 2019

	Primary Government - Business-type Activities
Cash flows from operating activities:	
Receipts from tenants	$ 9,366,461
Receipts from customers and others	2,860,885
Receipts from housing assistance programs	361,153,376
Payments to suppliers for goods and services	(12,030,375)
Housing assistance payments on behalf of tenants	(320,830,312)
Payments to employees for services	(19,590,801)
Net cash provided by operating activities	20,929,234
Cash flows from noncapital financing activities:	
Proceeds from state grants	418,464
Decrease of loans and other receivables to non-related parties	9,966
Increase of receivables from related parties and component units	7,883,064
Net cash provided by noncapital financing activities	8,311,494
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,609,117)
Deposits released from escrow for acquisition of capital assets	3,350
Repayments of short-term and long-term liabilities	(12,612,184)
Interest and other fees paid	(12,285,021)
Net cash used in capital and related financing activities	(27,502,972)
Cash flows from investing activities:	
Interest received	6,439,449
Proceeds from sale of investments	11,432,964
Purchase of investments	(10,414,809)
Net cash used in investing activities	7,457,604
Net change in cash and cash equivalents	9,195,360
Cash and cash equivalents, beginning of year	69,440,829
Cash and cash equivalents, end of year	$ 78,636,189

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Statement of Cash Flows

For the Year Ended June 30, 2019

		Primary Government - Business-type Activities
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	67,632,239
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation		2,850,741
Loss from write off of capital assets		18,677
Other nonoperating expense		(1,516,965)
Decrease (increase) in:		
Receivables		(49,992,163)
Prepaid expenses		11,157
Net pension asset		(12,355,348)
Other assets		1,244,695
Deferred outflows of resources		15,107,093
Increase (decrease) in:		
Accounts payable		327,858
Accrued wages and benefits		(25,405)
Intergovernmental payable		(13,857)
Tenant security deposits and FSS escrow		364,109
Unearned revenues		(4,921)
Accrued vacation and sick leave		156,118
Other liabilities		62,290
Net OPEB liabilities		(2,686,356)
Deferred inflows of resources		(250,728)
Net cash provided by operating activities	$	20,929,234
Cash and cash equivalents:		
Unrestricted cash and cash equivalents	$	18,652,158
Unrestricted short term investments		51,654,680
Restricted cash and cash equivalents		7,603,550
Total cash and cash equivalents	$	78,636,189
Noncash investing activities		
Increase in accrued interest receivables	$	381,382

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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. To mark the Authority's 50-year anniversary, on July 1, 2017, the Authority changed its name from the Housing Authority of the County of Santa Clara to Santa Clara County Housing Authority. 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 financial 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 because 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 CUs' financial statements are incorporated with the primary government financial statements as 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, 2018 year-end, except for the Housing Development Corporation which has a June 30, 2019 year-end.

Blended Component Units

<u>Housing Development Corporation ("HDC")</u> **-** 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'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. In addition, the HDC and the Authority have a financial and operational relationship which requires that the HDC's financial statements be blended into the Authority's financial statements. The HDC's primary

assets, the central office building and land on which it is located, will vest with the Authority at the termination of the lease, September 1, 2038, or at such time when all of the principal components of the lease payments have been paid.

On January 24, 2017, the Authority's Board of Commissioners adopted Resolution 17-01 approving prepayment of the Authority's rental payment obligations under the sublease agreement dated October 1, 2006, between the County and the Authority. On March 1, 2017 the Authority prepaid the outstanding lease obligations of $7.1 million and terminated the lease agreement. HDC did not have any activity or balances to report for fiscal year 2019.

AE Associates, Ltd. - A California limited partnership formed in August 1991 to develop and operate an 84-unit affordable housing complex for the elderly located in San Jose, California. AE Associates, Ltd.'s General Partner, Avenida Espana HDC, Inc., an Authority affiliated non-profit general partner, maintains 1% ownership. 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.

Alvarado Park, L.P. - A California limited partnership formed on December 4, 2017, to develop and operate housing complexes located in San Jose, California. Alvarado Park, L.P.'s General Partner, Villa Garcia, Inc., is an Authority affiliated non-profit public benefit corporation that maintains a 0.01% ownership interest. The Authority, as the limited partner, owns 99.99% of the partnership. As the majority partner, the Authority can impose its will on Alvarado Park, LP. As a result, it is presented as a blended component unit.

Avenida Espana HDC, Inc. - A non-profit corporation organized in April 1990, serves 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 where 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 and provide tax indemnification 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.

Bellarmino Place L.P. - A California limited partnership formed on December 4, 2017. to develop and operate housing complexes located in San Jose, California. Bellarmino Place, LP's General Partner, Villa Garcia, Inc., is an Authority affiliated non-profit public benefit corporation that maintains a 0.01% ownership interest. The Authority, as the limited partner, owns 99.99% of the partnership. As the majority partner, the Authority can impose its will on Bellarmino Place, LP. As a result, it is presented as a blended component unit.

Blossom River Associates L.P. - A California limited partnership formed in August 1996 to develop and operate a 144-unit affordable housing complex in San Jose, California, which is currently operating under the name Blossom River Apartments. The partnership is comprised of its general partner, DeRose HDC, Inc., an Authority affiliate, and the Authority as its limited partner. The Authority owns a majority of the entity and can impose its will on it. As a result, it is presented as a blended component unit.

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. It is serving as a general partner in two limited partnerships (HACSC/Choices Senior Associates and HACSC/Choices Family Associates) and as a Limited Partner for Willows/HACSC Associates. Bracher HDC, Inc.'s three-member board is comprised of three Directors appointed by the Authority's Executive Director. Bracher HDC, Inc. is a blended component unit of the Authority because it 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 two limited partnerships (Blossom River Associates and Bascom HACSC Associates). The Villa Hermosa Apartments, previously owned by Thunderbird Associates, was acquired by Hermocilla LLC on August 3, 2015. Hermocilla LLC is controlled by Derose HDC, Inc., its sole member, DeRose HDC, Inc. 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. The three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority has also provided a Demand Note guarantee on behalf of DeRose HDC, Inc. for one of its partnerships and has operational and financial responsibility for DeRose HDC, Inc.

Helzer Associates, L.P. – A California limited partnership organized in March 1998. Pinmore HDC, Inc. is the 0.1% general partner and the Authority as the limited partners owns 99.9% of the entity. As a result, the Authority can impose its will on this partnership; therefore, it is presented as a blended component unit.

Klamath Associates, L.P. A California limited partnership formed in November 1993 to develop and operate a 17-unit affordable housing complex located in Santa Clara, California, which is currently operating under the name of Klamath Gardens Apartments. S.P.G. Housing Inc., which is a non-profit organization affiliated with the Authority, is its general partner with a 1% interest. Its limited partner is the Authority with a 99% interest. Since the Authority is the majority partner it can impose its will on Klamath Associates, L.P. as such the partnership is presented as a blended component unit.

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 three members of the five-member governing board are employees of the Authority who can be appointed and 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. Effective March 1, 2018, the Authority has withdrawn its board control from Opportunity Center HDC, Inc. by exiting the three board seats (see Note 17). Prior to March 1, 2018, the Authority had operational and financial responsibility for Opportunity Center HDC, Inc.; therefore, it was presented as a blended component unit.

Pinmore HDC, Inc. - A California non-profit corporation established in September 1993 to serve as a general partner in six limited partnerships which include 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 Seniors, L.P. and Laurel Grove Family, L.P., 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 legally obligated to finance deficits of Pinmore HDC, Inc. and has operational and financial responsibility.

Poco Way HDC, Inc. - A California non-profit corporation was established in July 1994 as a nonprofit benefit corporation to provide housing for low and moderate income persons, and to serve as the general partner in limited partnerships which own and operate housing for the benefit of low and moderate income persons. The Organization previously operated a 130-unit affordable housing complex, Poco Way Apartments, which was sold on February 20, 2015 to an affiliate, McCreerty Avenue LP.

In September 2017, Poco Way HDC, Inc. acquired land in Palo Alto, California, from a third-party, which is currently operating under the name of Buena Vista Mobile Home Park (Buena Vista). Buena Vista includes 104 occupied mobile homes spaces, 12 studio units, and one single-family home, of which eight mobile home spaces and two studios are located on land leased from a third-party.

Poco Way 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 legally obligated to finance deficits of Poco Way HDC, Inc. and has operational and financial responsibility.

Rotary Plaza/HACSC HDC, Inc. - A California non-profit corporation established in May 1991. Its purpose is to provide affordable housing 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. Rotary Plaza was the general partner of Huff Avenue Associates, which owned a 73-unit affordable housing complex located in San Jose, California, operating under the name of Huff Gardens Apartments. On December 11, 2015, Huff Gardens was transferred to Huff Avenue LLC, which Rotary Plaza/HACSC HDC, Inc. is the sole member. Rotary Plaza/HACSC 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 legally obligated to finance deficits of Poco Way HDC, Inc. and has operational and financial responsibility

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, operating under the name of San Pedro Gardens. S.P.G. Housing, Inc., an Authority affiliated non-profit general partner, hold 1% ownership and the Authority holds 99% ownership. The Authority, as the majority of the owner can impose its will on the entity. As a result, San Pedro Gardens Associates is presented as a blended component unit.

S.P.G. Housing, Inc. - A California non-profit corporation established in March 1992 serves as a general partner in two limited partnerships (San Pedro Gardens Associates, Ltd. and Klamath Associates). It previously served as the limited partner for Bracher Associates and Pinmore Associates. However, the properties associated with these partnerships were sold to South Drive LLC and Branham Lane LLC. South Drive LLC, the owner of Bracher Garden Apartments, and Branham Lane LLC, the owner of Pinmore Garden Apartments, are both wholly owned by S.P.G. Housing, Inc. In addition, S.P.G. Housing Inc. wholly owns Halford LLC and Poinciana LLC, two former public housing properties it acquired in 2015.

In 2005, S.P.G. Housing, Inc. acquired DeRose Senior Housing, a 76-unit housing complex for the elderly located in San Jose, California from DeRose Housing Associates, a California limited partnership. The Authority's Board appoints its three-member governing board and may remove any of these members with or without cause. S.P.G. Housing, 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 legally obligated to provide guarantees on behalf of its partnership and has operational and financial responsibility.

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.

On December 4, 2017, Alvarado Park L.P. and Bellarmino Place L.P. were formed with VGI as the General Partner with 0.01% ownership interest, to develop and operate affordable housing complexes located in San Jose, California. Prior to the formation of these partnerships, the Authority incurred predevelopment costs for the Race Street Senior and the Race Street Family projects on behalf of these partnerships.

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 three-member governing board is comprised of the Executive Director of the Authority and two Authority staff, the Authority is legally obligated to provide guarantees on behalf of its partnership and has operational and financial responsibility.

For all the partnerships of which the above entities are general partners, refer to Note 16 for blended CUs' condensed financial statements and 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, 2018 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% or more owned by their limited partner. In addition, the Authority has 6 other discretely presented CUs, Branham Lane LLC, Halford LLC, Hermocilla LLC, Huff Avenue 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. In addition, HACSC Housing Partnerships, LLC, which is owned by Pinmore HDC, Inc. did not have any financial activity for the year ended December 31, 2018. Refer to Note 17 for detailed information on the Authority's discretely presented component units.

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-type 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 other supplementary information 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.

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

Summary of significant programs

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

<u>Section 8 Rental Voucher Program</u> 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 18,107 units.

<u>Moving to Work (“MTW”) Program</u> 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:

<u>Real Estate Services Program</u> is responsible for managing Property Management contracts which includes, operations related to Property Management and Maintenance Services, Resident Services, and Program Compliance Monitoring Services. It is also responsible for Asset Management activities. The asset management unit oversees approximately 2,798 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.

<u>Development Services Program</u> 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 represent 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.

All investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Receivables

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, 2019, 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 asset/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.

Other postemployment benefit (OPEB) plan

For purposes of measuring the net OPEB asset/liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to/deduction from the OPEB plan's fiduciary net position have been determined pursuant to GASB Statement No. 75. As such, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. OPEB 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.

Permanent loan costs

Costs incurred in order to obtain permanent financing are stated at cost and amortized on a straight-line basis into interest expense over the term of the loan. Permanent loan costs are reported as a direct deduction from the face amount of the related debt.

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, 2019, offsetting amounts of $2,146,259 were eliminated. The Authority also eliminated $66,149,361 related to other material intercompany balances and transactions from the consolidated financial statements.

Internal charges - The Authority internally charges its costs of support service, indirect costs allocations interest payments, and rent provided by one department to other Authority departments on a cost-reimbursement basis. For financial reporting purposes, $9,704,570 of internal charges for services and rent and $4,925,609 of prepaid rent payments has been eliminated for the year ended June 30, 2019.

Cumulative gains from related party sales - The Authority may acquire or sell capital assets from other commonly controlled affiliates. Generally accepted accounting principles required that the buyer record the transaction based on the seller's carrying value of the assets at the time of acquisition. The cumulative amount of the excess of the purchase price over the carrying value of the property acquired by the discretely presented component units totaling $20,499,638 is eliminated for presentation of the Authority's government-wide financial statements.

Net position

Net position includes the various net earnings from operating income, non-operating 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".

Special Items

Special items are transactions or events that are within the control of the Authority and are either unusual in nature or infrequent in occurrence. In March 2018, the Authority withdrew its three members from the board of Opportunity Center HDC, Inc. as discussed above. The elimination of the Authority's equity interest in the Opportunity Center HDC, Inc. in the amount of $1,516,965 is reported as a special item on the Authority's basic financial statements for the year ended June 30, 2019.

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 year ended June 30, 2019, the Authority implemented the following Governmental Accounting Standards Board (GASB) Statements:

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. Implementation of this statement did not have a significant impact on the Authority's financial statements for the year ended June 30, 2019.

- In March 2019, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Implementation of this statement did not have a significant impact on the Authority's financial statements for the year ended June 30, 2019.

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

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Authority's year ending June 30, 2020.

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Authority's year ending June 30, 2021.

- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the Authority's year ending June 30, 2021.

- In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No.14 and No.61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Authority's year ending June 30, 2020.

- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosure. The requirements of this statement are effective for the Authority's year ending June 30, 2022.

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, 2019, for the primary government and as of the various fiscal year ends of the individual presented component units are as follows:

	Primary Government	Discrete Component Units	Total
Unrestricted cash and cash equivalents	$ 18,652,158	$ 24,683,669	$ 43,335,827
Unrestricted short term investments	51,654,680	-	51,654,680
Restricted cash and cash equivalents	7,603,550	22,642,037	30,245,587
Restricted short term investments	725,801	-	725,801
Long term investments	18,428,564	-	18,428,564
Total	$ 97,064,753	$ 47,325,706	$ 144,390,460
Deposits with financial institutions	$ 26,255,708	$ 47,325,706	$ 73,581,414
Investments	70,809,045	-	70,809,045
Total	$ 97,064,753	$ 47,325,706	$ 144,390,459

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 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 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 173 days. More information on LAIF investment pool can be found at http://www.treasurer.ca.gov/pmia-laif/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.

A summary of the Authority's investments at June 30, 2019 is shown below:

Investment	Credit Rating	June 30, 2019	Maturities (in years) Less than 1	1-3	3-5
Money Market Mutual Fund	Not rated	$ 654,727	$ 654,727	$ -	$ -
State Local Agency Investment Fund	Not rated	50,241,702	50,241,702	-	-
Negotiable Certificates of Deposits	Not rated	6,643,932	1,484,054	4,249,021	910,857
Medium Term Bonds:					
Bank America Corp	A2	1,030,735	-	-	1,030,735
Bank New York Mtn Bk Ent	A1	992,847	-	-	992,847
Berkshire Hathaway Fin Corp	Aa2	514,015	-	514,015	-
Capital Impact Partners	AA- (S & P)	410,048	-	-	410,048
Chevron Corp	Aa2	505,020	-	505,020	-
Citibank NA NY	Aa3	597,448	-	597,449	-
Goldman Sachs Group Inc	A3	657,870	-	-	657,870
HSBC Bk N A Global	A1	411,056	-	411,056	-
JPMorgan Chase & Co	A2	820,540	-	316,119	504,421
Microsoft Corp	Aaa	505,055	-	505,055	-
Morgan Stanley	A3	496,194	-	-	496,194
PNC BBk N A	A3	524,875	-	-	524,875
Toyota Motor Credit Corp	Aa3	505,230	-	505,230	-
Wells Fargo & Co	A2	620,302	-	-	620,302
U. S. Government Agencies:					
Federal Home Loan Banks Bond	Aaa	1,445,866	-	-	1,445,866
Federal Home Ln Mtg Corp	Aaa	1,261,715	-	-	1,261,715
Federal Farm CR Bk Bond	Aaa	1,969,868	-	960,623	1,009,245
Total investments		**$ 70,809,045**	**$ 52,380,482**	**$ 8,563,588**	**$ 9,864,975**

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs include inputs that are directly observable for the investment (including quoted price for similar investments) and inputs that are not directly observable but are derived from observable market data through correlation; and Level 3 inputs are significant unobservable inputs. A summary of the Authority's hierarchy of inputs of its investments at June 30, 2019 is shown below:

Type of Investment	
Investments by fair value hierarchy - Level 1:	
Corporate Bonds	$ 8,591,235
Investments by fair value hierarchy - Level 2:	
U.S. Federal Agency Securities	4,677,449
Negotiable Certificate of Deposits	6,643,932
Subtotal investments by fair value hierarchy - Level 2	11,321,381
Investments not subject to fair value hierarchy:	
State Local Agency Investment Fund	50,241,702
Money Market Mutual Funds	654,727
Subotal investments non subject to fair value hierarchy	50,896,429
Total investments	$ 70,809,045

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

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 are 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, 2019, the amount due to the Authority is $5,674,963.

