

**HOUSING AUTHORITY OF THE CITY OF  
SAN BUENAVENTURA**

**FINANCIAL STATEMENTS  
&  
SUPPLEMENTAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2015**

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2015

---

	<u>Page</u>
Management’s Discussion and Analysis.....	1-12
Independent Auditor’s Report .....	13-14
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	15
Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133 .....	16-17
Statement of Net Position – Enterprise Funds .....	18-19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Funds.....	20
Statement of Cash Flows – Enterprise Funds.....	21-22
Notes to Financial Statements .....	23-42
Required Supplementary Information – Schedule of the Authority’s Proportionate Share of the Net Pension Liability – Defined Benefit Pension Plan .....	43
Required Supplementary Information – Schedule of Contributions – Defined Benefit Pension Plan.....	44
Schedule of Expenditures of Federal Awards .....	45
Schedule of Findings and Questioned Costs .....	46
Statement and Certification of Actual Modernization Costs .....	47
Statement and Certification of Actual Resident Opportunities and Self-Sufficiency Costs .....	48
Independent Accountant’s Report on Applying Agreed-Upon Procedure .....	49
Financial Data Schedule .....	50-54

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2015

***Management's Discussion and Analysis***

The Housing Authority of the City of San Buenaventura (the "Authority") is pleased to present its basic financial statements for year ended September 30, 2015, which were prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of the three basic financial statements: the statement of net position (balance sheet); the statement of revenues, expenses, and changes in fund net position; and the statement of cash flows. In addition GAAP requires the inclusion of this Management's Discussion and Analysis (MD&A) section as required supplementary information.

The MD&A is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (d) identify issues or concerns. This will now be presented at the front of each year's financial statements. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned, and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships are owned by separate limited partnerships/corporations with Homecomings, Inc., a blended component unit of the Authority wholly controlled by it, acting as the general partner or the managing member of the LLC that is the general partner. The tax credit properties are fee managed by the Authority. Because of the different corporate structure of the partnerships, their operations are not carried directly on the books of the Authority but are listed as affiliated organizations as detailed in the Authority's financial statements' footnote disclosures (See Note 12). The partnerships' financial data are therefore not included in the analysis and financial reports that follow. Also, while the Authority's financial statements include Triad Properties, the Authority's discretely presented component unit, the following overview focuses on the primary government and does not address all of the effects the discretely presented component unit has on the Authority's operations. See the Component Units section below for additional information regarding Triad Properties.

***Financial Highlights***

- Net position at September 30, 2015, increased to \$57,612,121. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$45,504,167 for 2014.
- The business-type activities operating revenue at September 30, 2015, increased to \$22,348,343. Total operating revenue was \$21,217,990 for 2014.
- The total operating expenses of all programs for 2015, decreased to \$21,953,035. Total operating expenses were \$22,374,727 for 2014.
- Total capital grant contributions at September 30, 2015, decreased to \$431,523. Total capital grant contributions were \$639,441 for 2014.

***Overview of the Financial Statements***

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity.

This MD&A is intended to serve as an introduction to the Authority's basic financial statements.

The following statements are included:

- Statement of Net Position – presents information on HACSB’s assets and liabilities, with the difference between the two reported as net positions. Assets and liabilities are presented in the order of liquidity and are classified as “current” (convertible to cash within one year) and “noncurrent”. Over time, increases or decreases in net position may serve as useful indicators as to whether the HACSB’s financial health is improving or deteriorating.
- Statement of Revenue, Expenses, and Changes in Fund Net Position - presents information showing how HACSB’s net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.
- Statement of Cash Flows – reports how HACSB’s cash was used in and provided by its operating, noncapital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash balances at September 30, 2014 and 2013. The HACSB uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.
- Notes to the Basic Financial Statements- provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

### ***The Authority’s Programs***

The Authority administers a broad range of federally and locally financed housing programs serving the City of San Buenaventura. The Authority owns or manages 862 units of housing and provides rental subsidies to over 1,350 additional households. The majority of the Authority’s program participants have incomes below 30 % of area median income. The majority of agency funding is from the US Department of Housing and Urban Development (HUD).

### **Low Income Public Housing (LIPH)**

Under this program, the Authority rents units that it owns within the City of San Buenaventura to low-income households. This program is operated under the annual contributions contract (ACC) with HUD, and HUD provides operating subsidy to enable the Authority to provide the housing at a cost that is based upon 30 % of household income. As of September 30, 2015, the Authority owned and operated 467 subsidized units in this program.

The Authority is a “High Performer” under HUD’s Interim Public Assessment System (PHAS).

### **Section 8 Program**

Within the Section 8 program, the Authority administers contracts with independent landlords that own and lease units within our community under the Housing Choice Voucher program (HCV). The Authority subsidizes the family’s rent through a housing assistance payment (HAP) made to the landlord. The HAP matches the difference between the total rent that the landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Authority is not responsible for the protective services and maintenance of the units and properties associated with this program. However, the landlord must maintain the units in accordance with HUD’s housing quality standards in order to participate in the program. The Authority currently administers 1,286 HCV tenant-based vouchers, 102 Veterans Assistance vouchers (VASH), 13 Shelter Plus Care vouchers (S+C), and 241 Rental Assistance Demonstration project-based vouchers, and 156 conventional project-based vouchers. These programs are operated under the annual contributions contracts (ACC) with HUD, which enables the Authority to structure a lease that sets the participants’ housing costs at 30 % of household income.

The Authority is a “High Performer” under the Section Eight (8) Management Assessment Programs (SEMAP).

### **Special Needs Assistance Program and Shelter Plus Care**

The Authority receives grant funds that serve to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

### **Capital Fund Program**

Under this program, The Authority receives funding for physical and management improvements to its owned public housing units within the low-income public housing program. The Capital Fund Program is operated under the annual contributions contract (ACC) with HUD and the award amounts are formula based. The Capital Fund Grant awards expended totaled \$1,003,288.

### **Community Services Grants**

The Community Services Department (CSD) formed in May 2015 with a view to expanding and intensifying already existing resident services. The CSD focuses on strengthening and building internal and external partnerships whilst encouraging an increase in resident engagement and participation. The CSD is funded by a Family Self-Sufficiency (FSS) grant which funds 1.5 staff; and the Resident Opportunities and Self Sufficiency (ROSS) Grant, which funds 1 full time staff position. The FSS program enables HUD-assisted families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies. The Resident Opportunities and Self Sufficiency (ROSS) Grant Services provided under this grant should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency.

The CSD programming approach covers all aspects of education, health, skill building, career pathways, employment, and social, emotional, physical, and intellectual well-being across all age groups. As the CSD reaches its first-year anniversary it has successfully increased inter-agency working models to include over 40 active partnerships.

Includes grants funded by HUD, such as Resident Opportunity and Self-Sufficiency Grant (ROSS). The ROSS programs are structured to encourage resident economic self-sufficiency, with the overarching goal to improve the safety and quality of life in the areas in and around public housing properties.

The HCV and LIPH programs also received a combined Family Self-Sufficiency (FSS) grant that works specifically with HCV voucher participants and LIPH residents to assist them in setting life goals and objectives while moving toward self-sufficiency.

### **Rental Assistance Demonstration Project (RAD)**

The Housing Authority of the City of San Buenaventura (HACSB) was awarded, through a competitive process, the ability to convert a portion of its current public housing units to Section 8 project based vouchers. This new initiative from HUD is known as the Rental Assistance Demonstration program or RAD.

RAD offers a long-term, cost effective solution to preserve and enhance the country's public and affordable housing stock—including leveraging public and private funding to make much-needed improvements—by allowing Public Housing Authorities (PHA) to convert their current assistance to long-term project-based Section 8 contracts.

The HACSB anticipated the benefits of the RAD initiative to be:

- Leverage private debt and equity. The RAD projects will bring over \$85,000,000 of new investment into Ventura.
- Bring Public Housing into the affordable housing mainstream
- Create jobs
- Ensure opportunities for resident participation
- Encourage green building standards
- Preserve affordable housing

Initially, the HACSB converted 245 units of public housing to non-profit ownership with project based Section 8 rental subsidy. The first development, Vista Del Mar Commons, is composed of 144 units located at the Palms, Mission Park and Training for Independent Living. The Construction loan closed January 2014; construction began February 2014 and was completed in April 2015. The second conversion, Johnson Gardens, is composed of 101 units located at Gregory Gardens, Villa de Oro and Villa Pacifica. The Construction loan closed June 16, 2015; construction began June 2015 and was completed in March 2016.

## **Business Activities**

The Authority accounts for its various non-federal activities under the business activities program.

### *Affordable Housing Projects*

The Authority is currently in the process of developing multiple affordable housing projects in the City of Ventura, California. The Authority incurs certain predevelopment costs associated with these projects – primarily funded by non-federal sources – until all necessary partners, investors and funding sources are identified at which time all project assets, liabilities and commitments are conveyed to the limited partnerships.

*Rancho Verde* – The Authority has plans to develop a 24-unit farm worker housing project in Ventura, CA. The University of California has committed to the donation of approximately 2 acres of the 30-acre Hansen Trust site to the Authority which will be a fully improved building site ready for development. A recoverable grant of \$102,000 was awarded by the Ventura County Community Foundation for pre-development costs. The project was on hold until March 2015, when the University sold the site to a master developer. Williams Homes closed escrow on the project acquisition in March 2015. Mainstreet Architects + Planners was selected to be Architect of Record in August 2015. Since that time, the Authority secured funding commitments for various sources, including \$3,000,000 permanent loan from the USDA Rural Development Section 514 program, \$2,276,593 from the California Housing and Community Development Multifamily Housing Program, and \$449,212 from County of Ventura HOME and Farmworker Housing program funds. A revised conceptual design was submitted to the City of Ventura on March 14, 2016 for a final Design Review Committee hearing projected for June 2016. Construction is expected to start in January 2017. Occupancy is expected February 2018.

*Castillo Del Sol*- consists of 39 studio apartments plus one 2 bedroom Manager’s apartment. It includes a 2,500 sq. ft. multipurpose space to be used as a community center and provides office space for case managers and social service providers. The target group includes: veterans, developmentally disabled, mentally ill, formerly homeless, and the elderly. Residency is to be restricted to those earning at or below 50% AMI. Construction began in December 2014 and completed in January 2016. It was fully occupied by 1/31/2016. The development was placed in service January 13, 2016. .

*Westview*- is another public housing development scheduled for a RAD conversion which includes the replacement of 180 aging public housing units with 320 new homes on Ventura’s Westside. The development, Villages of Westview, will be phased and include the construction of 234 affordable apartments for families, 50 for seniors, and 36 first- time homebuyer townhomes. Construction on the first phase is anticipated to start in December 2016.

*Johnson Gardens*- is a third RAD project which includes the conversion of 101 senior/disabled units to non-profit ownership with rental subsidy from Project Based Section 8 vouchers. The construction loan closed in June 2015 with rehabilitation of the units beginning shortly thereafter. It was completed on March 28, 2016 and is fully occupied.