Note 5 - Disposition of public housing properties

As of June 30, 2019, 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, 2019 was as follows:

	June 30 2018	Additions	Reductions/ Transfers	June 30, 2019
Capital assets not being depreciated				
Land	$ 104,179,919	$ -	$ -	$ 104,179,919
Construction in progress	998,484	1,142,930	(31,189)	2,110,225
Total capital assets not being depreciated	105,178,403	1,142,930	(31,189)	106,290,144
Capital assets being depreciated:				
Structures	84,800,371	232,758	-	85,033,129
Furniture and equipment	4,283,275	1,233,428	12,512	5,529,215
Total capital assets being depreciated	89,083,646	1,466,186	12,512	90,562,344
Less accumulated depreciation				
Structures	(44,734,824)	(2,653,265)	-	(47,388,089)
Furniture and equipment	(3,938,333)	(195,014)	-	(4,133,347)
Total accumulated depreciation	(48,673,157)	(2,848,279)	-	(51,521,436)
Total capital assets, being depreciated, net	40,410,489	(1,382,093)	12,512	39,040,908
Total capital assets, net	$ 145,588,892	$ (239,163)	$ (18,677)	$ 145,331,052

The primary government reported depreciation expense in the amount of $2,848,279 for the year ended June 30, 2019.

The discretely presented component units' capital assets activity for the year ended December 31, 2018 is as follows:

	December 31, 2017	Additions	Reductions/ Transfers	December 31, 2018
Capital assets, not being depreciated:				
Land	$ 33,431,980	$ 173,751	$ (1,953,111)	$ 31,652,620
Construction in progress	39,766,625	32,949,965	(54,951,233)	17,765,357
Total capital assets, not being depreciated	73,198,605	33,123,716	(56,904,344)	49,417,977
Capital assets, being depreciated:				
Structures	391,509,277	54,865,428	(16,504,152)	429,870,553
Furniture and equipment	6,180,508	1,081,491	(409,107)	6,852,892
Total capital assets, being depreciated	397,689,785	55,946,919	(16,913,259)	436,723,445
Less accumulated depreciation	(92,460,654)	(11,643,920)	5,232,555	(98,872,019)
Total capital assets, being depreciated, net	305,229,131	44,302,999	(11,680,704)	337,851,426
Total capital assets, net	$ 378,427,736	$ 77,426,715	$ (68,585,048)	$ 387,269,403

The discretely presented component units reported depreciation expense in the amount of $11,643,920 for the year ended December 31, 2018.

Note 7 - Long-term obligations

Outstanding long-term debt consisted of the following at June 30, 2019:

Type of Indebtedness (purpose)	Maturity	Interest Rate	Principal Installment	Original Issue Amount	Balance as of June 30, 2018
Section 8 Choice Voucher Program					
Notes Payable					
City of San Jose	9/23/2024	4%	$ 972,500	$ 972,500	$ 972,500
Blended Component Units (detailed information in Note 17)					49,570,202
Total primary government					$ 50,542,702

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

Primary Government	July 1, 2018	Additions	Retirements	June 30, 2019	Due within one year
Section 8 Rental Voucher Program:					
Notes payable to the					
City of San Jose	$ 972,500	-	-	$ 972,500	$ 20,000
Total notes payable	972,500	-	-	972,500	20,000
Blended component units:					
A.E. Associates LP	4,500,557	-	48,281	4,452,276	25,000
Blossom River Associates	15,101,119	-	4,362,092	10,739,027	235,000
Helzer Associates	20,306,662	-	6,153,643	14,153,019	265,000
Klamath Associates	1,086,870	-	32,000	1,054,870	35,646
Poco Way HDC, Inc.	14,500,000	-	-	14,500,000	-
Rotary Plaza/ HACSC HDC, Inc.	3,172,302	-	1,948,310	1,223,992	166,774
San Pedro Gardens Associates	1,570,714	-	15,246	1,555,468	17,091
S.P.G. Housing, Inc.	1,944,162	-	52,612	1,891,550	1,454,706
Total blended component units	62,182,386	-	12,612,184	49,570,202	2,199,217
Interest payable:					
Other programs	616,834	38,900	22,675	633,059	-
Blended component units	14,327,376	2,358,523	11,954,212	4,731,687	394,841
Total interest payable	14,944,210	2,397,423	11,976,887	5,364,746	394,841
Payment in lieu of taxes	2,650	365	57	2,958	-
Accrued vacation and sick leave	1,283,966	170,955	14,837	1,440,084	247,954
Total primary government	$ 79,385,712	$ 2,568,743	$ 24,603,965	$ 57,350,490	$ 2,862,012

The annual debt service requirements for the primary government's note payable to maturity are as follows:

	Principal	Interest
Year Ending June 30,		
2020	$ 20,000	$ 38,900
2021	-	38,900
2022	-	38,900
2023	-	38,900
2024	-	38,900
2025	952,500	8,968
	$ 972,500	$ 203,468

The blended component units' long term debt service is payable from excess distributable cash, that are generally subject to changes in net cash flows. See additional information on the debt in Note 17.

Note 8 - Deficit program net position

The following general partner entities have a deficit net position as of December 31, 2018:

A.E. Associates, LP	$	(3,163,869)
Alvarado Park, LP		(2,198)
Avenida Espana HDC, Inc.		(2,456,403)
Bellarmino Place, LP		(2,185)
Blossom River Associates, LP		(6,177,701)
Bracher HDC. INC.		(371,191)
DeRose HDC, Inc.		(2,357,268)
Helzer Associates, LP		(4,831,283)
Klamath Associates LP		(249,087)
Pinmore HDC, Inc.		(2,738,157)
San Pedro Gardens Associates, Ltd.		(1,547,759)

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 prior experience, these deficit balances are likely to be recovered from the sale or transfer of the low-income property at fair market value. The remaining deficits can be funded by the Authority's MTW funds under its MTW plan non-traditional activity 2012-4 (Create Affordable Housing Preservation Fund).

Note 9 - Related parties

The Authority has the following receivables from related parties and other component units as of June 30, 2019:

Receivables due from Blended Component Units	Short-term receivables	Long-term Receivables: Notes Receivables	Long-term Receivables: Lease/ Mortgage Receivables	Long-term Receivables: Interest on Receivables	Long-term Receivables: Development and Other Services	Subtotal	Elimination	Total
AE Associates, Ltd.	$ 20,250	$ 34,237	$ 10,000	$ -	$ 40,928	$ 85,165	$ (105,395)	$ 20
Alvarado Park, LP	-	970,000	-	29,403	-	999,403	(984,972)	14,431
Avenida Espana HDC, Inc.	-	-	-	-	12,330,000	12,330,000	(12,330,000)	-
Bellarmino Place, LP	-	1,130,000	-	33,527	-	1,163,527	(1,146,716)	16,811
Blossom River Associates LP	44,646	9,540,474	-	139,966	-	9,680,440	(9,654,842)	70,244
Helzer Associates LP	270,344	8,595,421	-	86,816	-	8,682,237	(8,863,788)	88,793
Klamath Associates LP	321	-	-	-	119,932	119,932	(120,253)	-
Poco Way HDC, Inc.	-	27,000,000	-	16,684	-	27,016,684	(26,503,904)	512,780
Rotary Plaza/HACSC HDC, Inc.	461,656	2,861,355	10,000	33,927	-	2,905,282	(3,334,549)	32,389
San Pedro Garden Associates, Ltd.	46,295	17,500	49,097	3,504	-	70,101	(107,714)	8,682
S.P.G. Housing, Inc.	165,438	-	1,167,127	-	-	1,167,127	(1,299,565)	33,000
Villa San Pedro HDC, Inc.	-	1,500,000	-	219,063	-	1,719,063	(1,697,663)	21,400
Total	**$ 1,008,950**	**$ 51,648,987**	**$ 1,236,224**	**$ 562,890**	**$ 12,490,860**	**$ 65,938,961**	**$ (66,149,361)**	**$ 798,550**

(Continued)

Receivables due from Discrete Component Units	Short-term receivables	Long-term Receivables: Notes Receivables	Seller Take-Back Note	Interest on Receivables	Development and Other Services	Subtotal	Total
Bascom/HACSC Associates LP	$ 17,162	$ -	$ -	$ -	$ -	$ -	$ 17,162
Bendorf Drive L.P.	1,487	1,804,808	9,277,939	1,385,251	26,619	12,494,617	12,496,104
Branham Lane LLC	4,230	2,591,456	-	52,255	117,629	2,761,340	2,765,570
Clarendon Street L.P.	380,879	920,000	6,491,969	91,219	-	7,503,188	7,884,067
Fairgrounds Luxuary Family Apartmentts L.P.	12,733	-	-	-	-	-	12,733
Fairgrounds Senior Housing L.P.	16,273	-	-	-	-	-	16,273
HACSC/Family Choices Associates LP	41,039	-	-	-	-	-	41,039
HACSC/Senior Choices Associates LP	757	-	-	-	33,081	33,081	33,838
Halford Avenue LLC	193,639	-	2,184,895	-	-	2,184,895	2,378,534
Hermocilla LLC	16,631	-	-	-	-	-	16,631
Huff Avenue LLC	32,050	-	-	-	543,447	543,447	575,497
Julian Street Partners L.P	2,713,598	-	22,802,850	2,070,827	-	24,873,677	27,587,275
Laurel Grove Lane L.P.	8,894	6,888,174	2,557,609	844,618	150,000	10,440,401	10,449,295
McCreery Avenue L.P.	73,394	-	10,346,647	685,531	-	11,032,178	11,105,572
Park Avenue Seniors, L.P.	-	14,775,002	6,000,000	1,505,170	150,000	22,430,172	22,430,172
Poinciana Drive LLC	165,059	-	1,146,502	-	-	1,146,502	1,311,561
Rincon Garden Associates L.P.	131,957	-	15,670,000	1,026,225	-	16,696,225	16,828,182
South Drive LLC	61,761	-	-	-	-	-	61,761
Willows/HACSC Associates	1,081	-	-	-	128,354	128,354	129,435
Total	**$ 3,872,624**	**$ 26,979,440**	**$ 76,478,411**	**$ 7,661,096**	**$ 1,149,130**	**$ 112,268,077**	**$ 116,140,701**
Total receivables due from blended component units (from previous page)							**798,550**
							$ 116,939,251
Due from component units and related parties, current portion							**$ 3,876,628**
Due from component units and related parties, net of current portion							**113,062,623**
							$ 116,939,251

Short-term receivables and other advances

The Authority earns fees for providing partnership management and other services. Outstanding fees are due in future years from available cash flow of affiliate entities.

Notes receivable

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

Bendorf Drive L.P. - In December 2013, the Authority loaned Bendorf Drive L.P. $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, 2019, the balance on the note is $800,000. Additionally, in October 1, 2015, Bendorf obtained a loan from the Authority for $1,155,058. The note bears interest at 2.64% compounded annually, payable from excess/distributable cash, with the entire principal and interest due in full in December 2070. As of June 30, 2019, the balance on the note is $1,004,808.

Branham Lane LLC - In June 2018, the Authority loaned Branham Lane LLC $2,591,456 to refinance its loan with the City of San Jose loan. The loan bears 2% simple interest, with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2019, the balance on the note is $2,591,456.

Clarendon Street Associates L.P. - The Authority loaned its affiliated partnership, Clarendon Street, L.P. ("Clarendon"), an original amount of $1,275,397. This loan bears interest at 2.40%, compounded annually, matures on December 31, 2068, and is payable from excess/distributable cash. The balance as of June 30, 2019, was $920,000.

Laurel Grove Lane, L.P. - In June 2016, the Authority loaned its affiliate Laurel Grove Lane, L.P. $679,213. This loan bears interest at 5% compounding annually, is due and payable on the earlier of 55 years after the completion date or June 30, 2073. On September 1, 2018, the loan agreement was amended to increase the loan amount to $2,679,213. Then in January 2019, the amount was increased to $5,079,213. The balance as of June 30, 2019, is $5,079,213. In addition, in June 2016, Laurel Grove Lane, L.P. obtained a loan from the Authority for $1,390,497. The loan bears simple interest at a rate of 5% per annum, is due and payable on the earlier of 55 years after the completion date or June 30, 2073. The balance as of June 30, 2019 is $1,390,497. In May 2019, the Authority funded a note for $418,464. The note does not bear interest and is due in full on the earlier of 55 years after completion or on June 1, 2073. As of June 2019, the balance is $418,464.

Park Avenue Seniors, L.P. - In November 2016, the Authority loaned its affiliate Park Avenue Seniors, L.P. $399,497. On November 1, 2018, the loan agreement was amended to increase the loan amount to $1,771,391. This loan bears simple interest at 4% per annum. The loan is due in full on the earlier of 55 years after the completion date or November 1, 2073. The balance as of June 30, 2019, is $1,771,391. In addition, in November 2016, Park Avenue Seniors, L.P. obtained a loan from the Authority for $5,060,044. On November 1, 2018, the loan agreement was amended to increase the amount to $13,003,611. The loan bears simple interest at 4% annum. The loan is due in full on the earlier of 55 years after the completion date or November 1, 2073. The balance as of June 30, 2019, is $13,003,611.

Furthermore, the Authority made loans to its blended component units. The amounts, which are included within the blended component units' December 31, 2018 financial statements, 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, Ltd. - 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, 2019 was $34,237. The loan is non-interest bearing and is due October 2024.

Alvarado Park, LP - In December 2017, the Authority loaned Alvarado Park L.P. $970,000 to pay for pre-development costs associated with the affordable housing project for seniors located at Grand Avenue and Race Street in San Jose, California. The note bears simple interest at 3% annum and has a maturity date of November 30, 2092. As of June 30, 2019, the balance on the note is $970,000.

Bellarmino Place LP - In December 2017, the Authority loaned Bellarmino Place L.P. $1,130,000 to pay for pre-development costs associated with the affordable housing project for families located at Grand Avenue and Race Street in San Jose, California. The note bears simple interest at 3% annum and has a maturity date of November 30, 2092. As of June 30, 2019, the balance on the note is $1,130,000.

Blossom River Associates LP - In June 2018, the Authority loaned Blossom River Associates LP $9,540,474 to refinance its loan with the City of San Jose loan. This note bears 2% simple interest, with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2019, the balance on the loan is $9,540,474.

Helzer Associates LP - In June 2018, the Authority loaned Helzer Associates LP $8,753,500 to refinance its loan with the City of San Jose loan. This note bears 2% simple interest, with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2019, the balance on the loan is $8,595,421.

Poco Way HDC, Inc. – In September 2017, the Authority loaned its affiliate, Park Way HDC, Inc., $26,000,000 to provide additional funds to acquire Buena Vista. This loan bears 3% simple interest, payable from excess/distributable cash to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2017. As of June 2019, the balance on the loan is $26,000,000. Additionally, on September 1, 2018, the Authority issued a $1,000,000 loan to Poco Way HDC, Inc. to make a loan (the "Poco-Caritas Loan") to Caritas Acquisitions, IV, a California limited liability company, to support pre-development costs associated with the development of affordable housing for the Buena Vista Property. The note bears 3% simple annual interest. The note is due and payable in one lump sum on the date that is the earliest of: (i) the date that construction financing closes for the project; (ii) the date the property is sold, transferred, or refinanced; and (iii) the date that Poco Way HDC, Inc. receives repayment in full of the Poco-Caritas Loan. As of June 2019, the balance on the loan is $1,000,000.

Rotary Plaza/HACSC HDC, Inc. - In June 2018, the Authority loaned Rotary Plaza/ HACSC HDC, Inc. $3,265,770 to refinance its loan obligation with the City of San Jose loan. This loan bears 2% simple interest, with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 2019, the balance on the loan is $2,861,355.

San Pedro Gardens Associates, Ltd. – The Authority provided an unsecured loan to the partnership in the original amount of $50,000. The loan is non-interest bearing and is due on demand. As of June 2019, the balance on the loan is $17,500.

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, 2019, 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, Ltd. - 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, 2019, the lease receivable balance is $10,000.

Rotary Plaza/HACSC HDC, Inc./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 2019, the lease receivable is $10,000.

San Pedro Gardens Associates, Ltd. - 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, 2019, the lease receivable is $49,097.

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, 2019, the lease receivable is $1,167,127.

Seller take-back notes

Seller take-back notes receivable are accrued payments related to a note entered into between the Authority (seller) and the limited Partnership (buyer), when the buyer is not in a position to fully fund the purchase and the parties close the sale with the seller taking from the buyer a purchase money note in lieu of payment of the purchase price in full.

Bendorf Drive, L.P. - In December 2013, Bendorf Drive, L.P. 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 distributable cash, with the entire principal and interest due in full in December 2069. As of December 31, 2018, the outstanding amount is $9,277,939.

Clarendon Street, L.P. - In 2013, Clarendon Street, L.P. entered 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, 2018, the outstanding amount is $6,491,969.

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, 2019, the outstanding amount is $2,184,895.

Julian Street Partners, L.P. - 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 interest at 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, 2019, the outstanding amount is $22,802,850.

Laurel Grove Lane L.P. - On June 1, 2016, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of $2,557,609. The note is secured by a deed of trust recorded against the Laurel Grove Property, bears interest at 5% compounding annually, is due and payable on the earlier of the 55th anniversary of the completion date or June 1, 2073, and payable from residual receipts. As of June 30, 2019, the outstanding amount is $2,557,609.

McCreery Avenue L.P. - On February 1, 2015, Poco Way HDC (Lessor), and the partnership (Lessee) have entered into a seller take-back note in the amount of $10,021,352. The note is secured by a deed of trust recorded against the Poco Way Property, bears interest at 2.41% annum, compounding annually, payments are due and payable beginning April 1, 2016 and continues on the first day of each year thereafter until the maturity date, December 31, 2070, to the extent of available net cash flow as defined in the agreement. As of December 31, 2018, the outstanding amount is $10,346,647.

Park Avenue Seniors, L.P. – On November 1, 2016, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of $6,000,000. The note is secured by a deed of trust recorded against the Park Avenue Property, bears simple interest at 4% annum, is due and payable on the earlier of 55 years after the completion date or November 1, 2073, and payable from residual receipts. As of June 30, 2019, the outstanding amount is $6,000,000.

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, 2019, the outstanding amount is $1,146,502.

Rincon Garden Associates, L.P. - 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. As of June 30, 2019, the outstanding amount is $15,670,000.

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. The advance receivables included in the Authority's financial statements from blended component units have been eliminated against the entities' payables, which are also included on their respective financial statements.

Equity interest in affiliated limited partnerships

Equity interest in affiliated limited partnerships as of December 31, 2018 includes the following:

Blended Component Units	Investee Partnerships	Amount
Avenida Espana HDC, Inc.	AE Associates, Ltd. Julian Street Partners, L.P. McCreery Avenue L.P. Rincon Gardens Associates, L.P.	$ 8,247,569
Bracher HDC, Inc.	HACSC/Choices Senior Associates HACSC/Choices Family Associates	(538,296)
DeRose HDC, Inc.	Bascom HACSC Associates Blossom River Associates Hermocilla LLC	(2,553,406)
Pinmore HDC, Inc.	Fairground Luxury Family Apartments L.P. Fairgrounds Senior Housing, L.P. Helzer Associates Laurel Grove Lane L.P Park Avenue Seniors L.P. Willows HACSC Associates	(4,314,104)
Rotary Plaza/HACSC HDC, Inc	Huff Avenue LLC	4,229,223
SPG Housing Inc.	Branham Lane LLC Halford Avenue LLC Klamath Associates L.P. Poinciana Drive LLC San Pedro Gardens Associates, Ltd South Drive LLC	1,041,382
Villa Garcia, Inc.	Clarendon Street L.P.	(3,109)
Villa San Pedro HDC, Inc.	Bendorf Drive, LP	1,149,542
Total		$ 7,258,801

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, 2019, the Authority has an unearned revenue balance in the amount of $1,212,052 related to this ground lease.

Guarantees, commitments and contingencies

Guarantees - The Authority has agreed to guarantee obligations of affiliated entities that are general partners in affordable housing limited partnerships. At June 30, 2019, the Authority's significant guarantees and commitments are summarized as follows:

Properties	Operating Deficit Guarantees	General Partner Demand Note	Tax Indemnification Guarantees	Loan Repayment Guarantees	Investor Guarantee	HAP contract, Property Tax, Meal Service Program (if applicable)
A.E. Associates LP	$ -	$ 150,000	$ -	$ -	$ -	-
Bendorf Drive L.P.	650,000	-	10,445,305	-	Unlimited	HAP Contract
Blossom River Associates LP	-	250,000	-	-	-	-
Clarendon Street L.P.	575,000	-	3,730,268	-	-	HAP Contract
DeRose Garden Apartments (SPG Housing, Inc.)	-	175,000	-	-	-	-
Julian Street Partners L.P.	-	-	4,941,580	-	Unlimited	HAP Contract
Laurel Grove Lane L.P.	-	-	-	42,020,000	-	HAP Contract
McCreery Avenue L.P.	750,000	-	9,379,820	-	-	HAP Contract
Park Avenue Seniors, L.P.	-	-	-	39,030,000		HAP Contract
Rincon Garden Associates, L.P.	-	-	41,509	-	Unlimited	HAP Contract
Rotary Plaza/HACSC HDC, Inc.	-	194,000	-	-	-	-
San Pedro Gardens Associates, Ltd.	-	80,000	-	-	-	-
Willows/HACSC Associates	643,000	-	-	-	-	-
Total	**$ 2,618,000**	**$ 849,000**	**$ 28,538,482**	**$ 81,050,000**		

Note 10 - 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, 2019, the principal amount payable for the A series issues was $10,810,000.

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. At June 30, 2019, the remaining 2 notes, which are the Multifamily Housing Revenue Construction/Permanent Tranche A and Tranche B have balances of $4,091,950 and $1,212,402, respectively.

HACSC/Choices Family Associates - In August 2001, the Authority participated in the issuance of Multifamily Housing Revenue Bonds Series 2001A in the amount of $8,865,000. These bonds were issued to provide a portion of the financing for the construction and development by HACSC/Choices Family Associates of 100 apartment units located in the City of Santa Clara 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, 2019, the principal amount payable for this issue was $7,270,000.

HACSC/Choices Senior Associates - In August 2001, the Authority participated in the issuance of Multifamily Housing Revenue Bonds Series 2001A in the amount of $6,715,000. These bonds were issued to provide part of the financing for the construction and development by HACSC/Choices Senior Associates of a 100-unit multifamily rental housing development for seniors and related support facilities to be known as John Burns Gardens Apartments. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from this project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. At June 30, 2019, the principal amount payable for this issue was $5,505,000.

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, 2019, the principal amount payable for the A-1 series issue was $11,980,000.

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, 2019, the principal amount payable on the bond issue was $3,696,000.

Conduit debt with other entities

The Authority participated as a conduit debt issuer for a number of housing development projects that are not part of the Authority's operations. These issues are typically used in multi-family housing acquisition and construction. The Authority usually assigns the financing agreement (including all rights of issuer, except for reserved rights) together with other property to the Trustees. As of June 30, 2019, the Authority has the following outstanding conduit debt with non-Authority related entities:

Partnerships	Projects	Number of Units	Original Issue	Balance June 30, 2019
MP Timberwood Associates	Timberwood	286	$ 18,415,000	$ 9,785,000
Monte Vista Associates, LP	Monte Vista Terrace	150	13,000,000	6,852,000
MP Latham Associates	Lathm Park	74	4,500,000	895,100
Total		510		$ 17,532,100

Note 11 - Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There have been no significant reductions in insurance coverage from the previous year. The Authority did not have settled claims that exceeded its 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, employee theft/Fraud and employment practices liability (including errors and omissions) from the Housing Authority Risk Retention Group, Inc. ("HARRG"), Travelers, and American International Group (AIG).

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.

Liabilities	Deductible	Coverage	Excess
Commercial Property	$ 25,000	$ 34,268,684	N/A
Commercial Liability	25,000	10,000,000	N/A
Automobile	500	1,000,000	N/A
Directors and Officers Liabilty	50,000	2,000,000	N/A
Worker's Compensation	-	750,000	Statutory
Fidelity Insurance	6,500	650,000	N/A

There were no claims and no changes in the Authority's claims liability during the fiscal years ended June 30, 2019 and 2018.

Note 12 – 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 https://www.calpers.ca.gov/page/employers/actuarial-services/gasb.

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. Classic and non-classic members with five years of total service are eligible to retire, with statutorily reduced benefits, at age 50 and 52, respectively. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at fiscal year ended June 30, 2019 are summarized as follows:

Hire Date	Prior to January 1, 2013 (Classic)	On or After January 1, 2013 (Non-classic)
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	7.000%	6.250%
Required employer contribution rates	7.969%	7.969%

Employees Covered – At June 30, 2019, based on the measurement period ended June 30, 2018, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	115
Active employees	126
Total	312

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 plan 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, 2018, the employer's 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 7.97 percent and the employee contribution rate is 7 percent of annual pay. Since January of 2010 and up until July 1, 2014 the Authority contributed the entire employee's portion on behalf of its employees. Beginning July 1, 2018, the employees contributed 6 percent of annual pay and the Authority contributed the remaining 1 percent.

The employer's contribution rate for non-classic members (employees hired after January 1, 2013) is 7.97 percent of annual payroll and the employee's contribution rate is 6.25 percent. For the year ended June 30, 2019, the Authority contributed the actuarially determined contribution in the amount of $1,045,365. The contributions made during the year ended June 30, 2019 are reported as deferred outflows of resources on the statement of net position as discussed below.

B. Net Pension Liability (Asset)

The Authority's net pension liability (asset) for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of its Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. At June 30, 2019, the Authority reported a net pension asset of $15.2 million for the Plan, a net change of $12.4 million from the previous year. This was primarily due to a one-time contribution in December 2017 in the amount of $10,895,000 that was approved by the Board resolution 17-11. A summary of principal assumptions and methods used to determine the net pension liability (asset) is shown below.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Services
Mortality[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

[1] The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 Experience Study (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 [1]	Real Return Years 11+ [2]
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%

1 In the CalPERS's Comprehensive Annual Financial Report: fixed income is included in global debt securities; liquidity is included in short-term investments; and inflation assets are in included in both global equity securities and global debt securities.
2 An expected inflation of 2.0% used for this period.
3 An expected inflation of 2.92% used for this period.

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2018	$ 59,921,881	$ 62,784,696	$ (2,862,815)
Changes for the year:			
Service cost	1,667,037	-	1,667,037
Interest on total pension liability	4,244,612	-	4,244,612
Differences between expected and actual experiences	203,993	-	203,993
Changes in assumptions	(463,355)	-	(463,355)
Plan to plan resource movement	-	(183)	183
Contributions from employer	-	11,802,799	(11,802,799)
Contributions from employees	-	800,615	(800,615)
Net investment income	-	5,688,032	(5,688,032)
Benefit payments, including refunds of employee contributions	(2,261,652)	(2,261,652)	-
Administrative expense	-	(97,836)	97,836
Other miscellaneous income (expense)[1]		(185,792)	185,792
Net change	3,390,635	15,745,983	(12,355,348)
Balances reported at June 30, 2019	$ 63,312,516	$ 78,530,679	$ (15,218,163)

[1] During fiscal year 2017-18, as a result of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.*

Pension Plan Fiduciary Net Position

Detailed information about the pension plan fiduciary net position is available in the separately issued CalPERS financial reports.

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability (Asset)	$ (5,995,239)	$ (15,218,163)	$ (22,794,126)

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

For the year ended June 30, 2019, the Authority recognized pension expense of $0.9 million. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions form the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,045,365	$ -
Changes of assumptions	2,028,404	(570,797)
Difference between expected and actual experiences	382,768	(197,352)
Net difference between projected and actual earnings on plan investments	197,193	-
Total	$ 3,653,730	$ (768,149)

The $1.0 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Amounts reported as deferred inflows and outflow of resources will be recognized as future pension expense as follows.

Year Ended June 30,	
2020	$ 1,287,443
2021	905,601
2022	(166,863)
2023	(185,965)
	$ 1,840,216

Note 13 –Other postemployment benefits

A. General Information about the OPEB Plans

Plan description - The Authority provides eligible employees with post-retirement medical healthcare benefits. Upon retirement, qualified employees and spouses/domestic partners are eligible for continued medical coverage up to the Employer Coverage Cap in effect on the date of the employee's retirement. The 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.

Benefits provided - 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 retirees who meet the conditions set forth in the following table.

	Years of Service with the Authority		
Minimum Retirement Age *	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 monthly contributions of up to the $1,780 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.

Employees Covered – At June 30, 2019, based on the GASB Statement No. 75 actuarial report measured as of June 30, 2018 for the year ended June 30, 2019 the following employees were covered by the benefit terms for the OPEB plan:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	-
Active employees	125
Total	175

Contributions – The Authority makes contributions on an actuarial basis, funding the full Actuarially Determined Contributions (ADC). The Authority's contribution to the plan occur as benefits are paid to the retirees or as contributions to CERBT. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies).

Benefits and other contributions paid by the Authority during the measurement period and those made in the year following the measurement period but prior to the fiscal year ended June 30, 2019 are shown below.

	Employer Contributions for the Measurement Period	
	July 1, 2017 thru June 30, 2018	July 1, 2018 thru June 30, 2019
Employer additonal contributions to CERBT	$ 2,613,452	$ -
Employer contributions in the form of direct benefit payments (not reimbursed by CERBT)	424,166	396,265
Implicit contributions	143,425	151,327
Total	$ 3,181,043	$ 547,592

The amount of implicit contributions paid are reflected as a reduction in (active) employee premium. For the year ended June 30, 2018, the Board approved Resolution 17-11 to provide a one-time contribution in the amount of $2,613,452 to reduce the Authority's total OPEB liability. The contributions made during the year ended June 30, 2019 are reported as deferred outflows of resources on the statement of net position as discussed below.

B. Net OPEB Liability

The Authority's net OPEB liability is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2018 (measurement date), using an annual actuarial valuation as of June 30, 2017. A summary of principal actuarial assumptions and methods used to determine the net OPEB liability is as follows:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.75%
Medical trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2018	Actual	2022	6.00%
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.00%
2021	6.50%	2025 & later	5.00%

The PEMHCA mimimum required contributions and dental and vision premiums are all assumed to increase by 4.5% per year

Mortality	MacLeod Watts Scale 2017 applied generationally.

Discount Rate - The discount rate used to measure the total OPEB liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table shows the changes in net OPEB liability for the year ended June 30, 2019:

	Total OPEB Liability	OPEB Plan Net Position	Net OPEB Liability
Balances calculated at July 1, 2018	$ 11,762,646	$ 10,037,104	$ 1,725,542
Changes for the year:			
Service cost	426,170	-	426,170
Interest on total OPEB liability	654,776	-	654,776
Contributions from employer	-	3,181,040	(3,181,040)
Net investment income	-	605,459	(605,459)
Benefit payments	(567,588)	(567,588)	-
Administrative expense	-	(5,922)	5,922
Other expenses		(13,275)	13,275
Net change	513,358	3,199,714	(2,686,356)
Balances reported at June 30, 2019	$ 12,276,004	$ 13,236,818	$ (960,814)

C. Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2019 is 5.5%. The impact of a 1% increase or decrease in the discount rate assumption is shown below:

	Discount Rate -1% (4.5%)	Current Discount Rate (5.5%)	Discount Rate +1% (6.5%)
Net OPEB Liability (Asset)	$ 116,291	$ (960,814)	$ (1,714,975)

The healthcare cost trend rate was assumed to start at 8.0% and grade down to 5.0% for years 2024 and thereafter. The impact of a 1% increase or decrease in this assumption is shown below:

	Heathcare Trend Rate (less 1%)	Current Heathcare Trend Rate	Heathcare Trend Rate (plus 1%)
Net OPEB Liability (Asset)	$ (2,702,102)	$ (960,814)	$ 1,523,366

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report.

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

For the year ended June 30, 2019, the Authority recognized OPEB expense of $0.5 million. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflow of Resources	Deferred Outflow of Resources
OPEB contributions subsequent to measurement date	$ 547,592	$ -
Changes of assumptions	1,826,790	-
Difference between expected and actual experiences	-	(1,461,768)
Net difference between projected and actual earnings on plan investments	-	
Actual earnings on investments		(14,261)
Total	$ 2,374,382	$ (1,476,029)

The $0.5 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

Other amounts reported as deferred inflows and outflow of resources will be recognized as future OPEB expense as follows.

Year Ended June 30,	
2020	$ 59,234
2021	59,234
2022	59,233
2023	68,766
2024	65,182
Thereafter	39,112
	$ 350,761

Note 14 - Commitments and contingent liabilities

Lawsuit and claims

The Authority is subject to lawsuits and claims which arise out of the normal course of its activities. In the opinion of the management of the Authority and its 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, 2019, approximately 97.4% of operating revenues and 99.5% of accounts receivables reflected in the financial statements are from HUD. The Authority operates in a highly regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

Note 15 - Moving-to-Work program

Pursuant to the 2008 Appropriations Act, HUD and the Santa Clara County Housing Authority (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 2028. 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. 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 Housing Assistance Payments ("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 MTW-PHA to make immediate payments.
- Undisbursed HAP fund will be held by HUD as "*HUD Held Program Reserves*", and will be available for future HAPs.