*Buena Vida*- is the fourth RAD project which includes the conversion of 95 units: (75 senior/disabled and 20 family) to non-profit ownership with rental subsidy from project based Section 8 vouchers. We expect to begin the project in summer 2016.

*Westside Renaissance*- The Authority signed a Letter of Intent to purchase two tentatively approved lots which abut the east side of Ventura Avenue and compromise the westerly- most portion of the 27.6 acre property located at 2686 N. Ventura Avenue, formerly known as the Willett Ranch Property. The property, which has been approved by the City of Ventura for the development of a 50-unit affordable senior apartment complex, is a component of the overall 199 unit Westside Renaissance residential development which was approved in 2007.

The purchase is subject to several basic terms and conditions.

### *City Programs*

The Authority has two (2) contracts with the City of San Buenaventura (the “City”) to provide contract services ranging from affordable housing monitoring to assisting the City with its mobile home repair program. This fiscal year 17 affordable units were resold to subsequent income eligible buyers. An Annual Occupancy Certification (AOC) was conducted to determine how many homeowners are in compliance and on June 2, 2015 476 AOC were mailed and 405 responded, which determined 85% to be in compliance. Monitoring of rental units are conducted annually to determine compliance by landlords, property managers and management companies. The Authority administers/services the City’s AHP loan portfolio and processes requests for refinance, subordinations and payoffs. The Mobile Home Rehabilitation Grant Program (MHRGP) assisted 15 mobile home owners to improve living conditions. These improvements increase energy efficiency, reduce utility costs, provide a safe and healthier environment, accessibility and expands the life of the mobile home.

### Housing Trust Fund

In 2008, in an effort to ensure the availability of safe and sanitary affordable housing for the citizens of the City of San Buenaventura (the “City”), the Authority and the City agreed to amend their existing Cooperation Agreement – with HUD approval – to permit annual Payments in Lieu of Taxes (PILOT) to be deposited into a Housing Trust Fund (HTF) held in the name of the Authority. These funds may be used to preserve or increase the supply of housing for low and very low income persons in the City, specifically priority shall be given in housing to employees of the Ventura County, Ventura Unified School District, and the City of Ventura for housing units in developments for which these funds are used as a funding source.

### State and Local Program

The Authority administers as sub-recipients various grants and housing programs from the local governmental entities. Congress amended the Housing and Community Development Act of 1974 (HCD Act) in 1981 to give each jurisdiction the opportunity to administer Community Development Block Grant (CDBG) funds for non-entitlement area. CDBG provides states, eligible metropolitan cities and urban counties with annual direct grants that they can use to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low- and moderate-income persons.

### Neighborhood Stabilization Program - NSP-R Program Loan

In connection with the development of the Encanto Del Mar Apartments affordable housing project, permanent financing was obtained from various sources, including a \$9.4 million Neighborhood Stabilization Program (NSP-R) loan from the Department of Housing and Community Development of the State of California (the “Department”) and an NSP 1 grant award from the County of Ventura in the amount of \$443,636. The loan is the obligation of the Encanto Del Mar Apartments, L.P. (the “Borrower”). However, the Authority is listed as the sponsor organization – as defined in the loan agreements – and has ultimate responsibility to ensure compliance with the terms and conditions of the program for the life of the loan. As the sponsoring organization, the Authority is subject to the same liability as the Borrower if it fails to ensure compliance. The outstanding loan balance and related transactions are included in the financial statements of the Borrower.

Looking ahead, HACSB will continue to work on offering more housing options in response to Ventura’s ever increasing need for high-quality, affordable and safe housing. The coming year will bring both newly acquired and existing developments, including the Westview Village redevelopment, Rancho Verde and Buena Vida developments.

While HACSB continues to face a tumultuous economic period for the public housing industry, we remain committed to identifying new and creative ways to address the needs of Ventura’s most vulnerable residents. And we look forward to working collaboratively with the Community to provide opportunity and an environment to thrive for more residents in the years ahead.

### Component Units

These are legally separate organizations for which the elected officials of the primary government are financially accountable or where the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The governing body of the Authority is its Board of Commissioners (the “Board”) comprised of seven (7) members appointed by the City Council of the City of Ventura. The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board Statement No. 61 as the Board independently oversees the Authority’s operations.

The component units for the Authority consist of Triad Properties (Triad) and Homecomings, Inc. (Homecomings).

#### *Triad Properties*

Triad is a California nonprofit public benefit corporation which was formed to promote affordable housing and related services for low to moderate income households in the County of Ventura, California and may be eligible to apply for specific HUD funding: HOME Program as a Community Housing Development Corporation (CHDO) set-aside funding. Triad is considered a “Discrete Component Unit”.

Triad owns and operates twenty-six low-income housing units in the City of Ventura. On August 12, 2015, Triad properties sold a four plex on Olive Street with the condition that affordability covenants remain for the benefit of the City and its residents. The sale proceeds will be used to acquire additional multi-family buildings.

The relationship between the Authority and Triad is supportive in nature as Triad independently carries out its stated mission and purpose of providing decent, safe and affordable housing. Upon inception, the Authority Board acted as the original governing body for Triad. In March 2010, Triad's bylaws were amended and a new Board of Directors were appointed, who are now substantially different from that of the Authority's Board. The amended bylaws state that the Triad Board of Directors will serve four year terms and it is now empowered to appoint new director(s). Therefore, Triad will be discretely presented in the current year financial statements and notes. All inter-program balances and transactions between the primary government and the discretely presented component unit will be disclosed in the notes to the financial statements. Separately issued financial statements of Triad Properties may be obtained by contacting Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001.

#### *Homecomings, Inc.*

Homecomings is a California nonprofit public benefit corporation which was formed to promote and develop affordable housing for low to moderate income households in the County of Ventura. It can also form partnerships and currently acts as the general partner or sole member of the LLC that is the general partner in each of the following tax credit partnerships in which it, or an LLC with it as the sole member, has a .01% ownership interest.

- Chapel Lane, L.P. – 4% tax credit project with 38-senior units, in operation since September 2005
- Soho Associates, L.P. – 9% tax credit project with 12-family units, full occupancy was reached September 2011
- Encanto Del Mar Apartments, L.P. – 9% tax credit project with 37-family units; full occupancy was reached in August 2012.
- Vista Del Mar Commons LP – 9% tax credit Rental Assistance Demonstration (RAD) project-140 units in operation since April 2015
- Johnson Gardens, L.P. – 4% tax credit Rental Assistance Demonstration (RAD) project-101 units (99 for elderly/disabled persons), construction completed in February 2016 with full occupancy occurring in March 2016.
- Castillo del Sol Apartments, L.P. – 9% tax credit project-40 units (39 for people with special needs), construction completed and operations began in January 2016.

Homecomings accounts for its ownership interest in these tax credit partnerships using the equity method. Separately issued financial statements for the aforementioned tax credit partnerships may be obtained by contacting Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001. The Authority both directly and indirectly controls the operations of Homecomings, and the Authority's Board also acts as the governing body for the organization. Therefore, Homecomings will be presented as a blended component unit included in the balances of the primary government, thus all significant inter-program balances and transactions between Homecomings and the Authority have been eliminated.



**FINANCIAL ANALYSIS**

The following tables focus on the net position and the change in fund net position of the primary government as a whole.

**TABLE 1 – STATEMENT OF NET POSITION**

	<u>2015</u>	<u>2014</u>	<u>Variance</u>	<u>% Change</u>
Current Assets	\$ 6,349,921	\$ 5,892,853	\$ 457,068	7.76%
Capital Assets, Net	19,883,708	23,457,863	(3,574,155)	-15.24%
Noncurrent Notes Receivable	38,107,952	18,657,952	19,450,000	104.25%
Total Assets	<u>64,341,581</u>	<u>48,008,668</u>	<u>16,332,913</u>	34.02%
Deferred Outflows of Resources	<u>200,773</u>	<u>-</u>	<u>200,773</u>	
Current Liabilities	724,344	886,332	(161,988)	-18.28%
Long-Term Liabilities	5,834,272	1,618,169	4,216,103	260.55%
Total Liabilities	<u>6,558,616</u>	<u>2,504,501</u>	<u>4,054,115</u>	161.87%
Deferred Inflows of Resources	<u>371,617</u>	<u>-</u>	<u>371,617</u>	
Net Position:				
Net Investment in Capital Assets	18,288,692	22,270,969	(3,982,277)	-17.88%
Restricted	392,437	201,562	190,875	94.70%
Unrestricted	38,930,992	23,031,636	15,899,356	69.03%
Total Net Position	<u>\$ 57,612,121</u>	<u>\$ 45,504,167</u>	<u>\$ 12,107,954</u>	26.61%

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION**

Current assets increased by \$457,068 primarily due to proceeds from the sale of a capital asset.

Capital assets decreased by \$3,574,155 due primarily to the sale of AMP 3 and AMP 4 (Asset Management Projects) or the conversion of 101 units of public housing to non-profit ownership with project based Section 8 rental subsidy.

Noncurrent notes receivable increased significantly by \$19,450,000 due to issuance of \$20,450,000 in notes receivables as financing for property sold to affiliated organizations; Asset Management Project 3 and 4 were sold and converted into the Johnson Gardens development, and 3005 East Main Street was sold and converted into the Castillo del Sol Apartments. This increase was partially offset by a decrease of \$1,000,000 in the noncurrent notes receivables due to the Authority's forgiveness of a portion of a note receivable that is due from Triad Properties.

Current liabilities decreased by \$161,988 primarily due to a reduction in accounts payables, accrued liabilities and deferred revenue.

Long-term liabilities increased significantly by \$4,216,103 or by 261% due to mandated recording of net pension liability per Governmental Accounting Standards Board (GASB) 68.

**TABLE 2 – STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION**

The following schedule compares the revenue and expenses for the current and previous fiscal years. The Authority is engaged only in business-type activities.