Cash management does not change the amount of HAP funds that are available to the MTW-PHA, as the amount of funds available is still determined by the MTW agreement and Annual Budget Authority. However, 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 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 PHAs could not recognize their HCV funds as revenues. The Authority believes that MTW PHAs meet all the conditions of the revenue 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 ($103,081,715 as of June 30, 2019) as revenues and receivables on its financial statements.

The following program changes were implemented in calendar years 2018 and 2019:

- The Authority amended the Focus Forward Program activity (2014-1) to provide case management and economic incentives for participants to improve their education and or employment status. The participants will be provided with a time-limited (10-year) Housing Choice Voucher. During the first five years of participation, the Focus Forward Program participants will have their rent portion calculated in the same way as other MTW HCV participants. During years 6 through 10 of participation, the rent portion will be calculated using a tiered rent structure based on Area Median Income.

- Effective November 1, 2018, the Authority changed its payment standards for all bedroom sizes to 110% of HUD's Fair Market Rents (FMRs), which was issued October 1, 2017. The new payment standards were also effective for the Veterans Affairs Supportive Housing (VASH) program.

During the year ended June 30, 2019, the unrestricted net position activities of the Moving To Work Programs are as follows:

	MTW - Public Housing	MTW - Section 8 Rental Voucher Program	Moving To Work Program		
	Conventional Housing Program and Public Housing Capital	Section 8 Vouchers Fee Reserves	Construction Projects *	MTW Reserves**	Moving To Work Program
Unrestricted net position at June 30, 2018	$ 1,981,963	$ 17,029,651	$ 8,754,469	$ 129,296,567	$ 138,051,036
Year ended June 30, 2019 operating activity:					
HAP earned	-	-	-	368,997,693	368,997,693
Administrative fees earned	-	-	-	16,565,627	16,565,627
Public Housing rental income	19,687	-	-	-	-
Operating subsidy	-	-	-	10,898	10,898
Capital grant	-	-	-	1,371,894	1,371,894
Other income	126,711	126,350	423,821	1,206,588	1,630,409
50% of fraud recovery	-	234,137	-	234,137	234,137
FSS Escrow forfeits	-	-	-	65,950	65,950
HAP expense	-	(299,433,887)	-	-	-
Administrative and operational expenses	(64,720)	(20,109,045)	(1,288,886)	-	(1,288,886)
Net increase/(decrease) in long term obligation	-	-	-	-	-
Net decrease/(increase) in capital assets	17,823	(521,305)	-	(578,849)	(578,849)
Year ended June 30, 2019 transfers in (out):					
Transfer reimbursement from HARA for executive compensation per HUD regulations	-	206,980	-	-	-
Transfer equity of Eklund Gardens Park to Real Estate Services	528	-	-	-	-
Transfer related to year-end pension (GASB 68) adjustments	-	416,591	-	-	-
Transfer out for FY 2019 Asset Management activities	-	-	-	(407,000)	(407,000)
Other interfund transfers between MTW and MTW related programs	1,382,792	319,497,155	1,734,108	(322,614,054)	(320,879,946)
Transfer to restricted net position per HUD guidance 24: Financial reporting for Pension and OPEB.	-	(13,843,639)	-	-	-
Subtotal year ended June 30, 2019 activity	1,482,821	(13,426,663)	869,043	64,852,884	65,721,927
Unrestricted net position at June 30, 2019	$ 3,464,784	$ 3,602,988	$ 9,623,512	$ 194,149,451	$ 203,772,963

* Construction projects include: Race Street, Park Avenue and East Santa Clara

** Effective FY 2019, the Unrestricted Net Position of MTW reserves include balances of MTW activities 2012-3 (Acquisition and Development) and 2012-4 (Preservation).

Note 16 – Condensed blended component unit information

Condensed information of the blended component units is presented as follows:

	AE Associates, Ltd. (1)(2)	Alvarado Park LP (1)(2)	Avenida Espana HDC, Inc. (1)(2)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)
Current assets	$ 512,870	$ 738,073	$ 1,193,774	$ 897,954	$ 3,375,811	$ 131,804	$ 176,238	$ 2,093,262	$ 57,412
Due from component units and related parties	-	-	443,854	-	-	35,701	45,000	-	-
Other noncurrent assets	-	-	8,247,569	-	-	(538,296)	(2,553,406)	-	-
Capital assets	3,441,990	244,834	-	246,577	11,380,065	-	-	16,528,707	1,718,197
Total assets	3,954,860	982,907	9,885,197	1,144,531	14,755,876	(370,791)	(2,332,168)	18,621,969	1,775,609
Current liabilities	136,791	133	11,600	-	774,708	400	10,100	701,445	65,684
Due to component units and related parties	115,395	984,972	12,330,000	1,146,716	9,654,842	-	15,000	8,863,788	120,555
Noncurrent liabilities	6,866,543	-	-	-	10,504,027	-	-	13,888,019	1,838,457
Total liabilities	7,118,729	985,105	12,341,600	1,146,716	20,933,577	400	25,100	23,453,252	2,024,696
Net position:									
Net investment in capital assets	(1,010,286)	244,834	-	246,577	641,038	-	-	2,375,688	663,327
Restricted	353,004	-	-	-	2,916,113	-	-	1,419,542	33,944
Unrestricted	(2,506,587)	(247,032)	(2,456,403)	(248,762)	(9,734,852)	(371,191)	(2,357,268)	(8,626,513)	(946,358)
Total net position	$ (3,163,869)	$ (2,198)	$ (2,456,403)	$ (2,185)	$ (6,177,701)	$ (371,191)	$ (2,357,268)	$ (4,831,283)	$ (249,087)

	Opportunity Center HDC, Inc. (1)(2)	Pinmore HDC, Inc. (1)(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)
Current assets	$ -	$ 1,549,340	$ 1,370,359	$ 712,560	$ 270,903	$ 689,844	$ 2,179,206	$ 1,161,009
Due from component units and related parties	-	44,006	11,079,159	568,691	-	390,763	6,871,748	10,501,932
Other noncurrent assets	-	(4,314,104)	-	4,229,223	-	1,041,382	(3,109)	1,149,542
Capital assets	-	-	40,375,000	3,937,106	906,470	4,308,673	-	-
Total assets	-	(2,720,758)	52,824,518	9,447,580	1,177,373	6,430,662	9,047,845	12,812,483
Current liabilities	-	17,400	6,500	277,012	89,585	1,567,230	300	8,100
Due to component units and related parties	-	-	26,515,990	3,345,963	107,714	1,324,464	-	1,697,663
Noncurrent liabilities	-	-	14,500,000	1,146,108	2,527,833	436,844	-	-
Total liabilities	-	17,400	41,022,490	4,769,083	2,725,132	3,328,538	300	1,705,763
Net position:								
Net investment in capital assets	-	-	25,875,000	2,713,114	(648,998)	2,417,123	-	-
Restricted	-	-	-	128,318	140,415	238,208	-	-
Unrestricted	-	(2,738,158)	(14,072,972)	1,837,065	(1,039,176)	446,793	9,047,545	11,106,720
Total net position	$ -	$ (2,738,158)	$ 11,802,028	$ 4,678,497	$ (1,547,759)	$ 3,102,124	$ 9,047,545	$ 11,106,720

(1) Component unit was audited by other auditors.
(2) As of December 31, 2018

Condensed information of the blended component units is presented as follows:

	AE Associates, Ltd. (1)(2)	Alvarado Park LP (1)(2)	Avenida Espana HDC, Inc. (1)(2)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)
Operating revenues	$ 761,948	$ -	$ 398,160	$ -	$ 2,647,908	$ 518,424	$ 59,349	$ 2,948,630	$ 280,605
Operating expenses	869,549	2,294	483,770	2,310	1,826,759	10,748	54,110	2,073,755	236,117
Operating income (loss)	(107,601)	(2,294)	(85,610)	(2,310)	821,149	507,676	5,239	874,875	44,488
Nonoperating revenues (expenses), net	(98,542)	96	107	125	(976,191)	-	-	(1,122,286)	(68,733)
Change in net position	(206,143)	(2,198)	(85,503)	(2,185)	(155,042)	507,676	5,239	(247,411)	(24,245)
Net position, beginning of year	(2,957,726)	-	(2,370,900)	-	(6,022,659)	(878,867)	(2,362,507)	(4,583,872)	(224,842)
Net position, end of year	$ (3,163,869)	$ (2,198)	$ (2,456,403)	$ (2,185)	$ (6,177,701)	$ (371,191)	$ (2,357,268)	$ (4,831,283)	$ (249,087)

	Opportunity Center HDC, Inc. (1)(2)	Pinmore HDC, Inc. (1)(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)
Operating revenues	$ -	$ 44,006	$ 71,471	$ 1,727,478	$ 267,626	$ 1,085,746	$ -	$ 13,506
Operating expenses	78,437	306,207	86,019	999,499	222,982	1,049,923	12,354	15,196
Operating income (loss)	(78,437)	(262,201)	(14,548)	727,979	44,644	35,823	(12,354)	(1,690)
Nonoperating revenues (expenses), net	-	-	250,780	(155,695)	(55,570)	172,366	165,416	292,567
Special items	(1,516,965)	-	-	-	-	-	-	-
Change in net position	(1,595,402)	(262,201)	236,232	572,284	(10,926)	208,189	153,062	290,877
Net position, beginning of year	1,595,402	(2,475,957)	11,565,796	4,106,213	(1,536,833)	2,893,935	8,894,483	10,815,843
Net position, end of year	$ -	$ (2,738,158)	$ 11,802,028	$ 4,678,497	$ (1,547,759)	$ 3,102,124	$ 9,047,545	$ 11,106,720

(1) Component unit was audited by other auditors.
(2) For the year ended December 31, 2018

Condensed information of the blended component units is presented as follows:

	AE Associates, Ltd. (1)(2)	Alvarado Park LP (1)(2)	Avenida Espana HDC, Inc. (1)(2)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)
Cash flows from:									
Operating activities	$ 29,388	$ (2,063)	$ 153,189	$ (2,316)	$ 611,116	$ 16,665	$ 310	$ 370,459	$ 75,164
Investing activites	(67,786)	(139,911)	233,625	(139,464)	(284,631)	89,553	152,622	(100,680)	(26,253)
Financing activites	(48,463)	880,047	-	1,039,601	(227,303)	-	-	(256,852)	(33,383)
Net change in cash and cash equivalents	(86,861)	738,073	386,814	897,821	99,182	106,218	152,932	12,927	15,528
Cash and cash equivalents, beginning of year	546,043	-	806,960	-	3,207,421	20,394	23,296	2,000,961	36,004
Cash and cash equivalents, end of year	$ 459,182	$ 738,073	$ 1,193,774	$ 897,821	$ 3,306,603	$ 126,612	$ 176,228	$ 2,013,888	$ 51,532

	Opportunity Center HDC, Inc. (1)(2)	Pinmore HDC, Inc. (1)(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)
Cash flows from:								
Operating activities	$ -	$ 57,592	$ 98,202	$ 353,549	$ 26,180	$ 92,273	$ 159,089	$ (8,431)
Investing activities	-	93	(251,684)	(35,845)	-	(80,724)	181,140	-
Financing activities	-	-	495,097	(148,240)	(16,752)	(52,612)	-	-
Net change in cash and cash equivalents	-	57,685	341,615	169,464	9,428	(41,063)	340,229	(8,431)
Cash and cash equivalents, beginning of year	-	1,489,580	771,174	521,269	250,915	698,521	1,838,034	1,169,440
Cash and cash equivalents, end of year	$ -	$ 1,547,265	$ 1,112,789	$ 690,733	$ 260,343	$ 657,458	$ 2,178,263	$ 1,161,009

(1) Component unit was audited by other auditors.
(2) For the year ended December 31, 2018

Note 17 – Summary Financial Information of Component Units

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.

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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
RHCP Loan	$ 2,455,974	$ 3,285,000	$ 5,740,974	$ 16,707
City of San Jose	-	1,172,860	1,172,860	25,000
Subtotal	2,455,974	4,457,860	6,913,834	41,707
Less unamortized permanent loan costs	-	(5,584)	(5,584)	-
Total	$ 2,455,974	$ 4,452,276	$ 6,908,250	$ 41,707

Blossom River Associates L.P.

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 bears 6.5% simple interest. Payments of principal and interest which are secured by a direct pay letter of credit from Union Bank of California, are due every 6 months, on the first of March and September, amortized over a 40-year term.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
1998 Series A Bonds	$ 240,200	$ 10,925,000	$ 11,165,200	$ 475,200
Less unamortized				
permanent loan costs	-	(185,973)	(185,973)	-
Total	$ 240,200	$ 10,739,027	$ 10,979,227	$ 475,200

Helzer Associates L.P.

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 a simple interest rate of 6.34%. Payments of principal and interest are due and payable semi-annually on the first day of June and December.

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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
1999 Series A Bonds	$ 75,994	$ 14,253,000	$ 14,328,994	$ 340,994
CalHFA Note	-	333,547	333,547	-
Subtotal	75,994	14,586,547	14,662,541	340,994
Less unamortized				
permanent loan costs	-	(433,528)	(433,528)	-
Total	$ 75,994	$ 14,153,019	$ 14,229,013	$ 340,994

Klamath Associates L.P.

Long-term debt

Citibank Loan - The loan with an original amount of $750,000, bears an adjustable interest rate and is payable in monthly installments of $5,045, that was reduced to $5,007, until maturity in May 2027. Interest was adjusted in June 2017 to 6.58% and calculated by applying 2.42% 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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 2,125	$ 387,496	$ 389,621	$ 37,771
City of Santa Clara Note	819,233	681,176	1,500,409	-
Subtotal	821,358	1,068,672	1,890,030	37,771
Less unamortized permanent loan costs	-	(13,802)	(13,802)	-
Total	$ 821,358	$ 1,054,870	$ 1,876,228	$ 37,771

Poco Way HDC, Inc.

Buena Vista Mobile Home Park Property Acquisition and Ground Lease

In September 2017, .Poco Way HDC, Inc. acquired the property known as Buena Vista for $40.4 million and entered into loans with the Authority in the amount of $26 million and with the City of Palo Alto in the amount of $14.5 million. Pursuant to the Memorandum of Understanding by and among the County of Santa Clara, the City of Palo Alto, and the Authority, Poco Way HDC, Inc. intends to preserve Buena Vista as a mobile home park, or equivalent, for up to 50 years. Poco Way HDC, Inc. expects to complete major improvements and renovations to the property as funding becomes available.

Poco Way HDC, Inc. leases a portion of Buena Vista from a third-party, which includes eight occupied mobile home spaces and two studios. On September 29, 2017, Poco Way HDC, Inc. entered into a three-year ground lease agreement with Caritas Acquisitions IV, LLC (Caritas), the property management company of Buena Vista, to lease the land purchased from the third-party and sublease a portion of the land that is leased from the third-party. Poco Way HDC, Inc. will earn an annual asset management fee in the amount equal to 5% of annual gross revenue generated from Buena Vista. Upon satisfaction of the milestones set forth in the Schedule of Performance and execution of the Transition Plan and Improvement Plan pursuant to the ground lease, Caritas shall negotiate a longer term ground lease of at least 32 additional years, which will supersede and replace this ground lease.

Long-term debt

City of Palo Alto Note - The note bears 3% simple interest, payable from excess/distributable cash, to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2023.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
City of Palo Alto Note	$ -	$ 14,500,000	$ 14,500,000	$ -

Commitment

Poco Way HDC, Inc. also has a commitment from the County of Santa Clara (County) for a loan in the maximum amount of $14.5 million, which will bear 3% simple interest, payable from excess/distributable cash, to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2027. Pursuant to the Disbursement Agreement, the County shall only make disbursements of loan proceeds to Poco Way HDC, Inc. for eligible expenses with proper written requests and supporting documents. There were no disbursements made as of December 31, 2018.

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.

County of Santa Clara - The note bears simple interest at 6% per annum, due in full in July 2033.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
CCRC Note	$ 6,199	$ 1,144,428	$ 1,150,627	$ 166,774
RHCP Loan	88,890	95,000	183,890	-
Subtotal	95,089	1,239,428	1,334,517	166,774
Less unamortized permanent loan costs	-	(15,436)	(15,436)	-
Total	$ 95,089	$ 1,223,992	$ 1,319,081	$ 166,774

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 (Serviced by Berkadia Commercial Mortgage) 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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 120	$ 71,988	$ 72,108	$ 17,211
RHCP Loan	1,041,350	1,489,500	2,530,850	51,894
Subtotal	1,041,470	1,561,488	2,602,958	69,105
Less unamortized permanent loan costs	-	(6,020)	(6,020)	-
Total	$ 1,041,470	$ 1,555,468	$ 2,596,938	$ 69,105

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 3.91% per annum), is payable in monthly installments of $6079 and is due in full in October 2026.

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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 1,602	$ 491,550	$ 493,152	$ 56,308
City of San Jose Note	-	1,400,000	1,400,000	1,400,000
Total	$ 1,602	$ 1,891,550	$ 1,893,152	$ 1,456,308

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.

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 April 2042. 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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Tax-exempt bonds				
Series A and Series B	$ 158,120	$ 5,130,000	$ 5,288,120	$ 263,120
City of San Jose Note	1,664,553	6,979,530	8,644,083	344,472
Total	$ 1,822,673	$ 12,109,530	$ 13,932,203	$ 607,592

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 in October 2015, at which time, $11,710,000 was converted to a 30-year amortizing loan with interest at 5.75%. Payments and interest are duly monthly, with the entire principal and interest due in full in October 2045.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
CHRP Loan	$ 841,634	$ 4,156,798	$ 4,998,432	$ 233,460
CalHFA Loan	53,675	11,214,054	11,267,729	145,550
Subtotal	895,309	15,370,852	16,266,161	379,010
Less unamortized				
permanent loan costs	-	(276,166)	(276,166)	-
Total	$ 895,309	$ 15,094,686	$ 15,989,995	$ 379,010

<u>Branham Lane LLC</u>

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

<u>Citibank Loan</u> - 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 2026. An interest rate adjustment will occur in February 2021.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 10,169	$ 871,141	$ 881,310	$ 111,653
Less unamortized permanent loan costs	-	(39,325)	(39,325)	-
Total	$ 10,169	$ 831,816	$ 841,985	$ 111,653

<u>Clarendon Street, L.P.</u>

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

<u>Bank of the West as the servicer of the HACSC Multifamily Note ("Tranche A")</u> - 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 only payments 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 2025.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Bank of the West (Tranche A)	$ 13,268	$ 4,159,192	$ 4,172,460	$ 149,113
Bank of the West (Tranche B)	2,949	1,307,375	1,310,324	194,220
Subtotal	16,217	5,466,567	5,482,784	343,333
Less unamortized permanent loan costs	-	(85,762)	(85,762)	-
Total	$ 16,217	$ 5,380,805	$ 5,397,022	$ 343,333

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.

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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
CalHFA Loan	$ 106,506	$ 21,869,357	$ 21,975,863	$ 407,473
City of San Jose Note	3,367,019	17,245,082	20,612,101	-
Subtotal	3,473,525	39,114,439	42,587,964	407,473
Less unamortized permanent loan costs	-	(120,063)	(120,063)	-
Total	$ 3,473,525	$ 38,994,376	$ 42,467,901	$ 407,473

Fairgrounds Senior Housing, L.P.

Organization

Fairgrounds Senior Housing, L.P., a California limited partnership ("Fairgrounds Senior"), was formed on May 14, 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, 2016, 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.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
City of San Jose Revenue Bonds	$ 55,550	$ 10,840,000	$ 10,895,550	$ 380,550
City of San Jose Note	187,196	8,022,702	8,209,898	-
County of Santa Clara Note	16,395	936,858	953,253	-
Subtotal	259,141	19,799,560	20,058,701	380,550
Less unamortized permanent loan costs	-	(346,750)	(346,750)	-
Total	$ 259,141	$ 19,452,810	$ 19,711,951	$ 380,550

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. ("Union Bank").

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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
City of Santa Clara Note	$ 415,451	$ 3,892,000	$ 4,307,451	$ 334,650
Series 2001 A Bonds	199,756	7,340,000	7,539,756	344,756
California HCD	925,949	4,050,500	4,976,449	174,621
Subtotal	1,541,156	15,282,500	16,823,656	854,027
Less unamortized permanent loan costs	-	(227,374)	(227,374)	-
Total	$ 1,541,156	$ 15,055,126	$ 16,596,282	$ 854,027

Subsequent Event

The Authority negotiated an exit price to purchase Union Bank's limited partner interest in HACSC/Choices Family. Union Bank, the 99.99% investor limited partner of the partnership, agreed to transfer their entire interest in the partnership to the Authority effective January 31, 2019.

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. ("Union Bank").

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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
City of Santa Clara Note	$ 1,727,957	$ 5,317,000	$ 7,044,957	$ -
Series 2001 A Bonds	154,120	5,560,000	5,714,120	264,120
Subtotal	1,882,077	10,877,000	12,759,077	264,120
Less unamortized permanent loan costs	-	(196,176)	(196,176)	-
Total	$ 1,882,077	$ 10,680,824	$ 12,562,901	$ 264,120

Subsequent Event

The Authority negotiated an exit price to purchase Union Bank's limited partner interest in HACSC/Choices Senior. Union Bank, the 99.99% investor limited partner of the partnership, agreed to transfer their entire interest in the partnership to the Authority effective January 31, 2019.

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, 2018, Halford Avenue LLC does not have unaffiliated long-term debt.

Hermocilla LLC

Hermocilla LLC, a California limited liability company, was formed on July 29, 2015 to acquire and operate a 100-unit affordable senior housing complex located in San Jose, California, which is currently operating under the name of Villa Hermosa Apartments (the Project). The Project was placed in service in July 1999. Hermocilla LLC is controlled by its sole member, DeRose HDC, Inc., which is a California nonprofit public benefit corporation affiliated with the Authority. On August 3, 2015, Hermocilla LLC acquired the Project from Thunderbird Associates (Thunderbird) and assumed its liabilities.

Long-term debt

Citibank Loan - The loan originally amounting to $2,525,000 bears variable interest at 5.68% per annum and is payable in monthly installments of $15,447. It is due in full in October 2029.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 7,086	$ 1,497,135	$ 1,504,221	$ 110,068
Less unamortized permanent loan costs	-	(78,629)	(78,629)	-
Total	$ 7,086	$ 1,418,506	$ 1,425,592	$ 110,068

Huff Avenue LLC

Organization

Huff Avenue LLC, a limited liability company formed on July 3, 2014, to acquire and operate a 72-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Huff Avenue Apartments (the project). The company is owned by its sole member Rotary Plaza/HACSC HDC, Inc., which is a nonprofit organization affiliated with HACSC.

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 will be due on 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.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
City of San Jose Note	$ 40,028	$ 468,540	$ 508,568	$ 481,167
ARCS Note	17,696	3,176,584	3,194,280	115,151
Subtotal	57,724	3,645,124	3,702,848	596,318
Less unamortized permanent loan costs	-	(82,371)	(82,371)	-
Total	$ 57,724	$ 3,562,753	$ 3,620,477	$ 596,318

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, 2016, 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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Revenue Bonds 2010 Series A-1 Loan	$ 140,389	$ 12,525,000	$ 12,665,389	$ 1,230,389
Less unamortized permanent loan costs	-	(444,451)	(444,451)	-
Total	$ 140,389	$ 12,080,549	$ 12,220,938	$ 1,230,389

Laurel Grove Lane LP.

Laurel Grove Lane, L.P. (Laurel Grove), a California limited partnership was formed on March 27, 2015 to develop and operate affordable housing complex located in San Jose, California. Pinmore HDC, Inc. has 0.01% ownership interest in Laurel Grove Lane LP.

Long-term debt

California Municipal Finance Agency ("CalMFA") Loan - The Loan in the original amount of $42,020,000, bears a variable interest rate. Payments of principal and interest are due every month with the entire principal and interest due in full in December 1, 2049. Capitalized interest was $656,020, in 2018.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
California Municipal Finance Authority (CalMFA)	$ -	$ 38,302,461	$ 38,302,461	$ -

McCreery Avenue L.P.

McCreery Avenue LP (the partnership), a California limited partnership, was formed on June 13, 2014 to develop and operate a 130-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Poco Way Apartments (the Project). On February 20, 2015, the Project was acquired from an affiliate, Poco Way HDC, Inc., which is a nonprofit organization. A portion of the Project (9 of 21 buildings) was placed in service on various dates from August through December 2015. The rehabilitation of the rest of the Project was completed in June 2016. The Partnership is controlled by its general partner, Avenida Espana HDC, Inc. which is a nonprofit organization affiliated with the Authority. The project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code as modified by the State of California. Various loan, regulatory and other agreements dictate the maximum income levels of new tenants and provide rent and other restrictions through 2071.

Long-term debt

Citibank, N.A Loan - As funding lender of the City of San Jose Multifamily Housing Revenue Note series 2015 A-1, in the maximum amount of $21,833,354, bears variable interest at 1.4% plus the 1-month LIBOR rate. Interest-only payments are due monthly until December 2016 when $11,525,000 is converted into a 30-year amortizing loan with interest at 3.95%.

City of San Jose Loan - The loan bears interest at 2.41% compounded annually, payable from excess/distributable cash, with entire principal and interest due in full in February 2070.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 36,621	$ 11,125,380	$ 11,162,001	$ 257,422
City of San Jose Note	79,414	3,295,178	3,374,592	140,944
Subtotal	116,035	14,420,558	14,536,593	398,366
Less unamortized permanent loan costs	-	(276,702)	(276,702)	-
Total	$ 116,035	$ 14,143,856	$ 14,259,891	$ 398,366

<u>Opportunity Center Associates L.P.</u>

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, 2015, Opportunity Center's investor limited partner is MMA Opportunity Center, LLC and the special limited partner is MMA Special Limited Partner, Inc.

In March 2018, the Authority withdrew its three members from the board of Opportunity Center HDC, Inc., which is the general partner of the Opportunity Center Associates L.P. (OPC). For fiscal year 2019, the period from January 1, 2018 through February 28, 2018, of OPC is reported as part of the Authority's financial reporting entity. As such the long-term debt as of February 28, 2018 are no longer reported with the Authority as of December 31, 2018.

<u>Park Avenue Seniors LP.</u>

Park Avenue Seniors, L.P., a California limited partnership was formed on March 27, 2015 to develop and operate affordable housing complex located in San Jose, California. Pinmore HDC, Inc. has 0.01% ownership interest in Park Avenue Senior, L.P.

Long-term debt

<u>California Municipal Finance Agency ("CalMFA") Loan</u> - The Loan in the original amount of $39,030,000, bears a variable interest rate. Payments of principal and interest are due every month with the entire principal and interest due in full in November 1, 2049. Capitalized interest was $85,590 in 2018.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
California Municipal Finance Authority (CalMFA)	$ -	$ 5,848,259	$ 5,848,259	$ -

<u>Poinciana LLC</u>

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.

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, 2018, 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, 2016, 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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
2008 Series A-1 and A-2 Bonds	$ -	$ 13,189,820	$ 13,189,820	$ 580,639
Less unamortized permanent loan costs	-	(203,140)	(203,140)	-
Total	$ -	$ 12,986,680	$ 12,986,680	$ 580,639

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 the Authority. The project was operated by Bracher Associates until it was assumed by South Drive LLC on November 14, 2014.

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 until 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.

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.

	December 31, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 2,889	$ 840,504	$ 843,393	$ 107,216
City of Santa Clara Note	290,427	1,550,000	1,840,427	236,667
Subtotal	293,316	2,390,504	2,683,820	343,883
Less unamortized permanent loan costs	-	(18,938)	(18,938)	-
Total	$ 293,316	$ 2,371,566	$ 2,664,882	$ 343,883

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, 2015, Willows' limited partner is California Affordable Housing Fund 2000-I, LLC. On June 1, 2017, California Affordable Housing Fund 2000-1, LLC's limited partner (99.9%) interest was assigned to HACSC Housing Partners, LLC which in turn assigned its interest to Bracher HDC, Inc.

Long-term debt

Series 2005 tax exempt bonds issued by the Authority - The bonds, in the original amount of $4,284,000, bears a variable interest rate, to be repaid in full by April 2040. Payments of principal and interest, which are secured by a direct pay Letter of Credit issued by Union Bank of California, N.A. maturing April 1, 2040 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, 2018			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2005 Bonds	$ 5,646	$ 3,734,000	$ 3,739,646	$ 82,646
LCD Note	124	-	124	124
Subtotal	5,770	3,734,000	3,739,770	82,770
Less unamortized permanent loan costs	-	(168,331)	(168,331)	-
Total	$ 5,770	$ 3,565,669	$ 3,571,439	$ 82,770

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SANTA CLARA COUNTY HOUSING AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Five Fiscal Years *

	Fiscal Year Ended June 30,				
	2019	**2018**	**2017**	**2016**	**2015**
Measurement period	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 1,667,037	$ 1,681,600	$ 1,375,763	$ 1,327,942	$ 1,413,145
Interest on the total pension liability	4,244,612	4,010,164	3,735,363	3,522,787	3,356,632
Differences between expected and actual experience	203,993	400,225	(187,868)	(539,512)	-
Changes of assumptions	(463,355)	3,588,716	-	(932,527)	-
Benefit payments, including refunds of employee contributions	(2,261,652)	(2,030,601)	(1,959,484)	(1,856,519)	(2,064,928)
Net change in total pension liability	3,390,635	7,650,104	2,963,774	1,522,171	2,704,849
Total pension liability, beginning	59,921,881	52,271,777	49,308,003	47,785,832	45,080,983
Total pension liability, ending	**$ 63,312,516**	**$ 59,921,881**	**$ 52,271,777**	**$ 49,308,003**	**$ 47,785,832**
Plan fiduciary net position					
Plan to plan resource movement	$ (183)	$ -	$ -	$ (10)	$ -
Contributions, employer	11,802,799	820,619	772,938	724,610	824,681
Contributions, employee	800,615	714,664	680,032	654,082	670,406
Net investment income	5,688,032	6,350,608	268,603	1,237,885	8,433,099
Benefit payments, including refunds of employee contributions	(2,261,652)	(2,030,601)	(1,959,484)	(1,856,519)	(2,064,928)
Administrative expenses	(97,836)	(84,177)	(34,913)	(64,468)	-
Other miscellaneous income/(expense)[1]	(185,792)	-	-	-	-
Net change in plan fiduciary net position	15,745,983	5,771,113	(272,824)	695,580	7,863,258
Plan fiduciary net position, beginning [2]	62,784,696	57,013,583	57,286,407	56,590,827	48,727,569
Plan fiduciary net position, ending	**$ 78,530,679**	**$ 62,784,696**	**$ 57,013,583**	**$ 57,286,407**	**$ 56,590,827**
Plan net pension liability (asset)	**$ (15,218,163)**	**$ (2,862,815)**	**$ (4,741,806)**	**$ (7,978,404)**	**$ (8,804,995)**
Plan fiduciary net position as a percentage of the total pension liability (asset)	**124.0%**	**104.8%**	**109.1%**	**116.2%**	**118.4%**
Covered payroll	**$ 10,764,103**	**$ 10,830,164**	**$ 9,799,581**	**$ 9,296,061**	**$ 9,370,369**
Plan net pension liability (asset) as a percentage of covered payroll	**-141.4%**	**-26.4%**	**-48.4%**	**-85.8%**	**-94.0%**

Note to schedule:

[1] During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* .

[2] Includes any beginning of year adjustment.

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five years of information is shown.

SANTA CLARA COUNTY HOUSING AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions
Last Six Fiscal Years *

Miscellaneous Plan	**Fiscal Year Ended June 30**					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contributions (ADC)	$ 1,045,365	$ 907,800	$ 821,104	$ 767,798	$ 724,610	$ 824,681
Contributions in relation to the ADC	(1,045,365)	(11,802,799)	(821,104)	(767,798)	(724,610)	(824,681)
Contribution deficiency (excess)	$ -	$ (10,894,999)	$ -	$ -	$ -	$ -
Covered payroll	$ 13,347,908	$ 10,764,103	$ 10,830,164	$ 9,799,581	$ 9,296,061	$ 9,370,369
Contributions as a percentage of covered payroll	7.83%	109.65%	7.58%	7.84%	7.79%	8.80%

The actuarial methods and assumptions used to set the actuarially determined contributions were as follows:

ADC for fiscal year	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarial valuation date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011

Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	Varies by entry age and services
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011.
Mortality	For fiscal year 2016 through 2019 the probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. For fiscal year 2014 and 2015 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 ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only six years of information is shown.

SANTA CLARA COUNTY HOUSING AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Two Fiscal Years *

	Fiscal Year Ended June 30, 2019	2018
Measurement period	2018	2017
Total OPEB liability		
Service cost	$ 426,170	$ 237,588
Interest on the total OPEB liability	654,776	730,136
Differences between expected and actual experience	-	(1,983,828)
Changes of assumptions	-	2,479,214
Benefit payments, including refunds of employee contributions	(567,588)	(623,707)
Net change in total OPEB liability	513,358	839,403
Total OPEB liability, beginning	11,762,646	10,923,243
Total OPEB liability, ending	**$ 12,276,004**	**$ 11,762,646**
Plan fiduciary net position		
Contributions, employer	$ 3,181,040	$ 1,058,897
Net investment income	605,459	663,997
Benefit payments, including refunds of employee contributions	(567,588)	(623,707)
Administrative expenses	(5,922)	(4,907)
Other expenses	(13,275)	-
Net change in plan fiduciary net position	3,199,714	1,094,280
Plan fiduciary net position, beginning	10,037,104	8,942,824
Plan fiduciary net position, ending	**$ 13,236,818**	**$ 10,037,104**
Plan net OPEB liability (asset)	**$ (960,814)**	**$ 1,725,542**
Plan fiduciary net position as a percentage of the total pension liability	**107.8%**	**85.3%**
Covered payroll	**$ 12,060,330**	**$ 11,058,300**
Plan net pension liability as a percentage of covered payroll	**-8.0%**	**15.6%**

Note to schedule:

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only two years of information is shown.