	<u>2015</u>	<u>2014</u>	<u>Variance</u>	<u>% Change</u>
Operating Revenues				
Rental Income	\$ 2,894,792	\$ 3,115,922	\$ (221,130)	-7.10%
Federal Grants	17,585,674	16,432,444	1,153,230	7.02%
Other	1,867,877	1,669,624	198,253	11.87%
Total Operating Revenues	<u>22,348,343</u>	<u>21,217,990</u>	<u>1,130,353</u>	5.33%
Operating Expenses				
Administration	4,288,844	3,846,486	442,358	11.50%
Tenant Services	87,066	109,998	(22,932)	-20.85%
Utilities	479,978	555,150	(75,172)	-13.54%
Maintenance	1,124,497	1,403,262	(278,765)	-19.87%
General	1,313,974	967,310	346,664	35.84%
Housing Assistance Payments	13,555,617	14,193,553	(637,936)	-4.49%
Depreciation	1,103,059	1,298,968	(195,909)	-15.08%
Total Operating Expenses	<u>21,953,035</u>	<u>22,374,727</u>	<u>(421,692)</u>	-1.88%
Operating Income (loss)	<u>395,308</u>	<u>(1,156,737)</u>	<u>1,552,045</u>	-134.17%
Nonoperating revenues (expenses):				
Interest Revenue	23,717	23,481	236	1.01%
Gain on sale of capital assets	16,397,905	10,325,139	6,072,766	58.82%
Interest Expense	(36,265)	(41,146)	4,881	-11.86%
Special Items	(1,143,605)	-	(1,143,605)	
Transfers Out	(127,270)			
Capital Contributions	431,523	639,441	(207,918)	-32.52%
Total Nonoperating Activity	<u>15,546,005</u>	<u>10,946,915</u>	<u>4,599,090</u>	42.01%
Change in Net Position	15,941,313	9,790,178	6,151,135	62.83%
Prior Period Adjustments	(3,833,359)	-	(3,833,359)	
Beginning Net Position	<u>45,504,167</u>	<u>35,713,989</u>	<u>9,790,178</u>	27.41%
Ending Net Position	<u>\$ 57,612,121</u>	<u>\$ 45,504,167</u>	<u>\$ 12,107,954</u>	26.61%

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION**

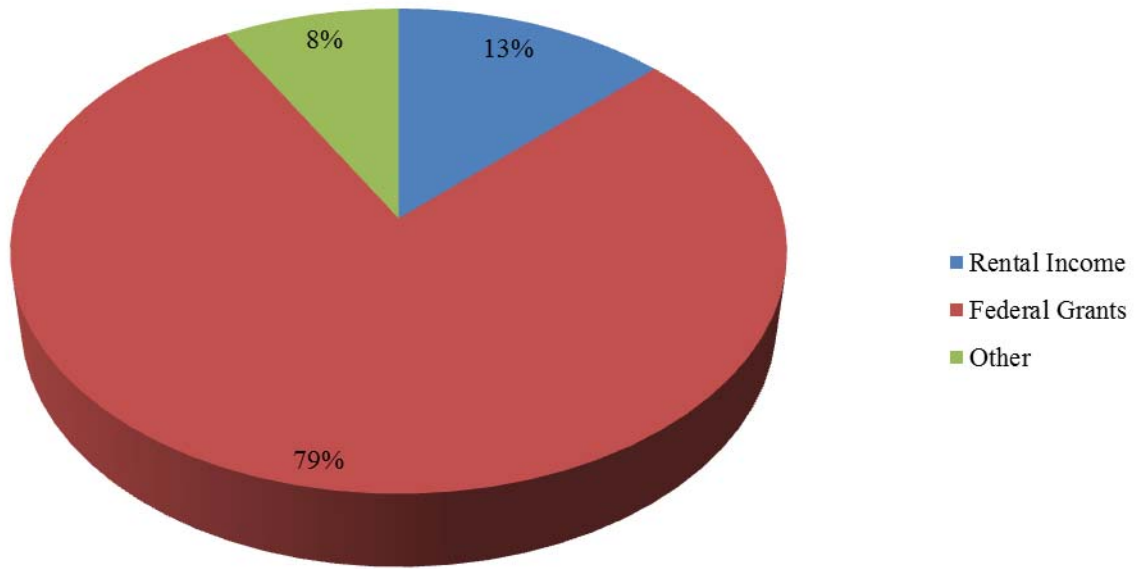
**Total Operating Revenue**

Total operating revenues increased by \$1,130,353 due to an increase in Housing Choice Voucher federal grants as well as other government grants from local and state governments.

*Total Operating Revenue (Continued)*

The following table provides further illustration of the Authority's total operating revenue for the year ended September 30, 2015:

## Total Operating Revenue

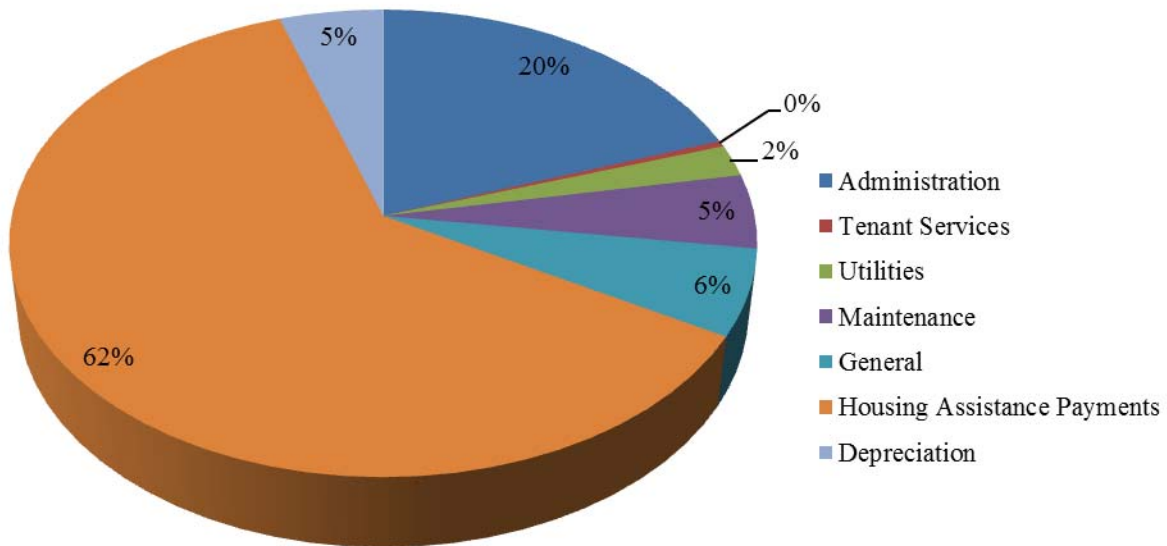


**Total Operating Expenses**

Total operating expenses decreased by \$421,692 to \$21,953,035 due to lower housing assistance payments (HAP) and maintenance as a part of the Authority’s costs reduction efforts. In addition, there were decreases in the amount of soft costs allocated to the Capital Fund program. Tenant services also saw decreases from prior year. The Authority’s continued modernization efforts have contributed to the decline in required maintenance. However, the decrease in operating expenses were moderately offset by an increase in general expenses and administration costs resulting primarily from an increase in employee benefit contributions expense due to the implementation of new GASB 68 Pension Plan standards. The Authority also decided this year to make a one-time lump sum employer retirement contribution of approximately \$245,000 to help fund the unfunded pension plan liability quicker and thus, save the Authority more money in the future. The Authority did not make any such payment in the prior year.

The following table provides further illustration of the Authority’s total operating expenses for the year ended September 30, 2015:

**Total Operating Expenses**



**Non-operating Revenues and Expenses**

Non-operating activity increased by \$4,599,090 primarily due to the gain on the partial sale of AMP 3 (Asset Management Project) and AMP 4 for the conversion of 101 units of public housing to non-profit ownership with project based Section 8 rental subsidy. This increase was partially offset by an increase in special items.

Gain on sale of capital assets increased by \$6,072,766 or by 58.8% due from the sale of Asset Management Projects (AMPs) 3 and 4 to RAD tax credit partnership Johnson Gardens.

Capital Contribution decreased by \$207,918 or 32.5% due to decreased public housing units eligible to receive Capital Funds as a result of RAD conversions.

Transfer out represents AMPs surplus reserves allocated to help fund ancillary housing services, community services.

***Non-operating Revenues and Expenses (Continued)***

Special Items are composed of (\$360,705) in one-time Rental Assistance Demonstration (“RAD”) conversion payments out of AMPs 3 and 4 that were within the control of management but that were not part of the Authority’s normal operations and were infrequent in occurrence. This RAD project is known as the Johnson Gardens project. These one-time payments are allowed by HUD in accordance with the Johnson Gardens RAD Conversion Commitment.

Special items are also composed of a transaction to remove the Other Post-Employment Benefits (“OPEB”) Liability balance related to its retiree medical stipends benefit program from the Authority’s financial statements this year as the Authority elected to discontinue this program and terminate any future retiree medical stipends, beginning October 1, 2014. The OPEB Liability balance removed during the current fiscal year and recorded as a special item amounted to \$217,100. This one-time transaction was reported as a special item as it was within the control of management and was infrequent in occurrence.

Lastly, special items are composed of a transaction between the Authority and Triad Properties whereby the Authority forgave \$1,000,000 of the \$2,383,141 note that was due from Triad as agreed to by both the Authority’s Board of Commissioners and Triad’s Board of Directors during the current year.

Prior Period Adjustments- recognize and record the net pension liability, deferred outflows of resources, and deferred inflows of resources, all related to the Authority’s CalPERS defined benefit pension plan, in accordance with GASB 68 and 71.

***CAPITAL ASSETS***

As of September 30, 2015, capital assets for its business-type activities amounted to \$19,883,708 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The Authority had one major capital asset addition during the current year. This was to acquire the property at 3005 East Main Street. The Authority had two major capital asset sales during the current fiscal year. The HACSB converted 101 units of public housing to non-profit ownership with project-based Section 8 rental subsidy. The Authority also sold the property at 3005 East Main Street to non-profit ownership with project-based Section 8 rental subsidy as well. These transactions resulted in a gain on the sale of the properties and reduction in capital assets.

***DEBT OUTSTANDING***

At September 30, 2015, the Authority had \$1,697,016 in debt outstanding compared to \$1,288,894 in the prior fiscal year. This debt is in the form of a recoverable grant in the amount of \$102,000 payable to the Ventura County Community Foundation, a note payable due to the seller of the Castillo del Sol property in the amount of \$600,000, and a note payable, secured line of credit and unsecured line of credit, all of which are payable to local financial institutions in the amounts of \$724,548, \$11,168, and \$259,300, respectively. Proceeds were used to finance the activities of the various affordable housing projects being developed by the Authority.

### ***ECONOMIC FACTORS AFFECTING HACSB'S FUTURE:***

Significant economic factors affecting the Authority are as follows:

- The majority, 77%, of HACSB's funding is from federal agencies in the form of operating subsidies, capital fund grants, Section 8 housing assistance payments, and other smaller grants. While Housing Authorities have been underfunded for most of the past decade, HUD funded 2014 Low Rent operating subsidies at 85% of eligibility. HUD's funding letters and contracts with HUD, it is anticipated that most HUD programs will continue to receive renewal funding including the Section 8 program. The reduced funding shift continues to have an impact on HACSB's economic position because federal housing dollars make up the largest source of revenue for HACSB.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflation and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.
- The State of California's prolong drought and the governor's mandatory water consumption reductions starting in July 2015 has had an adverse impact resulting in higher water rates.
- The Authority is continuing with Board-approved plans that guide real estate activities, including the provisions for liquidation of non-strategic assets, as appropriate. The Authority's portfolio is being assessed to evaluate properties that no longer align with current strategic plans, including single-family homes. The proceeds would be leveraged to further the Authority's mission and invest in affordable housing.
- In 2007, the Authority began developing a revitalization plan to reinvigorate and redevelop the Westview Village development. In 2013, the Authority launched a community engagement effort to continue the Westview Village discussions and development plans. The public meetings are ongoing, with the Authority and its partner Bridge Housing receiving feedback to ultimately finalize the plans. The plans, we believe, reflect the input from community stakeholders and the public, which was gathered at numerous meetings with area residents, community leadership, elected officials, businesses, City departments, and other community stakeholders. Westview Village - is another public housing development scheduled for a RAD conversion which includes the replacement of 180 aging public housing units with 320 new homes on Ventura's Westside. The development will be phased and include the construction of 234 affordable apartments for families, 50 for seniors, and 36 first- time homebuyer townhomes. Construction on the first phase is anticipated to start in December 2016.
- The Authority's goal remains to continue to provide safe, quality affordable housing to the nearly 2,200 households we serve through its three core housing programs: Section 8, Public Housing, and nonprofit properties. The Authority looks forward to continuing work on significantly enhancing property management and housing operations, expanding educational, job training, and health services to residents; and implementing additional efficiencies across the Authority.