SANTA CLARA COUNTY HOUSING AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of OPEB Contributions
Last Two Fiscal Years *

OPEB Plan

Fiscal year ended June	**2019**	**2018**
Actuarially determined contributions (ADC)	$ 390,670	$ 594,813
Contributions in relation to the ADC	(547,592)	(3,181,037)
Contribution deficiency (excess)	**$ (156,922)**	**$ (2,586,224)**
Covered payroll	$ 13,347,908	$ 12,060,330
Contributions as a percentage of covered payroll	4.10%	26.38%

The actuarial methods and assumptions used to set the actuarially determined contributions were as follows:

Actuarial cost method	Entry Age Normal, Closed Group, Level % of Pay
Amortization method	Level Dollar
Amortization period	20 year open
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	7.50% in January 2018, step down 0.5% per year to 5.0% by 2024
Salary increases	3.25%
Investment rate of return	5.50%
Retirement age	From 50 to 75
Mortality	Improvement using MacLeod Watts Scale 2017

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only two years of information is shown.

Combining Statement of Net Position - Discretely Presented Component Units

(A Component Unit of the County of Santa Clara)

Combining Statement of Net Position - Discretely Presented Component Units

December 31, 2018

	Bascom HACSC Associates (1)	Bendorf Drive L.P. (1)	Branham Lane LLC (1)	Clarendon Street, L.P. (1)	Fairground Luxury Family Apartments, L.P. (1)	Fairground Senior Housing, L.P. (1)	HACSC/ Choices Family Associates (1)	HACSC/ Choices Senior Associates (1)	Halford LLC (2)	Hermocilla LLC (1)	Huff Avenue LLC (4)
Assets:											
Current assets:											
Cash:											
Unrestricted	$ 449,904	$ 194,055	$ 74,838	$ 574,805	$ 1,819,585	$ 2,040,649	$ 597,479	$ 44,722	$ 199,653	$ 411,262	$ 472,225
Tenant security deposits	68,784	41,852	16,328	54,696	239,844	107,477	48,772	49,025	1,800	44,214	60,417
Total cash	518,688	235,907	91,166	629,501	2,059,429	2,148,126	646,251	93,747	201,453	455,476	532,642
Accounts receivable:											
Tenants	-	16,743	105	2,290	9,812	21,525	4,817	2,631	-	2,974	-
HUD	-	-	-	-	-	-	-	-	-	-	-
Others	1,148	3,479	-	1,540	-	-	1,947	1,666	667	1,700	-
Total accounts receivable, net	1,148	20,222	105	3,830	9,812	21,525	6,764	4,297	667	4,674	-
Prepaid expenses	29,628	21,428	14,975	30,354	113,869	46,008	17,618	14,409	2,025	16,317	19,508
Restricted cash and cash equivalents	1,496,188	2,311,619	111,855	853,080	1,755,393	2,685,135	2,074,096	1,941,512	27,018	100,060	913,486
Total current assets	2,045,652	2,589,176	218,101	1,516,765	3,938,503	4,900,794	2,744,729	2,053,965	231,163	576,527	1,465,636
Noncurrent assets:											
Prepaid costs, net	-	39,567	-	25,214	32,014	41,729	-	-	-	-	-
Capital assets:											
Nondepreciable	4,049,218	3,779,006	1,706,168	212,624	40,077	-	3,818,724	2,612,715	-	1,524,051	2,768,902
Depreciable	8,554,419	32,042,021	2,215,900	20,239,730	50,793,192	26,828,191	10,200,997	7,442,683	2,211,408	2,754,187	4,288,067
Total capital assets	12,603,637	35,821,027	3,922,068	20,452,354	50,833,269	26,828,191	14,019,721	10,055,398	2,211,408	4,278,238	7,056,969
Total noncurrent assets	12,603,637	35,860,594	3,922,068	20,477,568	50,865,283	26,869,920	14,019,721	10,055,398	2,211,408	4,278,238	7,056,969
Total assets	14,649,289	38,449,770	4,140,169	21,994,333	54,803,786	31,770,714	16,764,450	12,109,363	2,442,571	4,854,765	8,522,605
Liabilities:											
Current liabilities:											
Accounts payable	37,519	63,261	16,582	104,452	891,388	539,167	40,207	58,144	18,991	20,629	26,175
Payable to related parties	7,500	-	-	5,628	449,517	490,541	-	-	189	-	34,016
Due to primary government	16,071	1,171	120,933	451,848	12,732	33,780	39,792	33,778	186,939	15,768	-
Tenant security deposits	68,775	42,323	16,326	54,696	239,825	105,777	48,764	49,025	1,800	44,310	60,415
Unearned revenues	1,067	6,729	3,039	3,484	250	5,718	3,407	1,134	-	9,978	8,855
Interest payable	502,592	199,225	10,169	16,217	106,506	55,550	709,027	154,120	-	7,086	57,724
Current portion of long-term obligations	105,000	179,785	101,484	327,116	300,967	325,000	145,000	110,000	-	102,982	538,594
Total current liabilities	738,524	492,494	268,533	963,441	2,001,185	1,555,533	986,197	406,201	207,919	200,753	725,779
Noncurrent liabilities:											
Interest payable, net of current portion	1,320,081	696,084	-	-	3,367,019	203,591	832,129	1,727,957	-	-	-
Long-term obligations, net of current portion	12,004,530	14,914,901	730,332	5,053,689	38,693,409	19,127,810	14,910,126	10,570,824	-	1,315,524	3,024,159
Advance from primary government	-	12,466,112	2,618,010	7,490,582	-	-	-	-	2,173,535	-	543,447
Total liabilities	14,063,135	28,569,591	3,616,875	13,507,712	44,061,613	20,886,934	16,728,452	12,704,982	2,381,454	1,516,277	4,293,385
Net position:											
Net investment in capital assets	494,107	9,643,594	498,796	7,659,581	11,838,893	7,375,381	(1,035,405)	(625,426)	(104,463)	2,859,732	3,494,216
Restricted	1,496,188	2,311,619	111,855	853,080	1,755,393	2,685,135	2,074,096	1,941,512	27,018	100,060	913,486
Unrestricted (deficits)	(1,404,141)	(2,075,034)	(87,357)	(26,040)	(2,852,113)	823,264	(1,002,693)	(1,911,705)	138,562	378,696	(178,482)
Total net position	$ 586,154	$ 9,880,179	$ 523,294	$ 8,486,621	$ 10,742,173	$ 10,883,780	$ 35,998	$ (595,619)	$ 61,117	$ 3,338,488	$ 4,229,220

(1) Component unit was audited by other auditors.

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

(3) Component unit was audited by other auditors as a subsidiary of the Pinmore HDC Inc.

(4) Component unit was audited by other auditors as a subsidiary of the Rotary Plaza/HACSC, HDC Inc.

(Continued)

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Discretely Presented Component Units
December 31, 2018

	Julian Street Partners, L.P. (1)	Laurel Grove Lane, L.P. (3)	McCreery Avenue L.P. (1)	Opportunity Center Associates, L.P. (1)	Park Avenue Seniors, L.P. (3)	Poinciana LLC (2)	Rincon Gardens Associates, L.P. (1)	South Drive LLC (1)	Willows HACSC Associates (1)	Elimination/ Adjustment	Total
Assets:											
Current assets:											
Cash:											
Unrestricted	$ 3,256,247	$ 2,374,089	$ 206,481	$ -	$ 9,505,744	$ 171,488	$ 1,835,694	$ 338,084	$ 116,665	$ -	$ 24,683,669
Tenant security deposits	173,679	126,500	88,781	-	-	6,000	69,182	35,091	21,253	-	1,253,695
Total cash	3,429,926	2,500,589	295,262	-	9,505,744	177,488	1,904,876	373,175	137,918	-	25,937,364
Accounts receivable:											
Tenants	1,909	16,817	156	-	-	-	7,374	1,479	14	-	88,646
HUD	23,432	224,226	757	-	-	-	-	-	-	-	248,415
Others	15,364	111,675	85,149	-	252,144	348	2,131	3,544	956	-	483,458
Total accounts receivable, net	40,705	352,718	86,062	-	252,144	348	9,505	5,023	970	-	820,519
Prepaid expenses	102,643	4,169	32,424	-	-	1,010	64,318	18,875	36,745	-	586,323
Restricted cash and cash equivalents	3,486,031	-	646,105	-	-	16,211	2,257,825	68,218	644,510	-	21,388,342
Total current assets	7,059,305	2,857,476	1,059,853	-	9,757,888	195,057	4,236,524	465,291	820,143	-	48,732,548
Noncurrent assets:											
Prepaid costs, net	60,622	28,231	56,471	-	-	-	11,031	-	1,196,709	-	1,491,588
Capital assets:											
Nondepreciable	-	2,731,360	1,506,600	-	23,753,682	-	3,225	1,857,880	-	(946,255)	49,417,977
Depreciable	60,573,804	53,826,836	37,554,730	-	-	1,332,639	32,588,860	2,526,470	1,430,675	(19,553,383)	337,851,426
Total capital assets	60,573,804	56,558,196	39,061,330	-	23,753,682	1,332,639	32,592,085	4,384,350	1,430,675	(20,499,638)	387,269,403
Total noncurrent assets	60,634,426	56,586,427	39,117,801	-	23,753,682	1,332,639	32,603,116	4,384,350	2,627,384	(20,499,638)	388,760,991
Total assets	67,693,731	59,443,903	40,177,654	-	33,511,570	1,527,696	36,839,640	4,849,641	3,447,527	(20,499,638)	437,493,539
Liabilities:											
Current liabilities:											
Accounts payable	253,113	6,800,472	113,652	-	3,231,947	14,794	110,899	38,758	25,859	-	12,406,009
Payable to related parties	20,002	87,432	-	-	-	149	13,048	-	-	-	1,108,022
Due to primary government	2,713,542	-	73,249	-	-	160,993	1,438,950	61,243	116,710	-	5,477,499
Tenant security deposits	173,675	126,500	88,921	-	-	6,000	69,175	35,089	21,242	-	1,252,638
Unearned revenues	20,038	12,670	1,212	-	-	-	310	3,177	304	-	81,372
Interest payable	140,389	-	116,035	-	-	-	-	239,556	5,770	-	2,319,966
Current portion of long-term obligations	1,090,000	-	282,331	-	-	-	580,639	104,327	77,000	-	4,370,225
Total current liabilities	4,410,759	7,027,074	675,400	-	3,231,947	181,936	2,213,021	482,150	246,885	-	27,015,731
Noncurrent liabilities:											
Interest payable, net of current portion	-	-	-	-	-	-	-	53,760	-	-	8,200,621
Long-term obligations, net of current portion	10,990,549	38,302,461	13,860,895	-	5,848,259	-	12,406,041	2,267,239	3,488,669	-	207,509,417
Advance from primary government	24,301,498	11,465,142	11,031,154	-	22,018,087	1,138,435	16,233,409	-	11,644	-	111,491,055
Total liabilities	39,702,806	56,794,677	25,567,449	-	31,098,293	1,320,371	30,852,471	2,803,149	3,747,198	-	354,216,824
Net position:											
Net investment in capital assets	25,690,405	11,628,416	14,570,827	-	(2,869,579)	77,813	3,935,405	2,012,784	(2,146,638)	(20,499,638)	74,498,801
Restricted	3,486,031	-	646,105	-	-	16,211	2,257,825	68,218	644,510	-	21,388,342
Unrestricted (deficits)	(1,185,511)	(8,979,190)	(606,727)	-	5,282,856	113,301	(206,061)	(34,510)	1,202,457	-	(12,610,428)
Total net position	$ 27,990,925	$ 2,649,226	$ 14,610,205	$ -	$ 2,413,277	$ 207,325	$ 5,987,169	$ 2,046,492	$ (299,671)	$ (20,499,638)	$ 83,276,715

(1) Component unit was audited by other auditors.
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SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units
For Year Ended December 31, 2018

	Bascom HACSC Associates (1)	Bendorf Drive L.P. (1)	Branham Lane LLC (1)	Clarendon Street, L.P. (1)	Fairground Luxury Family Apartments, L.P. (1)	Fairground Senior Housing, L.P. (1)	HACSC/ Choices Family Associates (1)	HACSC/ Choices Senior Associates (1)	Halford LLC (2)	Hermocilla LLC (1)	Huff Avenue LLC (4)
Operating revenues:											
Rental income	$ 1,708,027	$ 1,851,702	734,876	$ 1,661,067	$ 5,815,987	$ 4,231,388	$ 1,852,442	$ 1,243,184	$ 297,840	$ 1,218,505	$ 1,598,598
Tenant revenue - other	-	18,519	-	10,105	8,417	-	35,260	9,700	-	-	-
Donation and other	8,125	4,492	13,366	4,671	12,781	16,094	6,492	-	545	9,574	98,539
Total operating revenues	1,716,152	1,874,713	748,242	1,675,843	5,837,185	4,247,482	1,894,194	1,252,884	298,385	1,228,079	1,697,137
Operating expenses:											
Administrative	277,144	250,534	175,373	319,831	124,946	61,092	222,985	211,763	41,471	204,552	284,655
Utilities	123,447	102,898	71,091	74,601	408,557	220,078	126,386	134,948	11,434	114,804	100,258
Maintenance and operations	267,318	267,176	209,116	227,452	703,265	161,685	276,419	339,285	48,996	217,673	172,955
Marketing and leasing	-	1,158	-	1,668	-	-	-	-	-	-	-
Insurance and taxes	85,125	146,912	68,429	63,550	192,908	93,551	95,611	62,080	6,660	77,490	92,535
Other general expenses	-	37,311	-	-	251,678	370,526	36,132	-	41		-
Depreciation and amortization	385,249	1,022,604	147,542	646,110	1,931,013	1,028,720	469,913	338,872	147,999	333,768	229,807
Total operating expenses	1,138,283	1,828,593	671,551	1,333,212	3,612,367	1,935,652	1,227,446	1,086,948	256,601	948,287	880,210
Operating income (loss)	577,869	46,120	76,691	342,631	2,224,818	2,311,830	666,748	165,936	41,784	279,792	816,927
Nonoperating revenues (expenses):											
Investment income	41,141	9,772	55	2,009	15,886	416	432,466	416,053	7	650	365
Interest expense	(559,768)	(1,176,727)	(104,573)	(404,527)	(1,947,449)	(976,964)	(651,047)	(449,710)	(441)	(90,554)	(232,002)
Partnership and asset management fees	(22,500)	(13,506)	(10,000)	(5,628)	(57,227)	(294,367)	(20,000)	(20,000)	-	(15,000)	(10,000)
Ground lease	-	-	-	-	(1,012,083)	(666,929)	-	-	-	-	-
Incentive, issuer and investor service fees	-	-	-	-	(405,022)	(255,984)	(18,588)	(13,081)	-	-	-
Bond and loan fees	(21,734)	-		(4,000)	-	(27,080)	(7,100)	(9,158)	-	(5,500)	(3,186)
Other nonoperating revenue (expense), net	-	(11,009)	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(562,861)	(1,191,470)	(114,518)	(412,146)	(3,405,895)	(2,220,908)	(264,269)	(75,896)	(434)	(110,404)	(244,823)
Income (loss) before capital contributions and special items	15,008	(1,145,350)	(37,827)	(69,515)	(1,181,077)	90,922	402,479	90,040	41,350	169,388	572,104
Capital contributions (distributions)	-	-	-	-	(26,224)	(46,526)	-	-	-	(152,622)	-
Special items	-	-	-								
Change in net position	15,008	(1,145,350)	(37,827)	(69,515)	(1,207,301)	44,396	402,479	90,040	41,350	16,766	572,104
Net position, beginning of year	571,146	11,025,529	561,121	8,556,136	11,949,474	10,839,384	(366,481)	(685,659)	19,767	3,321,722	3,657,116
Net position, ending of year	$ 586,154	$ 9,880,179	$ 523,294	$ 8,486,621	$ 10,742,173	$ 10,883,780	$ 35,998	$ (595,619)	$ 61,117	$ 3,338,488	$ 4,229,220

(Continued)

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SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units
For Year Ended December 31, 2018