### ***FINANCIAL CONTACT***

This financial report is designed to provide a general overview of the finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Mr. Rhen C. Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 805-648-5008.



# HENDERSON & DEJOHN, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

200 CHASE PARK SOUTH, SUITE 220  
PHONE : (205) 982-0992

WWW.HENDERSONCPA.COM

BIRMINGHAM, AL 35244  
FAX: (205) 982-0997

### Independent Auditor's Report

To the Board of Commissioners  
Housing Authority of the City of San Buenaventura

#### **Report on the Financial Statements**

We have audited the financial statements of the Housing Authority of the City of San Buenaventura (the "Authority") and the discretely presented component unit, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority and discretely presented component unit, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

##### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1-12, the schedule of the Authority's proportionate share of the net pension liability for their defined benefit pension plan on page 43, and the schedule of contributions for their defined benefit pension plan on page 44, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Housing Authority's basic financial statements. The accompanying supplemental data including the financial data schedule, statement and certification of actual modernization costs, and statements and certification of actual resident opportunities and self-sufficiency costs are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial data schedule, statement and certification of actual modernization costs, statements and certification of actual resident opportunities and self-sufficiency costs and the schedule of expenditures of federal awards 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. In our opinion, the financial data schedule, statement and certification of actual modernization costs, statements and certification of actual resident opportunities and self-sufficiency costs and the schedule of expenditures of federal awards are 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 June 13, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Henderson & DeJohn, LLC*

Birmingham, AL  
June 13, 2016





# HENDERSON & DEJOHN, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

200 CHASE PARK SOUTH, SUITE 220  
PHONE : (205) 982-0992

WWW.HENDERSONCPA.COM

BIRMINGHAM, AL 35244  
FAX: (205) 982-0997

### **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

#### **Independent Auditor's Report**

To the Board of Commissioners  
Housing Authority of the City of San Buenaventura

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of San Buenaventura (the "Authority") and the discretely presented component unit, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 13, 2016.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Authority in a separate letter dated June 13, 2016.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Henderson & DeJohn, LLC*

Birmingham, AL  
June 13, 2016



# HENDERSON & DEJOHN, LLC

---

## CERTIFIED PUBLIC ACCOUNTANTS

---

200 CHASE PARK SOUTH, SUITE 220  
PHONE : (205) 982-0992

BIRMINGHAM, AL 35244  
WWW.HENDERSONCPA.COM

FAX: (205) 982-0997

### **Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133**

#### **Independent Auditor's Report**

To the Board of Commissioners  
Housing Authority of the City of San Buenaventura

#### **Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the City of San Buenaventura's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

#### ***Opinion on Each Major Federal Program***

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

#### **Report on Internal Control over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Henderson & DeJohn, LLC*

Birmingham, AL  
June 13, 2016

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
SEPTEMBER 30, 2015

	Primary Government	Component Unit
<b>ASSETS</b>		
Unrestricted cash and cash equivalents	\$ 4,860,124	\$ 1,034,349
Restricted cash and cash equivalents	716,470	18,438
PHA projects receivable	35,829	-
Due from HUD	105,969	-
Due from other governments	12,082	-
Miscellaneous receivable	327,197	-
Tenants receivable, net	27,616	2,098
Accrued interest receivable	168,667	-
Due from component unit to primary government	13,632	-
Prepaid expenses and other assets	82,335	931
Capital assets:		
Land and construction in progress	3,565,981	580,701
Building and equipment, net of depreciation	16,317,727	824,561
Total capital assets	19,883,708	1,405,262
Notes and mortgages receivable, net of current portion	38,107,952	-
Total assets	64,341,581	2,461,078
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plan contributions subsequent to measurement date	67,996	-
Differences between actual and expected experience	25,685	-
Differences between contributions and proportionate share of contributions	107,092	-
Total deferred outflows of resources	\$ 200,773	\$ -

*The accompanying notes are an integral part of these financial statements.*

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
SEPTEMBER 30, 2015

	Primary Government	Component Unit
<b>LIABILITIES</b>		
Accounts payable	142,081	1,349
Accrued liabilities	130,991	2,252
Intergovernmental payables	223,646	-
Tenant security deposits	162,468	18,438
Unearned revenue	12,216	950
Due to primary government from component unit	-	13,632
Long-term liabilities:		
Due within one year:		
Notes payable, current portion	23,853	4,211
Compensated absences, current portion	29,089	-
Due in more than one year:		
Notes payable, net of current portion	1,673,163	1,775,039
Compensated absences, net of current portion	261,790	-
Net pension liability	3,737,754	-
Long-term liabilities - other	161,565	6,072
Total liabilities	6,558,616	1,821,943
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Net difference between projected and actual investment earnings on pension plan investments	121,822	-
Pension plan changes in assumptions	243,007	-
Pension plan changes in proportion	6,788	-
Total deferred inflows of resources	371,617	-
<b>NET POSITION</b>		
Net investment in capital assets	18,288,692	(373,988)
Restricted	392,437	-
Unrestricted	38,930,992	1,013,123
Total net position	\$ 57,612,121	\$ 639,135

*The accompanying notes are an integral part of these financial statements.*

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
ENTERPRISE FUNDS  
FOR YEAR ENDED SEPTEMBER 30, 2015

	Primary Government	Component Unit
<b>OPERATING REVENUES</b>		
Rental income	\$ 2,894,792	\$ 384,085
Federal and other government grants	17,585,674	-
Other	<u>1,867,877</u>	<u>31,459</u>
Total operating revenues	<u>22,348,343</u>	<u>415,544</u>
<b>OPERATING EXPENSES</b>		
Administration	4,288,844	189,307
Tenant services	87,066	-
Utilities	479,978	17,487
Maintenance	1,124,497	52,984
General	1,313,974	21,825
Housing assistance payments	13,555,617	-
Depreciation	<u>1,103,059</u>	<u>49,963</u>
Total operating expenses	<u>21,953,035</u>	<u>331,566</u>
Operating income (loss)	395,308	83,978
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest revenue	23,717	10
Gain (Loss) on sale of capital assets	16,397,905	(391,665)
Interest expense	<u>(36,265)</u>	<u>(13,392)</u>
Income (loss) before contributions, transfers and special items	16,780,665	(321,069)
Capital contributions	431,523	-
Transfers in (out)	(127,270)	127,270
Special items	<u>(1,143,605)</u>	<u>1,000,000</u>
Change in net position	<u>15,941,313</u>	<u>806,201</u>
Total net position - beginning of the year	45,504,167	(167,066)
Prior period adjustments	<u>(3,833,359)</u>	<u>-</u>
Total net position - beginning of the year, as restated	<u>41,670,808</u>	<u>(167,066)</u>
Total net position - end of the year	<u>\$ 57,612,121</u>	<u>\$ 639,135</u>

*The accompanying notes are an integral part of these financial statements.*

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR YEAR ENDED SEPTEMBER 30, 2015

	Primary Government	Component Unit
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from tenants	\$ 2,889,180	\$ 387,214
Federal & other government grants	17,574,397	-
Other receipts	1,694,243	31,459
Payments to suppliers and Section 8 landlords	(16,469,165)	(523,207)
Payments to or on behalf of employees	(4,368,786)	-
Net cash provided (used) by operating activities	1,319,869	(104,534)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	336,678	591,868
Purchase of capital assets	(1,917,677)	-
Capital contributions	429,891	-
Transfers in (out)	(127,270)	127,270
Issuance of capital debt	591,202	-
Principal payments of capital debt	(182,842)	(3,956)
Interest payments on capital debt	(36,265)	(13,392)
Net cash provided (used) by capital financing activities	(906,283)	701,790
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	5,724	10
Net cash provided (used) by investing activities	5,724	10
Net increase (decrease) in cash and cash equivalents	419,310	597,266
Balances - beginning of the year	5,157,284	455,521
Balances - end of the year	\$ 5,576,594	\$ 1,052,787

*The accompanying notes are an integral part of these financial statements.*

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR YEAR ENDED SEPTEMBER 30, 2015

	Primary Government	Component Unit
<b>RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 395,308	\$ 83,978
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Pension expense	194,819	-
Depreciation expense	1,103,059	49,963
Change in assets and liabilities:		
Receivables, net	(553,086)	3,806
Prepays and other assets	(39,390)	(732)
Deferred outflows of resources	(67,996)	-
Accounts payable	26,071	(3,046)
Due to primary government from component unit	213,638	(213,638)
Intergovernmental payables	(97)	-
Unearned revenue	8,480	528
Other liabilities	21,265	6,072
Accrued liabilities	11,292	(30,260)
Compensated absences	27,104	-
Tenant security deposits	(20,598)	(1,205)
	<u>\$ 1,319,869</u>	<u>\$ (104,534)</u>
Net cash provided (used) by operating activities	<u>\$ 1,319,869</u>	<u>\$ (104,534)</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Non-cash capital and related financing activities:		
Forgiveness of (notes and mortgages receivable)/notes payable	<u>\$ (1,000,000)</u>	<u>\$ 1,000,000</u>
Issuance of notes and mortgages receivable as financing for properties sold to affiliated organizations	<u>\$ 20,450,000</u>	<u>\$ -</u>

*The accompanying notes are an integral part of these financial statements.*



HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Housing Authority of the City of San Buenaventura (the “Authority”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management’s Discussion and Analysis (MD&A) section providing an analysis of the Authority’s overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and therefore, presents only the financial statements required for enterprise funds, in accordance with GASB Statement 34, paragraph 138. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of –
  - Statement of Net Position
  - Statement of Revenues, Expenses and Changes in Fund Net Position
  - Statement of Cash Flows
- Notes to financial statements
- Required supplemental information other than MD&A

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the “primary government” in the basic financial statements. Significant Authority policies are described below.

**A. The Reporting Entity**

The Authority was established as a tax-exempt quasi-governmental entity under the United States Housing Act of 1937 for the purpose of providing affordable housing to low and moderate income families in Ventura County, California. The governing body of the Authority is composed of a 7 member appointed Board of Commissioners (the “Board”). The Mayor appoints the Board, who in turn hires the Chief Executive Officer. The Authority is governed by its charter and by-laws, state and local laws and federal regulations. The Board is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Authority’s management.

For financial reporting purposes, the financial reporting entity consists of (1) the primary government (the “Authority”), (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the primary government’s financial statements to be misleading or incomplete. The Authority is financially accountable if it appoints a voting majority of an organization’s governing body and (a) it is able to impose its will on the organization or, (b) there is potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the Authority. The Authority may be financially accountable if an organization is fiscally dependent on the Authority. Based on these criteria; the following entities have been identified as component units of the Authority.

*Triad Properties*

Triad Properties (Triad) is a California nonprofit public benefit corporation which was formed to promote and develop affordable housing and related services for low to moderate income households in the County of Ventura, California and may be eligible to apply for specific HUD funding: HOME Program as a Community Housing Development Corporation (CHDO) set-aside funding. Triad is a tax exempt entity under section 501(c)(3) of the Internal Revenue Code (IRC). Triad owns and operates twenty-six low-income housing units in the City of Ventura.

The relationship between the Authority and Triad is supportive in nature as Triad often carries out its stated purpose of providing decent, safe and affordable housing by supporting the operational goals and objectives of the Authority. In addition, the Authority’s Board also acted as the original governing body for Triad. In March 2010, Triad’s bylaws were amended and the Board appointed a new Board of Directors who is now substantially different from that of the Authority’s Board. The amended bylaws state that the Triad Board of Directors will serve four year terms and is now empowered to appoint any new director(s). Therefore, Triad is discretely presented in the current year financial statements as its own “component unit” column with separate “component unit” disclosures in the notes to the financial statements. All interprogram balances and transactions between the primary government and the discretely presented component unit will be disclosed in the notes to the financial statements (*see Note 11 – Transactions with Discretely Presented Component Unit*). Separately issued financial statements of Triad Properties may be obtained by contacting Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Homecomings, Inc*

Homecomings, Inc (Homecomings) is a California nonprofit public benefit corporation which was formed to promote and develop affordable housing for low to moderate income households in the County of Ventura. It can also form partnerships and currently acts as the general partner in each of the following tax credit partnerships in which it has a .01% ownership interest.

- Chapel Lane, L.P. – 4% tax credit project with 38-senior units, in operation since September 2005
- Soho Associates, L.P. – 9% tax credit project with 12-family units, full occupancy was reached September 2011
- Encanto Del Mar Apartments, L.P. – 9% tax credit project with 37-family units; full occupancy was reached in August 2012.
- Vista Del Mar Commons LP – 9% tax credit Rental Assistance Demonstration (RAD) project-140 units in operation since April 2015
- Johnson Gardens, L.P. – 4% tax credit Rental Assistance Demonstration (RAD) project-101 units (99 for elderly/disabled persons), construction completed in February 2016 with full occupancy occurring in March 2016.
- Castillo del Sol Apartments, L.P. – 9% tax credit project-40 units (39 for people with special needs), construction completed and operations began in January 2016.

Homecomings accounts for its ownership interest in these tax credit partnerships using the equity method. Separately issued financial statements for the aforementioned tax credit partnerships may be obtained by contacting Rhen Bass, CPA, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001. The Authority both directly and indirectly controls the operations of Homecomings, and the Authority's Board also acts as the governing body for the organization. Therefore, Homecomings is presented as a blended component unit included in the balances of the primary government, thus all significant inter-program balances and transactions between Homecomings and the Authority have been eliminated. Homecomings did not have any significant balances to report as of the fiscal year ended September 30, 2015. Therefore, no separate condensed financial statements are considered to be necessary for reporting in the footnotes to the Authority's financial statements as now required by GASB 61 for blended component units of the primary government.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Authority's financial statements are accounted for on the flow of economic resources management focus using the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and changes in cash flow.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund's activities are included on the Statement of Net Position. Proprietary fund net position is segregated into Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. Revenues are recognized when they are earned and expenses are recognized when incurred. 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 proprietary funds are rental charges to tenants and operating subsidy grants from HUD. Operating expenses for proprietary funds include the cost of administrative expenses, maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority applies restricted resources to fund restricted costs and unrestricted resources to fund unrestricted costs. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements.

The Authority has previously adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with this statement, the Authority accounted for all grants that qualify as non-exchange transactions, recognizing receivables and revenues when all applicable eligibility requirements are met. In addition, capital contributions are recorded on the Statement of Revenues, Expenses and Changes in Fund Net Position after income before contributions and before changes in net position.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component on net position.

**C. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, demand deposits and money market accounts. For purposes of the statement of cash flows, the Authority considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported on the balance sheet approximate fair values because of the short maturities of those investments.

**D. Accounts Receivables**

All accounts receivables are current and due within one year. Receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible.

**E. Notes, Loans & Mortgages Receivables**

Notes receivable relate to affordable housing construction activities where the Authority has loaned funds to be used as an investment in affordable housing developments. The notes receivables are collectable as defined in the various loan agreements. Any portions of the notes receivable that are deemed due and collectable within the next twelve months are reported as current assets. The remaining notes receivables that are deemed collectable beyond the next twelve months are reported as non-current assets. All of the notes receivables are considered non-current assets as of September 30, 2015 as none of the notes receivables are currently due within the next twelve months. No allowance account has been set up as the Authority has determined that the notes are fully collectable as of September 30, 2015.

**F. Restricted Assets and Liabilities**

Debt covenants, HUD regulations, and inter-local agreements restrict the use of certain assets. Restricted assets are offset by related liabilities in accordance with their liquidity.

**G. Inventories**

Inventories are accounted for under the consumption method and recorded at the lower of cost or market. Materials and supplies are recorded as inventories when purchased and as expenditures when used.

**H. Prepaid Items**

Prepaid items consist of payments made to vendors for services that will benefit future periods.

**I. Capital Assets**

Capital assets include property, furniture, equipment and machinery. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Construction in progress consists of capital improvements funded by modernization grant programs. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	7-40
Improvements other than buildings	7-30
Furniture, equipment, and machinery	3-7

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Compensated Absences**

The Authority's policy allows each employee to accumulate up to 240 vacation hours and be paid for them upon separation. The Authority has no maximum accrual for sick leave. If an employee has completed 5 years of service, they shall be paid for 20% of accumulated sick leave at their current hourly rate upon separation. Time accrued beyond that is forfeited unless exception is granted by the Board. The majority of employees utilize their annual accrual of vacation and sick leave during the year accrued. The Authority records compensated absences expense in the period earned and uses a systematic allocation process to allocate between short-term and long-term liability classification.

**K. Unearned Revenue**

The Authority recognizes revenues as it is earned. An amount received in advance of the period in which it is earned is recorded as a liability under unearned revenue.

**L. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**M. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that apply to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) or an inflow of resources (revenue) until then.

**N. Pensions**

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

**O. Special Items**

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

**P. Recent Accounting Pronouncements**

The Authority's management has assessed the potential impact of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and determined this is not applicable as the Authority no longer provides other postemployment benefits.

The Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The adoption of GASB Statement No. 68 has a material effect on the Authority's September 30, 2015 financial statements.

The Authority adopted GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. As used in this Statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The adoption of GASB Statement No. 69 had no material effect on the Authority's basic financial statements.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Authority adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The adoption of GASB Statement No. 71 has a material effect on the Authority's September 30, 2015 financial statements.

**NOTE 2 – CASH DEPOSITS AND INVESTMENTS**

Cash and investments may be invested in the following HUD-approved vehicles:

- Direct obligations of the federal government backed by the full faith and credit of the United States;
- Obligations of government agencies;
- Securities of government sponsored agencies;
- Demand and savings deposits; and,
- Time deposits and repurchase agreements.

At September 30, 2015, cash was in bank deposits or money market accounts. Neither the Authority nor Triad had any investments. All of the Authority's federal funds were insured or collateralized with securities held by the Authority or by its agent in the Authority's name. A portion of the Authority's Business Activities funds' non-federal deposits in the amount of approximately \$993,000 and approximately \$855,000 of Triad's deposits were not insured or collateralized at year-end. The Authority's cash balances at September 30, 2015 totaled \$5,576,594. Triad's cash balances at September 30, 2015 totaled \$1,052,787.

*Interest Rate Risk* – The Authority's formal investment policy does not specifically address the exposure to this risk.

*Credit Risk* - The Authority's formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.

*Custodial Credit Risk* – The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

*Concentration of Credit Risk* – The Authority's investment policy does not restrict the amount that the Authority may invest in any one issuer.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

**NOTE 3 – CAPITAL ASSETS**

**A. Changes in Capital Assets**

Capital asset activity for the year ended September 30, 2015 was as follows:

	<b>Primary Government</b>				Ending Balance
	Beginning Balance	Additions	Retirements	Reclassifications	
Capital assets not being depreciated					
Land	\$ 2,613,266	\$ 1,100,000	\$ (1,646,000)	\$ -	\$ 2,067,266
Construction in progress	1,120,375	815,018	(436,678)	-	1,498,715
Total capital assets not being depreciated	<u>3,733,641</u>	<u>1,915,018</u>	<u>(2,082,678)</u>	<u>-</u>	<u>3,565,981</u>
Capital assets being depreciated					
Buildings and improvements	45,672,644	-	(6,129,265)	-	39,543,379
Equipment	1,036,224	2,659	(54,689)	-	984,194
Total capital assets being depreciated	<u>46,708,868</u>	<u>2,659</u>	<u>(6,183,954)</u>	<u>-</u>	<u>40,527,573</u>
Less accumulated depreciation for:					
Buildings and improvements	(25,958,067)	(1,095,250)	3,823,171	-	(23,230,146)
Equipment	(1,026,580)	(7,809)	54,689	-	(979,700)
Total accumulated depreciation	<u>(26,984,647)</u>	<u>(1,103,059)</u>	<u>3,877,860</u>	<u>-</u>	<u>(24,209,846)</u>
Capital assets, net	<u>\$ 23,457,862</u>	<u>\$ 814,618</u>	<u>\$ (4,388,772)</u>	<u>\$ -</u>	<u>\$ 19,883,708</u>
	<b>Component Unit</b>				Ending Balance
	Beginning Balance	Additions	Retirements	Reclassifications	
Capital assets not being depreciated					
Land	\$ 814,030	\$ -	\$ (233,329)	\$ -	\$ 580,701
Total capital assets not being depreciated	<u>814,030</u>	<u>-</u>	<u>(233,329)</u>	<u>-</u>	<u>580,701</u>
Capital assets being depreciated					
Buildings and improvements	2,272,029	-	(1,050,024)	-	1,222,005
Total capital assets being depreciated	<u>2,272,029</u>	<u>-</u>	<u>(1,050,024)</u>	<u>-</u>	<u>1,222,005</u>
Less accumulated depreciation for:					
Buildings and improvements	(647,301)	(49,963)	299,820	-	(397,444)
Total accumulated depreciation	<u>(647,301)</u>	<u>(49,963)</u>	<u>299,820</u>	<u>-</u>	<u>(397,444)</u>
Capital assets, net	<u>\$ 2,438,758</u>	<u>\$ (49,963)</u>	<u>\$ (983,533)</u>	<u>\$ -</u>	<u>\$ 1,405,262</u>