	Julian Street Partners, L.P. (1)	Laurel Grove Lane, L.P. (3)	McCreery Avenue L.P. (1)	Opportunity Center Associates, L.P. (1)	Park Avenue Seniors, L.P. (3)	Poinciana LLC (2)	Rincon Gardens Associates, L.P. (1)	South Drive LLC (1)	Willows HACSC Associates (1)	Elimination/ Adjustment	Total
Operating revenues:											
Rental income	$ 8,158,582	$ 319,844	$ 2,047,595	$ 226,347	$ -	$ 235,404	$ 4,731,681	$ 910,290	$ 832,819	$ -	$ 39,676,178
Tenant revenue - other	-	-	36,968	-	-	-	-	-	-	-	118,969
Donation and other	31,276	26,080	3,902	1,576	1,560	96	27,287	7,935	10,150	-	284,541
Total operating revenues	8,189,858	345,924	2,088,465	227,923	1,560	235,500	4,758,968	918,225	842,969	-	40,079,688
Operating expenses:											
Administrative	1,013,765	59,398	292,575	55,713	-	30,422	511,681	215,615	147,822	-	4,501,337
Utilities	479,999	5,104	190,402	22,547	-	10,282	310,326	81,319	82,248	-	2,670,729
Maintenance and operations	825,520	18,219	388,699	62,925	-	29,678	367,141	126,707	144,183	-	4,854,412
Marketing and leasing	6,128	148,574	1,821	-	-	-	-	-	-	-	159,349
Insurance and taxes	209,522	22,723	114,590	21,236	-	2,992	111,643	54,353	57,249	-	1,579,159
Other general expenses	-	3,036	-	-	-	33	-	-	-	-	698,757
Depreciation and amortization	2,129,822	238,805	1,094,186	71,548	-	86,531	1,108,271	149,307	151,586	-	11,711,653
Total operating expenses	4,664,756	495,859	2,082,273	233,969	-	159,938	2,409,062	627,301	583,088	-	26,175,396
Operating income (loss)	3,525,102	(149,935)	6,192	(6,046)	1,560	75,562	2,349,906	290,924	259,881	-	13,904,292
Nonoperating revenues (expenses):											
Investment income	10,625	1,349	1,038	137	1,783	4	2,747	43	858	-	937,404
Interest expense	(1,802,839)	(244,907)	(796,916)	(37,597)	-	(316)	(1,643,311)	(127,246)	(74,443)	-	(11,321,337)
Partnership and asset management fees	(60,000)	-	(30,000)	(4,866)	-	-	(39,143)	(15,000)	(11,644)	-	(628,881)
Ground lease	(6)	-	-	-	-	-	-	-	(30,685)	-	(1,709,703)
Incentive, issuer and investor service fees	(169,270)	-	-	-	-	-	(89,748)	-	-	-	(951,693)
Bond and loan fees	(214,598)	-	(17,696)	(500)	-	-	(13,048)	-	(57,563)	-	(381,163)
Other nonoperating revenue (expense), net	(20,002)	(83,479)	-	-	-	-	-	-	-	-	(114,490)
Total nonoperating revenues (expenses)	(2,256,090)	(327,037)	(843,574)	(42,826)	1,783	(312)	(1,782,503)	(142,203)	(173,477)	-	(14,169,863)
Income (loss) before capital contributions and special items	1,269,012	(476,972)	(837,382)	(48,872)	3,343	75,250	567,403	148,721	86,404	-	(265,571)
Capital contributions (distributions)	(627,864)	-	1,035,930	-	-	-	(357,814)	-	(89,643)	-	(264,763)
Special items	-	-	-	(1,516,965)	-	-	-	-	-	-	(1,516,965)
Change in net position	641,148	(476,972)	198,548	(1,565,837)	3,343	75,250	209,589	148,721	(3,239)	-	(2,047,299)
Net position, beginning of year	27,349,777	3,126,198	14,411,657	1,565,837	2,409,934	132,075	5,777,580	1,897,771	(296,432)	(20,499,638)	85,324,014
Net position, ending of year	$ 27,990,925	$ 2,649,226	$ 14,610,205	$ -	$ 2,413,277	$ 207,325	$ 5,987,169	$ 2,046,492	$ (299,671)	$ (20,499,638)	$ 83,276,715

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SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs
For the Year Ended June 30, 2019

	Conventional Housing Program	Public Housing Capital	Residential Opportunity Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Assets:										
Current assets:										
Unrestricted cash and cash equivalents	$ 11,106	$ 153	$ 3,769	$ 400	$ 419,280	$ 1,442,305	$ 2,380,970	$ 169,379	$ 1,953,699	$ 54,542
Unrestricted short term investments	-	8,951	-	-	-	6,627,468	-	-	-	-
Accounts receivable:										
Tenants	-	-	-	-	-	-	-	-	-	-
HUD	-	-	95,045	-	-	-	103,777,202	39,311	-	-
Others	-	-	-	-	-	-	181,207	-	-	3,785
Interest receivable	-	-	-	-	-	42,659	-	-	-	-
Due from other programs	-	-	-	853,365	17,530	-	-	12,468	918,746	107,774
Due from component units and related parties	-	-	-	174,912	-	2,737,753	711,856	-	-	127,387
Prepaid expenses	2,169	-	-	51,435	1,377	-	522,166	3	30,649	24,631
Restricted cash and cash equivalents	400	-	-	-	773,528	-	-	-	-	12,284
Restricted cash in FSS escrow	-	-	-	1,057,073	23,540	-	-	-	-	-
Restricted short term investments	-	-	-	-	-	-	-	-	-	-
Total current assets	13,675	9,104	98,814	2,137,185	1,235,255	10,850,185	107,573,401	221,161	2,903,094	330,403
Noncurrent assets:										
Long term investments	-	-	-	-	-	-	-	-	-	-
Long-term receivables from non-related parties	-	-	-	-	-	-	5,674,963	-	-	-
Long-term receivables from component units and related parties	-	3,459,325	-	1,409,713	-	57,231,299	86,795,498	-	418,464	19,024
Net pension asset	-	-	-	13,058,627	-	-	-	-	1,169,746	1,032,166
Net OPEB asset	-	-	-	785,012	-	-	-	-	79,526	112,336
Equity interest in affiliated limited partnerships	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	3,779,663	-	298,505	272,811
Capital assets:										
Nondepreciable	153,635	-	-	4,212,761	-	5,333,062	43,766,263	-	-	238,272
Depreciable	487,509	-	-	776,687	-	-	-	-	-	16,350
Total capital assets	641,144	-	-	4,989,448	-	5,333,062	43,766,263	-	-	254,622
Total noncurrent assets	641,144	3,459,325	-	20,242,800	-	62,564,361	140,016,387	-	1,966,241	1,690,959
Total assets	654,819	3,468,429	98,814	22,379,985	1,235,255	73,414,546	247,589,788	221,161	4,869,335	2,021,362
Deferred outflows of resources:										
Pension items	-	-	6,988	3,166,630	31,607	-	-	3,781	196,847	247,877
Other post employment benefits (OPEB) items	-	-	-	2,095,187	14,976	-	-	1,084	134,411	128,724
Total deferred outflows of resources	-	-	6,988	5,261,817	46,583	-	-	4,865	331,258	376,601

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs
For the Year Ended June 30, 2019

	Conventional Housing Program	Public Housing Capital	Residential Opportunity Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Liabilities:										
Current liabilities:										
Accounts payable	12,942	-	23,309	454,285	12,578	-	6,822	969	26,486	27,205
Accrued wages and benefits	-	-	3,530	276,645	7,174	-	-	1,452	30,627	29,350
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	3,793	-	43,740	2,470	-	-
Due to other programs	1,020	-	68,761	129,875	7,985	-	-	12,708	39,657	950,019
Due to component units and related parties	-	-	-	-	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-	-	-	-	12,284
Tenant security deposits	400	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	20,215	-	-	-	-	-
Current portion of accrued vacation and sick leave	-	-	621	113,036	4,855	-	-	940	9,061	9,853
Current portion of long-term debt	-	-	-	20,000	-	-	-	-	-	-
Total current liabilities	14,362	-	96,221	993,841	56,600	-	50,562	18,539	105,831	1,028,711
FSS escrow	-	-	-	1,057,073	23,540	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	2,593	539,579	22,978	-	-	4,234	41,174	54,963
Payable to component units and related parties, net of current portion	-	-	-	-	-	-	-	-	-	-
Other obligations, net of current portion	-	-	-	-	-	-	-	-	-	-
Long-term interest payable	-	-	-	633,059	-	-	-	-	-	-
Long-term obligations, net of current portion	2,958	-	-	952,500	-	-	-	-	-	-
Net pension liability	-	-	6,988	-	31,607	-	-	3,781	-	-
Net OPEB liability	-	-	-	-	14,976	-	-	1,084	-	-
Total liabilities	17,320	-	105,802	4,176,052	149,701	-	50,562	27,638	147,005	1,083,674
Deferred inflows of resources:										
Pension items	-	-	-	682,924	-	-	-	-	40,071	45,154
OPEB items	-	-	-	1,319,251	-	-	-	-	89,529	67,249
Total deferred inflows of resources	-	-	-	2,002,175	-	-	-	-	129,600	112,403
Net position:										
Net investment in capital assets	641,144	-	-	4,016,948	-	5,333,062	43,766,263	-	-	254,622
Restricted	-	-	-	13,843,639	773,528	-	-	-	1,249,272	1,144,502
Unrestricted	(3,645)	3,468,429	-	3,602,988	358,609	68,081,484	203,772,963	198,388	3,674,716	(197,238)
Total net position	$ 637,499	$ 3,468,429	$ -	$ 21,463,575	$ 1,132,137	$ 73,414,546	$ 247,539,226	$ 198,388	$ 4,923,988	$ 1,201,886

(Continued)

(1) Component units were audited by other auditors.
(2) As of December 31, 2018

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
For the Year Ended June 30, 2019

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Assets:						
Current assets:						
Unrestricted cash and cash equivalents	$ 326,350	$ -	$ 961,494	$ 10,928,711	$ -	$ 18,652,158
Unrestricted short term investments	2,396,324	42,621,937	-	-	-	51,654,680
Accounts receivable:						
Tenants	-	-	-	11,640	-	11,640
HUD	-	-	-	-	-	103,911,558
Others	-	10,000	-	307,630	-	502,622
Interest receivable	15,427	265,335	-	-	-	323,421
Due from other programs	-	10,000	226,376	-	(2,146,259)	-
Due from component units and related parties	5,000	3,755	4,016	1,067,129	(955,180)	3,876,628
Prepaid expenses	-	200	107,339	219,576	(574,630)	384,915
Restricted cash and cash equivalents	-	93,863	-	5,642,862	-	6,522,937
Restricted cash in FSS escrow	-	-	-	-	-	1,080,613
Restricted short term investments	-	725,801	-	-	-	725,801
Total current assets	2,743,101	43,730,891	1,299,225	18,177,548	(3,676,069)	187,646,973
Noncurrent assets:						
Long term investments	-	18,428,564	-	-	-	18,428,564
Long-term receivables from non-related parties	-	-	-	-	-	5,674,963
Long-term receivables from component units and related parties	9,756	-	-	28,703,100	(64,983,556)	113,062,623
Net pension asset	-	-	-	-	(42,376)	15,218,163
Net OPEB asset	-	-	-	-	(16,060)	960,814
Equity interest in affiliated limited partnerships	-	-	-	7,258,801	-	7,258,801
Other assets	-	-	-	-	(4,350,979)	-
Capital assets:						
Nondepreciable	-	1,825,736	-	50,760,415	-	106,290,144
Depreciable	-	4,930,173	502,985	32,327,204	-	39,040,908
Total capital assets	-	6,755,909	502,985	83,087,619	-	145,331,052
Total noncurrent assets	9,756	25,184,473	502,985	119,049,520	(69,392,971)	305,934,980
Total assets	2,752,857	68,915,364	1,802,210	137,227,068	(73,069,040)	493,581,953
Deferred outflows of resources:						
Pension items	-	-	-	-	-	3,653,730
Other post employment benefits (OPEB) items	-	-	-	-	-	2,374,382
Total deferred outflows of resources	-	-	-	-	-	6,028,112

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
For the Year Ended June 30, 2019

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Liabilities:						
Current liabilities:						
Accounts payable	16,830	22,001	269,086	465,630	-	1,338,143
Accrued wages and benefits	-	-	165,550	-	-	514,328
Accrued interest payable	-	-	-	394,841	-	394,841
Intergovernmental payable	-	-	-	-	-	50,003
Due to other programs	1,350	222,941	711,943	-	(2,146,259)	-
Due to component units and related parties	-	-	-	1,003,912	(965,180)	38,732
Other accrued liabilities	-	-	236	172,315	-	184,835
Tenant security deposits	-	-	-	413,318	-	413,718
Unearned revenue	-	1,786,682	-	21,667	(574,630)	1,253,934
Current portion of accrued vacation and sick leave	-	-	109,589	-	-	247,955
Current portion of long-term debt	-	-	-	2,199,217	-	2,219,217
Total current liabilities	18,180	2,031,624	1,256,404	4,670,900	(3,686,069)	6,655,706
FSS escrow	-	-	-	-	-	1,080,613
Accrued vacation and sick leave, net of current portion	-	-	526,608	-	-	1,192,129
Payable to component units and related parties, net of current portion	-	-		65,008,525	(64,973,556)	34,969
Other obligations, net of current portion	-	4,350,979	-	-	(4,350,979)	-
Long-term interest payable	-	-	-	4,336,846	-	4,969,905
Long-term obligations, net of current portion	-	-	-	47,370,985	-	48,326,443
Net pension liability	-	-	-	-	(42,376)	-
Net OPEB liability	-	-	-	-	(16,060)	-
Total liabilities	18,180	6,382,603	1,783,012	121,387,256	(73,069,040)	62,259,765
Deferred inflows of resources:						
Pension items	-	-	-	-	-	768,149
OPEB items	-	-	-	-	-	1,476,029
Total deferred inflows of resources	-	-	-	-	-	2,244,178
Net position:						
Net investment in capital assets	-	6,755,909	502,985	33,517,417	-	94,788,350
Restricted	-	819,664	-	5,229,544	(58,436)	23,001,713
Unrestricted	2,734,677	54,957,188	(483,787)	(22,907,149)	58,436	317,316,059
Total net position	$ 2,734,677	$ 62,532,761	$ 19,198	$ 15,839,812	$ -	$ 435,106,122

(1) Component units were audited by other auditors.
(2) As of December 31, 2018

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position by Programs
For the Year Ended June 30, 2019

	Conventional Housing Program	Public Housing Capital	Residential Opportunity Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Operating revenues:										
Rental income	$ 19,687	$ -	$ -	$ -	$ -	$ -	$ 48,520	$ -	$ -	$ -
Service fees	-	-	-	-	-	-	-	-	-	-
Housing assistance payments earned	-	-	-	-	20,614,689	-	368,997,693	1,280,596	-	-
HUD administrative fees	-	-	-	-	1,158,714	-	16,565,627	109,392	-	-
FSS coordinator fees	-	-	349,278	-	-	-	-	-	-	-
Operating subsidy	-	-	-	-	-	-	10,898	-	-	-
Other operating revenues	600	-	-	360,487	6,533	89,795	1,671,982	-	7	823,679
Total operating revenues	20,287	-	349,278	360,487	21,779,936	89,795	387,294,720	1,389,988	7	823,679
Operating expenses:										
Wages and benefits	3,307	-	830	9,131,517	405,112	-	2,744	47,360	1,071,169	713,011
Pension and OPEB expense	-	-	-	1,259,114	-	-	-	-	78,751	69,752
Administrative	653	-	-	850,579	33,726	-	2,793	2,537	105,171	66,818
Tenant services	2,374	-	341,460	65,623	-	-	-	-	-	-
Utilities	3,072	-	-	-	-	-	25,822	-	-	6,299
Maintenance and operations	15,937	-	-	-	-	-	136,182	-	-	13,334
General	4,390	-	-	131,547	4,814	-	1,099,277	178	5,419	7,321
Indirect allocation	-	-	-	7,538,042	466,133	-	-	33,650	486,338	430,761
Depreciation and amortization	26,923	-	-	98,365	-	-	-	-	-	936
Housing assistance payments	-	-	-	299,433,887	20,101,972	-	-	1,280,596	-	-
Other	8,062	-	-	995,358	31,987	-	22,069	3,001	18,698	22,623
Total operating expenses	64,718	-	342,290	319,504,032	21,043,744	-	1,288,887	1,367,322	1,765,546	1,330,855
Operating income (loss)	(44,431)	-	6,988	(319,143,545)	736,192	89,795	386,005,833	22,666	(1,765,539)	(507,176)
Nonoperating revenues (expenses):										
State grant	-	-	-	-	-	-	-	-	418,464	-
Investment income	-	126,111	-	-	-	2,203,603	1,581,889	18	-	-
Interest expense	-	-	-	(38,900)	-	-	-	(96)	-	-
Total nonoperating revenues (expenses)	-	126,111	-	(38,900)	-	2,203,603	1,581,889	(78)	418,464	-
Income (loss) before transfers	(44,431)	126,111	6,988	(319,182,445)	736,192	2,293,398	387,587,722	22,588	(1,347,075)	(507,176)
Transfers in	10,898	1,371,894	-	324,080,665	12,927	-	26,157,792	-	3,000,000	662,032
Transfers out	(255,032)	-	(6,988)	(3,959,939)	(361,884)	-	(347,444,738)	(47,720)	-	-
Special items	-	-	-	-	-	-	-	-	-	-
Change in net position	(288,565)	1,498,005	-	938,281	387,235	2,293,398	66,300,776	(25,132)	1,652,925	154,856
Net position, beginning of year	926,064	1,970,424	-	20,525,294	744,902	71,121,148	181,238,450	223,520	3,271,063	1,047,030
Net position, end of year	$ 637,499	$ 3,468,429	$ -	$ 21,463,575	$ 1,132,137	$ 73,414,546	$ 247,539,226	$ 198,388	$ 4,923,988	$ 1,201,886