**B. Capital Contributions**

The Authority receives capital grants from HUD. The Authority recognized \$431,523 in capital contributions for the fiscal year ended September 30, 2015.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

**NOTE 4 – NOTES AND MORTGAGES RECEIVABLE**

Notes and mortgages receivable consist of the following at September 30, 2015:

**Primary Government:**

<p>Note receivable due from component unit, secured by a deed of trust, bearing no interest, annual payments are based on residual receipts of the project as defined in the loan agreement. \$1,000,000 of this note was forgiven during the fiscal year ended September 30, 2015. See <i>Note 16 - Special Items</i> for additional details regarding the forgiveness of a portion of this note. No payment is expected to be collected within the next twelve months.</p>	\$ 1,383,141
<p>Seller carry-back note receivable due from Vista Del Mar Commons, L.P., secured by a deed of trust, bearing simple interest at 3.49% per annum, compounded annually, maturing April 2070. Annual payments of outstanding principal and accrued interest shall commence April 1, 2015 and on April 1 of each year thereafter until maturity and are based on residual receipts of the project as defined in the loan agreement. No payment is expected to be collected within the next twelve months.</p>	15,088,087
<p>Development note receivable due from Soho Associates, L.P., secured by a deed of trust, bearing simple interest at 4.47% per annum, compounded annually, the loan agreement called for a special prepayment provision to occur at a specified date in the amount of \$800,000 which was paid in January 2013, post construction annual payments are based on residual receipts of the project as defined in the loan agreement. No payment is expected to be collected within the next twelve months. Accrued interest receivable at September 30, 2015 on this note receivable amounted to approximately \$169,000.</p>	514,073
<p>Seller note receivable due from Soho Associates, L.P., secured by a deed of trust, bearing no interest, maturing May 2065. Post construction annual payments are based on residual receipts of the project as defined in the loan agreement. No payment is expected to be collected within the next twelve months.</p>	672,651
<p>Seller carry-back note receivable due from Castillo del Sol, L.P., secured by a deed of trust, bearing interest at 3.50% per annum, compounded annually, maturing December 2069. Annual payments of outstanding principal and accrued interest shall commence April 1, 2015 and on April 1 of each year thereafter until maturity and are based on 25% of residual receipts of the project as defined in the loan agreement, with repayments first being credited to interest, then to principal. No payment is expected to be collected within the next twelve months.</p>	600,000
<p>Authority note receivable due from Castillo del Sol, L.P., secured by a deed of trust, bearing interest at 3.50% per annum, compounded annually, maturing December 2069. Annual payments of outstanding principal and accrued interest shall commence April 1, 2015 and on April 1 of each year thereafter until maturity and are based on 25% of residual receipts of the project as defined in the loan agreement, with repayments first being credited to interest, then to principal. No payment is expected to be collected within the next twelve months.</p>	600,000
<p>Seller carry-back note receivable due from Johnson Gardens, L.P., secured by a deed of trust, bearing interest at 2.50% per annum, compounded annually, maturing June 2070. Annual payments of outstanding principal and accrued interest shall commence June 1, 2016 and on June 1 of each year thereafter until maturity and are based on residual receipts of the project as defined in the loan agreement, with repayments first being credited to interest, then to principal. No payment is expected to be collected within the next twelve months.</p>	11,900,000
<p>Permanent note receivable due from Johnson Gardens, L.P., unsecured, bearing interest at 2.50% per annum, compounded annually, maturing June 2070. Annual payments of outstanding principal and accrued interest shall commence May 1 of the year following the final repayment of the seller carry-back note receivable due from Johnson Gardens, L.P., and on May 1 of each year thereafter until maturity and are based on residual receipts of the project as defined in the loan agreement, with repayments first being credited to interest, then to principal. No payment is expected to be collected within the next twelve months.</p>	7,350,000
<p>Total notes and mortgages receivable, net of current</p>	<u>\$ 38,107,952</u>

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 5 – NOTES PAYABLE**

Notes payable consists of the following at September 30, 2015:

***Primary Government:***

Note payable to Montecito Bank & Trust originally for \$750,000, accruing simple interest at 3.5% per annum, secured by certain real property located in Ventura, California, maturing June 2043. Principal and interest payments totaling \$3,949.48 are payable monthly.	\$ 724,548
Line of credit with County Commerce Bank valued at \$1,000,000, accruing interest at 4.88% per annum using the 365/360 interest method, secured by a commercial security agreement, maturing October 2015. Interest is payable monthly and all principal is payable at maturity.	11,168
Note payable to Bandar Properties originally for \$600,000, accruing simple interest from date of disbursement at 5.5% compounded annually, unsecured, maturing October 2044. No payments are expected to be made with the next twelve months.	600,000
Line of credit with Montecito Bank & Trust valued at \$1,000,000, accruing interest at 4% per annum using the 365/360 interest method, unsecured, maturing August 2017. Interest is payable monthly and all principal is payable at maturity.	259,300
Recoverable grant payable to the Ventura County Community Foundation, bearing no interest, payment is deferred until which time the Authority can obtain permanent financing for the Hansen Trust Farmworker Apartments development project. No payments are expected to be made within the next twelve months.	<u>102,000</u>
	1,697,016
Less current portion	<u>(23,853)</u>
Long-term portion	<u><u>\$ 1,673,163</u></u>



HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

**NOTE 5 – NOTES PAYABLE (Continued)**

**Component Unit:**

Note payable to the City of San Buenaventura, bearing no interest, due and payable upon the sale of certain real property located in Ventura, California. No payments are expected to be made within the next twelve months.	\$ 184,000
Note payable to Montecito Bank & Trust, variable interest rate based on 10-year swap rate plus 2.75%, 6.25% at September 30, 2015, secured by certain real property located in Ventura, California, maturing September 2039. Principal and interest payments totaling \$1,445.71 are payable monthly.	212,109
Note payable to the primary government, Housing Authority of the City of San Buenaventura, bearing no interest, secured by certain real property located in the Ventura, California, annual payments based on residual receipts of the project as defined in the loan agreement, maturing October 2057. \$1,000,000 of this note was forgiven during the fiscal year ended September 30, 2015. See <i>Note 16 - Special Items</i> for additional details regarding the forgiveness of a portion of this note. No payments are expected to be made within the next twelve months.	1,383,141
	1,779,250
Less current portion	(4,211)
Long-term portion	\$ 1,775,039

The anticipated aggregated maturities of these notes payable for the years subsequent to September 30, 2015 are as follows:

	Primary Government			Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 23,853	\$ 34,709	\$ 58,562	\$ 4,211	\$ 13,138	\$ 17,349
2017	374,707	47,757	422,464	4,482	12,867	17,349
2018	14,067	58,909	72,976	4,770	12,578	17,348
2019	14,760	58,394	73,154	5,077	12,272	17,349
2020	15,397	57,872	73,269	5,403	11,945	17,348
2021-2025	89,540	276,042	365,582	32,701	54,044	86,745
2026-2030	612,053	348,052	960,105	44,660	42,083	86,743
2031-2035	242,429	199,940	442,369	60,993	25,751	86,744
2036-2040	185,370	58,986	244,356	49,814	5,231	55,045
2041 and thereafter	124,840	9,604	134,444	1,567,139	-	1,567,139
Total	\$ 1,697,016	\$ 1,150,265	\$ 2,847,281	\$ 1,779,250	\$ 189,909	\$ 1,969,159

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

**NOTE 6 – LONG-TERM LIABILITIES**

Long-term liabilities at September 30, 2015 consisted of the following:

	<b>Primary Government</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensated absences	\$ 263,775	\$ 250,293	\$ 223,189	\$ 290,879	\$ 29,089
Notes payable	1,288,894	1,191,202	783,080	1,697,016	23,853
Accrued OPEB liability**	217,100	-	217,100	-	-
Net pension liability***	3,923,670	1,168,878	1,354,794	3,737,754	-
Family self-sufficiency escrow liabilities*	87,006	80,480	5,921	161,565	-
Total long-term liabilities	<u>\$ 5,780,445</u>	<u>\$ 2,690,853</u>	<u>\$ 2,584,084</u>	<u>\$ 5,887,214</u>	<u>\$ 52,942</u>

	<b>Component Unit</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities - other	\$ 5,963	\$ 1,917	\$ 1,808	\$ 6,072	\$ -
Notes payable	2,783,206	-	1,003,956	1,779,250	4,211
Total long-term liabilities	<u>\$ 2,789,169</u>	<u>\$ 1,917</u>	<u>\$ 1,005,764</u>	<u>\$ 1,785,322</u>	<u>\$ 4,211</u>

\* - Amounts reported as Long-term liabilities - other on the Statement of Net Position

\*\* - Amount was removed from liabilities this year and reported as a special item. See Note 16 to the financial statements for further details regarding this transaction.

\*\*\* - Amount represents a portion of the prior period adjustment reported on the face of the Statement of Revenues, Expenses and Changes in Fund Net Position. See Note 17 to the financial statements for further details regarding the prior period adjustments.

**NOTE 7 – PENSION PLANS**

**CalPERS Defined Benefit 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 Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 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.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (Continued)**

The Plan’s provisions and benefits in effect at September 30, 2015, are summarized as follows:

	Miscellaneous Rate Plan		
	Prior to April 5, 2008	On or after April 5, 2008 but prior to January 1, 2013	On or after January 1, 2013
Hire date	Tier 1	Tier 2	Tier 3
Benefit tier	2.7% @ 55	2.0% @ 60	2% @ 62
Benefit formula	5 years service	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life	monthly for life
Benefit payments	50 - 55	50 - 55	52 - 67
Retirement age	2.0% to 2.7%	1.1% to 2.4%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	8.00%	7.00%	6.25%
Required employee contribution rates	12.209%	6.709%	6.237%
Required employer contribution rates			

**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 Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended September 30, 2015, employer contributions to the Plan were \$623,384, which included a lump-sum payment of \$244,942 on top of the required employer contributions of \$378,442. Employee contributions to the Plan for the year ended September 30, 2015 were \$252,795. The Authority-required contribution rates at September 30, 2015 were determined as part of the actuarial valuation as of June 30, 2013.

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

As of September 30, 2015, the Authority reported \$3,737,754 in net pension liability for its proportionate share of the net pension liability of the Plan.

The Authority’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority’s proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was 0.1588% and 0.1362%, respectively. This constitutes a year-over-year decrease of 0.0226%.

The Plan had changes in benefit terms that affected measurement of the total pension liability since the prior measurement date. These changes in benefit terms increased net pension liability by \$662.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (Continued)**

For the year ended September 30, 2015, the Authority recognized pension expense of \$194,819. At September 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 25,685	\$ -
Changes of assumptions	-	243,007
Net difference between projected and actual earnings on pension plan investments	-	121,822
Changes in proportion		6,788
Differences between Authority contributions and proportionate share of contributions	107,092	
Authority contributions subsequent to the measurement date	67,996	-
Total	\$ 200,773	\$ 371,617

\$67,996 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 ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year ended June 30:</b>	
2016	(143,733)
2017	(143,733)
2018	(133,490)
2019	155,720
2020	-
Thereafter	-

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 7 – PENSION PLANS (Continued)**

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Rate Plan	
Valuation Date		June 30, 2014
Measurement Date		June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate		7.65% (1)
Inflation		2.75%
Payroll Growth		3.0%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return		7.65%
Mortality Rate Table (2)	Derived using CalPERS' Membership Data for all Funds	

(1) Discount Rate was changed from 7.50% to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained on CalPERS’ website under the GASB 68 section.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

**NOTE 7 – PENSION PLANS (Continued)**

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51%	5.25%	5.71%
Global Debt Securities	19%	0.99%	2.43%
Inflation Assets	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.50% used for this period.

(b) An expected inflation of 3.00% used for this period.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the Authority’s proportionate share of the net pension liability for the Miscellaneous Rate Plan, calculated using the discount rate for this Plan, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
Authority's proportionate share of the net pension liability	\$ 6,268,475	\$ 3,737,754	\$ 1,648,351

**Pension Plan Fiduciary Net Position** – Detailed information about the Miscellaneous Rate Pension Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**CalPERS/VOYA Deferred Compensation 457(b) Benefit Plan**

The Authority has a Deferred Compensation 457(b) benefit plan with CalPERS/VOYA, Inc. for its employees which are administered by CalPERS. The plan was adopted by the Board of Commissioners on June 15, 1977. This plan has since been converted to the CalPERS/VOYA Deferred Compensation plan on July 31, 2009. Only the Board has the authority to approve any amendments to the plan. In a deferred compensation plan, benefits depend solely on amounts contributed to the plan by the individual employee. Employees are eligible for the plan on their date of hire and are not required to participate in the plan. The Authority does not contribute to this plan. During the past year, the total contributions made by the Authority’s employees to the plan were approximately \$200,000. Employees, through salary deductions, can contribute up to the IRC 402(g) limit, which has been determined to be \$18,000 for 2015. Employees age 50 and over may contribute \$24,000 and participants eligible for the Special Catch-Up provision may contribute \$36,000.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 8 – OPERATING LEASES**

The Authority leases office space for its Housing Choice Voucher program from Chapel Lane, LP. The lease is for a period of 30 years, commencing December 1, 2005, with two subsequent 20 year renewal options and requires annual lease payments of \$83,000. The required future minimum lease payments for the years ending September 30 are as follows:

2016	\$ 83,000
2017	83,000
2018	83,000
2019	83,000
2020	83,000
2021-2025	415,000
2026-2030	415,000
2031-2034	<u>311,251</u>
Total	<u>\$ 1,556,251</u>

**NOTE 9 – 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. The Authority has mitigated this risk by obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the funds affected. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. During the current year and the prior three years, settled claims have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with prior year.

**NOTE 10 – CONCENTRATION OF RISK**

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on availability of funding.

**NOTE 11 – TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNIT**

The Authority acts as the managing agent for housing units owned by Triad. All receipts and disbursements of the entity are administered by the Authority. The Authority charges Triad certain agreed upon management fees for time and services rendered by the Authority while managing Triad's operations. Total management fees charged to Triad by the Authority for the fiscal year ended September 30, 2015 amounted to approximately \$38,800. The Authority also incurs certain direct costs on behalf of Triad and is later reimbursed by Triad. The total amount of such costs incurred by the Authority on behalf of Triad for the fiscal year ended September 30, 2015 amounted to approximately \$102,000. These management fees and costs incurred by the Authority on behalf of Triad are included in expenses on the face of the Statement of Activities. At fiscal year ended September 30, 2015, Triad owes the Authority \$13,632 in management fees and unreimbursed costs incurred by the Authority on behalf of Triad. This Authority receivable is included in due from component unit to primary government and the Triad payable is included in due to primary government from component unit on the face of the Statement of Net Position.

Triad also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2015, Triad recognized approximately \$279,500 in HAP from the Authority which is included in Triad's rental income on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Triad also holds a note payable due to the Authority in the amount of \$1,383,141 (*see Note 5 – Notes Payable*) at September 30, 2015 for the acquisition of affordable housing property in a prior year which is included in notes payable on the face of the Statement of Net Position. This note payable was \$2,383,141 at September 30, 2014, but the Authority and Triad came to an agreement where the Authority forgave \$1,000,000 of this note in return for Triad allocating and transferring \$100,000 in North Olive Street sales proceeds to the Authority for assistance with the Authority's continued affordable housing development activities. The forgiveness of a portion of this note payable was approved by both the Authority's Board of Commissioners and Triad's Board of Directors. This forgiveness of \$1,000,000 in debt is included in special items (*see Note 16 – Special Items*) for both the Authority and Triad on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 11 – TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNIT (Continued)**

Lastly, Triad Properties had a \$227,270 balance that was owed to the Authority at the beginning of the current fiscal year. \$100,000 of this \$227,270 beginning balance that was owed to the Authority was, as previously explained above, reimbursed to the Authority upon Triad's sale of their North Olive Street properties this year using a portion of these cash proceeds received from this sale. The remaining \$127,270 was then forgiven by the Authority. This forgiveness of prior year payables owed to the Authority is included in transfers in (out) for both the Authority and Triad on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

**NOTE 12 – AFFILIATED ORGANIZATIONS**

The affiliations mentioned below do not meet the criteria under GASB 61, for the inclusion in the reporting entity of the Authority.

Chapel Lane, L.P. (Chapel Lane)

The Authority provides services to Chapel Lane, L.P., a California Limited Partnership who owns and operates a 38-unit senior housing complex. The Authority has an agreement with Chapel Lane to provide management and accounting services for an annual fee and the Authority's blended component unit, Homecomings Inc., is the general partner with a .01% ownership interest. In addition, the Authority makes certain advances for operating expenses incurred by Chapel Lane. For the fiscal year ended September 30, 2015, the Authority recognized approximately \$47,000 in property management fees which is included in other revenues on the face of the Statement of Revenues, Expenses and Changes in Fund Net Position. As of September 30, 2015, Chapel Lane owes the Authority approximately \$160,000 in outstanding property management fees. This receivable is included in accounts receivable - miscellaneous on the face of the Statement of Net Position.

Other transactions between the Authority and Chapel Lane include the Authority leasing office space from Chapel Lane. The Authority leases this office space for their Housing Choice Voucher program operations (*see Note 8 - Operating Leases*). This expense, amounting to \$83,000 for the fiscal year ended September 30, 2015 is included in administration expense on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Chapel Lane also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2015, Chapel Lane recognized approximately \$418,000 in HAP from the Authority which is included in housing assistance payments on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Soho Associates, L.P. (Soho)

The Authority is the developer and management agent for Soho Associates, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 12-unit residential rental property consisting of multifamily affordable housing located in Ventura, California. Homecomings, Inc. is the sole member of Soho Housing, LLC who is the general partner with a .01% ownership interest in the limited partnership. The project was completed and full occupancy was reached in September 2011. During the year, the Authority recognized approximately \$20,000 in developer fees and approximately \$16,000 in property management fees which is included in other revenues on the face of the Statement of Revenues, Expenses and Changes in Fund Net Position. At September 30, 2015, Soho owes the Authority approximately \$12,000 in outstanding property management fees which is included in accounts receivable – miscellaneous on the face of the Statement of Net Position.

As of the year-ended September 30, 2015, Soho owes the Authority \$1,186,724 in the form of two notes payable and accrued interest in the amount of approximately \$169,000 (*see Note 4 – Notes and Mortgages Receivable*) which is included in notes and mortgages receivable, net of current on the face of the Statement of Net Position.

Soho also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2015, Soho recognized approximately \$188,000 in HAP from the Authority which is included in housing assistance payments on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.



HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 12 – AFFILIATED ORGANIZATIONS (Continued)**

*Encanto Del Mar Apartments, L.P. (Encanto)*

The Authority is the developer and management agent for Encanto Del Mar Apartments, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 37-unit 9% tax credit, affordable housing development located in Ventura, California. Homecomings, Inc is the sole member of Encanto Del Mar Apartments, LLC who is the general partner with a .01% ownership interest in the limited partnership. The project construction was finalized in December 2012. During the year, the Authority recognized approximately \$197,000 in developer fees and approximately \$41,000 in property management fees which is included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2015, Encanto owes the Authority approximately \$50,000 in outstanding property management fees which is included in accounts receivable – miscellaneous on the face of the Statement of Net Position. The Authority also has certain compliance monitoring responsibilities as it relates to this development (see Note 13(C) – Commitments and Contingencies).

Encanto also receives Housing Assistance Payments (HAP) from the Authority’s Housing Choice Voucher program. During the year ended September 30, 2015, Encanto recognized approximately \$57,000 in HAP from the Authority which is included in housing assistance payments on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

*Vista Del Mar Commons, L.P. (Vista Del Mar)*

The Authority is the developer and management agent for Vista Del Mar Commons, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 140-unit 9% tax credit, Rental Assistance Demonstration (RAD) project located in Ventura, California. The project also includes 2 program/office units. Homecomings, Inc. is the sole member of Vista Del Mar Commons, LLC who is the general partner with a .01% ownership interest in the limited partnership. The construction loan closed January 2014. Construction began February 2014, was fully leased as of December 31, 2014, and construction was completed in April 2015. During the year, the Authority recognized approximately \$74,000 in property management fees which is included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2015, the Authority owes Vista Del Mar approximately \$16,000 in outstanding property management fees which is included in accounts receivable – miscellaneous on the face of the Statement of Net Position.

Vista Del Mar also receives Housing Assistance Payments (HAP) from the Authority’s Housing Choice Voucher program. During the year ended September 30, 2015, Vista Del Mar recognized approximately \$479,000 in HAP from the Authority which is included in housing assistance payments on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

*Johnson Gardens, L.P. (Johnson Gardens)*

The Authority is the developer and management agent for Johnson Gardens, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 99-unit 4% tax credit, Rental Assistance Demonstration (RAD) senior/disabled project located in Ventura, California. The project also includes two management units. Homecomings, Inc. is the sole member of Johnson Gardens, LLC who is the general partner with a .01% ownership interest in the limited partnership. The construction loan closed June 2015 and construction began shortly thereafter. Construction was completed and the units were fully leased by March 1, 2016. During the year, the Authority recognized approximately \$159,000 in developer fees which is included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2015, Johnson Garden owes the Authority approximately \$70,000 for unreimbursed expenses incurred by the Authority on its behalf. This balance is included in accounts receivable – miscellaneous on the face of the Statement of Net Position.

As of the year-ended September 30, 2015, Johnson Gardens owes the Authority \$19,250,000 in the form of two notes payable (see Note 4 – Notes and Mortgages Receivable) which is included in notes and mortgages receivable, net of current on the face of the Statement of Net Position. These notes payables, along with \$200,000 in cash, were given to the Authority as consideration for the affordable housing property that the Authority sold to Johnson Gardens during the year this year.