(1) Component units were audited by other auditors.
(2) For the year ended December 31, 2018

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position by Programs
For the Year Ended June 30, 2019

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Operating revenues:						
Rental income	$ -	$ 749,646	$ -	$ 8,940,863	$ (749,646)	$ 9,009,070
Service fees	-	-	8,954,924	249,154	(8,954,924)	249,154
Housing assistance payments earned	-	-	-	-	-	390,892,978
HUD administrative fees	-	-	-	-	-	17,833,733
FSS coordinator fees	-	-	-	-	-	349,278
Operating subsidy	-	-	-	-	-	10,898
Other operating revenues	-	74,363	6,300	1,634,840	-	4,668,586
Total operating revenues	-	824,009	8,961,224	10,824,857	(9,704,570)	423,013,697
Operating expenses:						
Wages and benefits	-	-	6,047,536	705,972	-	18,128,558
Pension and OPEB expense	-	-	-	-	-	1,407,617
Administrative	110,568	16,981	772,807	338,262	-	2,300,895
Tenant services	-	-	-	198,780	-	608,237
Utilities	-	189	179,707	863,860	-	1,078,949
Maintenance and operations	-	-	284,842	1,663,590	-	2,113,885
General	114,518	10	131,708	775,406	-	2,274,588
Indirect allocation	-	-	-	-	(8,954,924)	-
Depreciation and amortization	-	364,630	117,450	2,242,437	-	2,850,741
Housing assistance payments	-	-	-	-	-	320,816,455
Other	-	300,139	1,607,520	1,541,722	(749,646)	3,801,533
Total operating expenses	225,086	681,949	9,141,570	8,330,029	(9,704,570)	355,381,458
Operating income (loss)	(225,086)	142,060	(180,346)	2,494,828	-	67,632,239
Nonoperating revenues (expenses):						
State grant	-	-	-	-	-	418,464
Investment income	59,648	1,900,696	-	1,068,540	-	6,940,505
Interest expense	-	-	-	(2,664,100)	-	(2,703,096)
Total nonoperating revenues (expenses)	59,648	1,900,696	-	(1,595,560)	-	4,655,873
Income (loss) before transfers	(165,438)	2,042,756	(180,346)	899,268	-	72,288,112
Transfers in	-	-	177,132	-	(355,473,340)	-
Transfers out	-	(3,397,039)	-	-	355,473,340	-
Special items	-	-	-	(1,516,965)	-	(1,516,965)
Change in net position	(165,438)	(1,354,283)	(3,214)	(617,697)	-	70,771,147
Net position, beginning of year	2,900,115	63,887,044	22,412	16,457,509	-	364,334,975
Net position, end of year	$ 2,734,677	$ 62,532,761	$ 19,198	$ 15,839,812	$ -	$ 435,106,122

(1) Component units were audited by other auditors.
(2) For the year ended December 31, 2018

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Blended Component Units
December 31, 2018

	AE Associates, Ltd. (1)	Alvarado Park LP (2)	Avenida Espana HDC, Inc. (1)	Bellarmino Place LP (2)	Blossom River Associates LP (1)	Bracher HDC, Inc. (1)	DeRose HDC, Inc. (1)	Helzer Associates LP (1)	Klamath Associates LP (1)	Opportunity Center HDC, Inc. (1)
Assets:										
Current assets:										
Unrestricted cash and cash equivalents	$ 70,158	$ 738,073	$ 1,193,774	$ 897,821	$ 288,928	$ 126,612	$ 176,228	$ 455,041	$ 6,304	$ -
Accounts receivable:										
Tenants	-	-	-	-	2,881	-	-	4,309	-	-
Others	2,100	-	-	133	37,896	3,326	10	-	1,649	-
Due from component units and related parties	-	-	402,926	-	-	15,000	45,000	-	-	-
Prepaid expenses	51,588	-	-	-	28,431	1,866	-	75,065	4,231	-
Restricted cash and cash equivalents	389,024	-	-	-	3,017,675	-	-	1,558,847	45,228	-
Total current assets	512,870	738,073	1,596,700	897,954	3,375,811	146,804	221,238	2,093,262	57,412	-
Noncurrent assets:										
Long-term receivables from component units and related parties	-	-	40,928	-	-	20,701	-	-	-	-
Equity interest in affiliated limited partnerships	-	-	8,247,569	-	-	(538,296)	(2,553,406)	-	-	-
Capital assets:										
Nondepreciable	557,324	244,834	-	246,577	5,929,158	-	-	2,690,280	717,242	-
Depreciable	2,884,666	-	-	-	5,450,907	-	-	13,838,427	1,000,955	-
Total capital assets	3,441,990	244,834	-	246,577	11,380,065	-	-	16,528,707	1,718,197	-
Total noncurrent assets	3,441,990	244,834	8,288,497	246,577	11,380,065	(517,595)	(2,553,406)	16,528,707	1,718,197	-
Total assets	3,954,860	982,907	9,885,197	1,144,531	14,755,876	(370,791)	(2,332,168)	18,621,969	1,775,609	-
Liabilities:										
Current liabilities:										
Accounts payable	59,052	133	11,600	-	183,608	400	10,100	43,920	16,629	-
Accrued interest payable	16,707	-	-	-	240,200	-	-	75,994	2,125	-
Due to component units and related parties	40,230	-	-	-	42,817	-	15,000	268,367	623	-
Other accrued liabilities	-	-	-	-	-	-	-	172,315	-	-
Tenant security deposits	36,020	-	-	-	101,562	-	-	139,305	11,284	-
Unearned revenue	12	-	-	-	14,338	-	-	4,911	-	-
Current portion of long-term debt	25,000	-	-	-	235,000	-	-	265,000	35,646	-
Total current liabilities	177,021	133	11,600	-	817,525	400	25,100	969,812	66,307	-
Long-term payable to component units and related parties	75,165	984,972	12,330,000	1,146,716	9,612,025	-	-	8,595,421	119,932	-
Long-term interest payable	2,439,267	-	-	-	-	-	-	-	819,233	-
Long-term obligations, net of current portion	4,427,276	-	-	-	10,504,027	-	-	13,888,019	1,019,224	-
Total liabilities	7,118,729	985,105	12,341,600	1,146,716	20,933,577	400	25,100	23,453,252	2,024,696	-
Net position:										
Net investment in capital assets	(1,010,286)	244,834	-	246,577	641,038	-	-	2,375,688	663,327	-
Restricted	353,004	-	-	-	2,916,113	-	-	1,419,542	33,944	-
Unrestricted	(2,506,587)	(247,032)	(2,456,403)	(248,762)	(9,734,852)	(371,191)	(2,357,268)	(8,626,513)	(946,358)	-
Total net position	$ (3,163,869)	$ (2,198)	$ (2,456,403)	$ (2,185)	$ (6,177,701)	$ (371,191)	$ (2,357,268)	$ (4,831,283)	$ (249,087)	$ -

(1) Component unit was audited by other auditors.
(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Blended Component Units
December 31, 2018

	Pinmore HDC, Inc. (1)	Poco Way HDC, Inc. (1)	Rotary Plaza/ HACSC HDC, Inc. (1)	San Pedro Gardens Associates, Ltd. (1)	S.P.G. Housing, Inc. (1)	Villa Garcia Inc. (1)	Villa San Pedro HDC, Inc. (1)	Elimination/ Reclassification	Total
Assets:									
Current assets:									
Unrestricted cash and cash equivalents	$ 1,547,265	$ 1,112,789	499,950	$ 114,871	$ 361,625	$ 2,178,263	$ 1,161,009	$ -	$ 10,928,711
Accounts receivable:									
Tenants	-	-	101	1,779	2,570	-	-	-	11,640
Others	-	257,570	10	4,416	520	-	-	-	307,630
Due from component units and related parties	44,006	46,981	30,000	-	153,202	379,779	-	(49,765)	1,067,129
Prepaid expenses	2,075	-	21,716	4,365	29,296	943	-	-	219,576
Restricted cash and cash equivalents	-	-	190,783	145,472	295,833	-	-	-	5,642,862
Total current assets	1,593,346	1,417,340	742,560	270,903	843,046	2,558,985	1,161,009	(49,765)	18,177,548
Noncurrent assets:									
Long-term receivables from component units and related parties	-	11,032,178	538,691	-	237,561	6,491,969	10,501,932	(160,860)	28,703,100
Equity interest in affiliated limited partnerships	(4,314,104)	-	4,229,223	-	1,041,382	(3,109)	1,149,542	-	7,258,801
Capital assets:									
Nondepreciable	-	40,375,000	-	-	-	-	-	-	50,760,415
Depreciable	-	-	3,937,106	906,470	4,308,673	-	-	-	32,327,204
Total capital assets	-	40,375,000	3,937,106	906,470	4,308,673	-	-	-	83,087,619
Total noncurrent assets	(4,314,104)	51,407,178	8,705,020	906,470	5,587,616	6,488,860	11,651,474	(160,860)	119,049,520
Total assets	(2,720,758)	52,824,518	9,447,580	1,177,373	6,430,662	9,047,845	12,812,483	(210,625)	137,227,068
Liabilities:									
Current liabilities:									
Accounts payable	17,400	6,500	41,574	15,414	50,900	300	8,100	-	465,630
Accrued interest payable	-	-	6,199	52,014	1,602	-	-	-	394,841
Due to component units and related parties	-	12,086	463,000	46,116	165,438	-	-	(49,765)	1,003,912
Other accrued liabilities	-	-	-	-	-	-	-	-	172,315
Tenant security deposits	-	-	62,465	5,057	57,625	-	-	-	413,318
Unearned revenue	-	-	-	9	2,397	-	-	-	21,667
Current portion of long-term debt	-	-	166,774	17,091	1,454,706	-	-	-	2,199,217
Total current liabilities	17,400	18,586	740,012	135,701	1,732,668	300	8,100	(49,765)	4,670,900
Long-term payable to component units and related parties	-	26,503,904	2,882,963	61,598	1,159,026	-	1,697,663	(160,860)	65,008,525
Long-term interest payable	-	-	88,890	989,456	-	-	-	-	4,336,846
Long-term obligations, net of current portion	-	14,500,000	1,057,218	1,538,377	436,844	-	-	-	47,370,985
Total liabilities	17,400	41,022,490	4,769,083	2,725,132	3,328,538	300	1,705,763	(210,625)	121,387,256
Net position:									
Net investment in capital assets	-	25,875,000	2,713,114	(648,998)	2,417,123	-	-	-	33,517,417
Restricted	-	-	128,318	140,415	238,208	-	-	-	5,229,544
Unrestricted	(2,738,158)	(14,072,972)	1,837,065	(1,039,176)	446,793	9,047,545	11,106,720	-	(22,907,149)
Total net position	$ (2,738,158)	$ 11,802,028	$ 4,678,497	$ (1,547,759)	$ 3,102,124	$ 9,047,545	$ 11,106,720	$ -	$ 15,839,812

(1) Component unit was audited by other auditors.
(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position
Blended Component Units
For the Year Ended December 31, 2018

	AE Associates, Ltd. (1)	Alvardo Park LP (2)	Avenida Espana HDC, Inc. (1)	Bellarmino Place LP (2)	Blossom River Associates LP (1)	Bracher HDC, Inc. (1)	DeRose HDC, Inc. (1)	Helzer Associates LP (1)	Klamath Associates LP (1)	Opportunity Center HDC, Inc. (1)
Operating revenues:										
Rental income	$ 751,544	$ -	$ -	$ -	$ 2,582,310	$ -	$ -	$ 2,926,258	$ 260,680	$ -
Service fees	-	-	139,142	-	-	30,000	15,000	-	-	-
Other operating revenues	10,404	-	259,018	-	65,598	488,424	44,349	22,372	19,925	-
Total operating revenues	761,948	-	398,160	-	2,647,908	518,424	59,349	2,948,630	280,605	-
Operating expenses:										
Wages and benefits	87,925	-	-	-	168,149	-	-	190,271	36,916	-
Administrative	32,462	1,409	20,054	1,425	45,413	9,800	20,172	37,285	20,787	-
Tenant services	35,376	-	-	-	36,760	-	-	36,249	10,298	-
Utilities	110,412	-	-	-	198,563	-	-	253,230	24,670	-
Maintenance and operations	256,398	-	-	-	464,225	-	-	374,269	52,973	-
General	50,350	885	3,231	885	115,454	948	3,938	245,404	13,408	-
Depreciation and amortization	234,960	-	-	-	636,781	-	-	772,389	55,733	-
Other	61,666	-	460,485	-	161,414	-	30,000	164,658	21,332	78,437
Total operating expenses	869,549	2,294	483,770	2,310	1,826,759	10,748	54,110	2,073,755	236,117	78,437
Operating income (loss)	(107,601)	(2,294)	(85,610)	(2,310)	821,149	507,676	5,239	874,875	44,488	(78,437)
Nonoperating revenues (expenses):										
Investment income	190	96	107	125	99,228	-	-	19,070	37	-
Interest expense	(98,732)	-	-	-	(1,075,419)	-	-	(1,141,356)	(68,770)	-
Total nonoperating revenues (expenses)	(98,542)	96	107	125	(976,191)	-	-	(1,122,286)	(68,733)	-
Income (loss) before special item	(206,143)	(2,198)	(85,503)	(2,185)	(155,042)	507,676	5,239	(247,411)	(24,245)	(78,437)
Special item	-	-	-	-	-	-	-	-	-	(1,516,965)
Change in net position	(206,143)	(2,198)	(85,503)	(2,185)	(155,042)	507,676	5,239	(247,411)	(24,245)	(1,595,402)
Net position, beginning of year	(2,957,726)	-	(2,370,900)	-	(6,022,659)	(878,867)	(2,362,507)	(4,583,872)	(224,842)	1,595,402
Net position, end of year	$ (3,163,869)	$ (2,198)	$ (2,456,403)	$ (2,185)	$ (6,177,701)	$ (371,191)	$ (2,357,268)	$ (4,831,283)	$ (249,087)	$ -

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SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position
Blended Component Units
For the Year Ended December 31, 2018

	Pinmore HDC, Inc. (1)	Poco Way HDC, Inc. (1)	Rotary Plaza/ HACSC HDC, Inc. (1)	San Pedro Gardens Associates, Ltd. (1)	S.P.G. Housing, Inc. (1)	Villa Garcia Inc. (1)	Villa San Pedro HDC, Inc. (1)	Total
Operating revenues:								
Rental income	$ -	$ -	$ 1,134,005	$ 266,806	$ 1,019,260	$ -	$ -	$ 8,940,863
Service fees	44,006	-	-	-	7,500	-	13,506	249,154
Other operating revenues	-	71,471	593,473	820	58,986	-	-	1,634,840
Total operating revenues	44,006	71,471	1,727,478	267,626	1,085,746	-	13,506	10,824,857
Operating expenses:								
Wages and benefits	-	-	105,476	35,343	81,892	-	-	705,972
Administrative	26,625	13,259	37,102	17,988	33,595	7,443	13,443	338,262
Tenant services	-	-	35,657	15,762	28,678	-	-	198,780
Utilities	-	-	161,778	16	115,191	-	-	863,860
Maintenance and operations	-	-	246,259	43,256	226,210	-	-	1,663,590
General	3,994	1,289	57,758	21,996	253,707	521	1,638	775,406
Depreciation and amortization	-	-	291,844	75,536	175,194	-	-	2,242,437
Other	275,588	71,471	63,625	13,085	135,456	4,390	115	1,541,722
Total operating expenses	306,207	86,019	999,499	222,982	1,049,923	12,354	15,196	8,330,029
Operating income (loss)	(262,201)	(14,548)	727,979	44,644	35,823	(12,354)	(1,690)	2,494,828
Nonoperating revenues (expenses):								
Investment income	-	254,684	370	77	192,535	165,416	336,605	1,068,540
Interest expense	-	(3,904)	(156,065)	(55,647)	(20,169)	-	(44,038)	(2,664,100)
Total nonoperating revenues (expenses)	-	250,780	(155,695)	(55,570)	172,366	165,416	292,567	(1,595,560)
Income (loss) before special item	(262,201)	236,232	572,284	(10,926)	208,189	153,062	290,877	899,268
Special item	-	-	-	-	-	-	-	(1,516,965)
Change in net position	(262,201)	236,232	572,284	(10,926)	208,189	153,062	290,877	(617,697)
Net position, beginning of year	(2,475,957)	11,565,796	4,106,213	(1,536,833)	2,893,935	8,894,483	10,815,843	16,457,509
Net position, end of year	$ (2,738,158)	$ 11,802,028	$ 4,678,497	$ (1,547,759)	$ 3,102,124	$ 9,047,545	$ 11,106,720	$ 15,839,812

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