Johnson Gardens also receives Housing Assistance Payments (HAP) from the Authority’s Housing Choice Voucher program. During the year ended September 30, 2015, Johnson Gardens recognized approximately \$57,000 in HAP from the Authority which is included in housing assistance payments on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 12 – AFFILIATED ORGANIZATIONS (Continued)**

*Castillo del Sol Apartments, L.P. (Castillo del Sol)*

The Authority is the developer and management agent for Castillo del Sol Apartments, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 39-unit 9% tax credit, affordable housing project for people with special needs located in Ventura, California. The project also includes one 2-bedroom Manager apartment. Homecomings, Inc. is the sole member of Castillo del Sol, LLC who is the managing general partner with a .01% ownership interest in the limited partnership. The construction loan closed in December 2014. Construction on the project also began in December 2014. Construction was completed in January 2016 with full occupancy by January 31, 2016. During the year, the Authority recognized approximately \$182,000 in developer fees, and approximately \$528,000 in expense reimbursements for costs paid by the Authority on behalf of Castillo del Sol prior to closing on the sale of the Castillo del Sol property. This amount is included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2015, Castillo del Sol owes the Authority approximately \$3,000 for unreimbursed expenses incurred by the Authority on its behalf. This balance is included in accounts receivable – miscellaneous on the face of the Statement of Net Position.

As of the year-ended September 30, 2015, Castillo del Sol owes the Authority \$1,200,000 in the form of two notes payable (*see Note 4 – Notes and Mortgages Receivable*) which is included in notes and mortgages receivable, net of current on the face of the Statement of Net Position. These notes payables were issued to the Authority as consideration for the affordable housing property that the Authority sold to Castillo del Sol during the year this year.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

**B. NSP-R Program Loan Guarantee**

In connection with the development of the Encanto Del Mar Apartments affordable housing project, permanent financing was obtained from various sources, including a \$9.4 million Neighborhood Stabilization Program (NSP-R) loan from the Department of Housing and Community Development of the State of California (the “Department”) and an NSP 1 grant award from the County of Ventura in the amount of \$443,636. The loans are the obligation of the Encanto Del Mar Apartments, L.P. (the “Borrower”). However, for the NSP-R loan, the Authority is listed as the sponsor organization – as defined in the loan agreements – and has ultimate responsibility to ensure compliance with the terms and conditions of the program for the life of this loan. As the sponsoring organization, the Authority is subject to the same liability as the Borrower if it fails to ensure compliance. Therefore, the outstanding balance of the NSP-R loan is included in the Authority’s Schedule of Expenditures of Federal Awards (SEFA) (*see SEFA Note B – NSP-R Program Loan*). The outstanding loan balance and related transactions are included in the financial statements of the Borrower.

**NOTE 14 – RESTRICTED NET POSITION**

Restricted net position consists of excess Housing Assistance Payment (HAP) funds available to the Authority under the Section 8 Housing Choice Vouchers program. These funds are to be used only for HAP expenditures for the program. Total restricted net position related to these excess HAP funds at September 30, 2015 were \$392,437.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 15 – INTER-PROGRAM BALANCES**

Inter-program balances at September 30, 2015 consisted of the following:

	Interprogram Due From	Interprogram Due To
Central Office Cost Center	\$ 18,178	\$ -
Resident Opportunity and Supportive Services	-	(18,178)
Total	\$ 18,178	\$ (18,178)

These inter-program balances exist because in the normal course of operations, certain programs may pay for common costs or advance funds to meet the operational needs of other programs which create inter-program receivables or payables. These balances are expected to be repaid within one year from the balance sheet date. In addition, these inter-program balances have been eliminated in the preparation of the basic financial statements.

**NOTE 16 – SPECIAL ITEMS**

Special items are composed of (\$360,705) in one-time Rental Assistance Demonstration (“RAD”) conversion payments out of AMPs 3 and 4 that were within the control of management but that were not part of the Authority’s normal operations and were infrequent in occurrence. This RAD project is known as the Johnson Gardens project.

Special items are also composed of a transaction to remove the Other Post-Employment Benefits (“OPEB”) Liability balance related to its retiree medical stipends benefit program from the Authority’s financial statements this year as the Authority elected to discontinue this program and terminate any future retiree medical stipends, beginning October 1, 2014. The OPEB Liability balance removed during the current fiscal year and recorded as a special item amounted to \$217,100.

Lastly, special items are composed of a transaction between the Authority and Triad whereby the Authority forgave \$1,000,000 of the \$2,383,141 note that was due from Triad as agreed to by both the Authority’s Board of Commissioners and Triad’s Board of Directors during the current year.

All of the above special item transactions were determined to be within the control of management but not part of the Authority’s or Triad’s normal operations and these transactions were also determined to be infrequent in nature.

**NOTE 17 – PRIOR PERIOD ADJUSTMENTS**

The Authority reported a net prior period adjustment of (\$3,833,359). Unrestricted net position was decreased by \$3,923,670 to establish the beginning balance for net pension liability and increased by \$90,311 to establish the beginning balance for deferred outflows of resources. These adjustments were necessary to adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. These events have no effect on current year income.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

**NOTE 18 – SUBSEQUENT EVENTS**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through June 13, 2016 (the date the financial statements were available to be issued) and concluded that, except as noted below, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

One additional Rental Assistance Demonstration ("RAD") conversion will occur during the next fiscal year; we will begin the conversion of Westview Village – with 72 units of Public Housing converting to non-profit ownership with Section 8-Project Based Voucher rental subsidy in December 2016. The Authority has subsequently obtained additional debt financing for redevelopment costs related to this RAD conversion project. The Authority sold seven single family homes from the Public Housing Authority portfolio and is planning to sell an additional three single family homes in the summer of 2016 and two additional units within the next fiscal year.

**NOTE 19 – FINANCIAL DATA SCHEDULE**

The Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes housing assistance payments expense and depreciation expense from operating activities, and includes investment revenue, gain/(loss) on sale of capital assets, interest expense (related to capital debt), and capital contributions in operating activities, which differs from the presentation of the basic financial statements.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
DEFINED BENEFIT PENSION PLAN  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

	2015
Authority's proportion of the net pension liability	0.136242%
Authority's proportionate share of the net pension liability	\$ 3,737,754
Authority's covered-employee payroll	\$ 3,222,432
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	115.99%
Plan's fiduciary net position	\$ 17,240,498
Plan fiduciary net position as a percentage of the total pension liability	80.06%

**Notes to Schedule:**

**Benefit changes.** In 2015, The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 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 in assumptions.** In 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

	<b>2015</b>
Contractually required contributions (actuarially determined)	\$ 378,442
Contributions in relation to the actuarially determined contribution	\$ (623,384)
Contribution deficiency (excess)	\$ (244,942)
Authority's covered-employee payroll	\$ 3,273,819
Contributions as a percentage of covered-employee payroll	19.04%

**Notes to Schedule**

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Retirement age	57 years
Mortality	RP-2000 Healthy Annuitant Mortality Table

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Primary Government Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs:			
Shelter Plus Care	14.238		\$ 111,932
Low Rent Public Housing Program	14.850		1,052,919
Resident Opportunity and Supportive Services	14.870		207,522
Housing Choice Vouchers	14.871		14,813,951
Public Housing Capital Fund Program	14.872		1,003,288
FSS Program Coordinator	14.896		<u>66,413</u>
Total U.S. Department of Housing and Urban Development Direct Programs			<u>17,256,025</u>
U.S. Department of Housing and Urban Development Pass-Through Programs From:			
Department of Community Development Grants and Housing of the City of San Buenaventura - Mobile Home Rehabilitation Grant Program - CDBG Funds	14.218		22,500
Department of Housing and Community Development of the State of California - NSP-R Program Loan - CDBG Funds	14.228	09-NSP-R-6555	<u>9,483,097</u>
Total U.S. Department of Housing and Urban Development Pass-Through Programs			<u>9,505,597</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 26,761,622</u>

*The accompanying notes are an integral part of this schedule.*

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of San Buenaventura and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – NSP-R Program Loan

The Authority is the sponsor organization – as defined in the NSP-R Loan Agreements (the “Agreements”) between the Department of Housing and Community Development of the State of California (the “Department”) and Encanto Del Mar Apartments, L.P. (the “Borrower”) – and has ultimate responsibility to ensure compliance with the terms and conditions of the Agreements for the life of the loan. As the sponsoring organization, the Authority is subject to the same liability as the Borrower if it fails to ensure compliance. The outstanding loan balance and related transactions are included in the financial statements of the Borrower.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR YEAR ENDED SEPTEMBER 30, 2015

---

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?        Yes   x   No

Are any significant deficiencies identified not considered to be material weaknesses?        Yes   x   None Reported

Is any noncompliance material to financial statements noted?        Yes   x   No

**Federal Awards**

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

Are any material weaknesses identified?        Yes   x   No

Are any significant deficiencies identified not considered to be material weaknesses?        Yes   x   None Reported

Are any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a) or 2 CFR 200.516(a)?        Yes   x   No

Identification of major programs:

- U.S. Department of Housing and Urban Development
- CFDA #14.228 - NSP-R Program Loan - CDBG Funds
- CFDA #14.850 - Low Rent Public Housing Program
- CFDA #14.872 - Public Housing Capital Fund Program

Dollar threshold used to distinguish between Type A and Type B programs: \$802,849

Is the auditee qualified as low-risk auditee?   x   Yes        No

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None



HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS  
FOR YEAR ENDED SEPTEMBER 30, 2015

---

	<u>CA16P035501-12</u>
Funds Approved	\$ 902,547
Funds Expended	<u>\$ 902,547</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced (HUD Grants)	\$ 902,547
Funds Expended	<u>\$ 902,547</u>
Excess of Funds Advanced	<u>\$ -</u>

---

1. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated August 25, 2015, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Authority's records.
2. All Modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA  
 STATEMENT AND CERTIFICATION OF ACTUAL RESIDENT OPPORTUNITIES AND SELF-  
 SUFFICIENCY COSTS  
 FOR YEAR ENDED SEPTEMBER 30, 2015

---

	<u>CA035RFS031A013</u>	<u>CA035RPS203A11</u>
Funds Approved	\$ 34,500	\$ 240,000
Funds Expended	<u>\$ 34,500</u>	<u>\$ 221,822</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ 18,178</u>
Funds Advanced (HUD Grants)	\$ 34,500	\$ 221,822
Funds Expended	<u>\$ 34,500</u>	<u>\$ 221,822</u>
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>

---

1. The distribution of costs as shown on the Resident Opportunities and Self-Sufficiency (ROSS) Program financial status report of the ROSS Program expenditures submitted to HUD on June 16, 2015 and June 17, 2015, respectively, is in agreement with the Authority's records.

2. All ROSS Program costs have been paid and all related liabilities have been discharged through payment.



# HENDERSON & DEJOHN, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

200 CHASE PARK SOUTH, SUITE 220 BIRMINGHAM, AL 35244  
 PHONE : (205) 982-0992 WWW.HENDERSONCPA.COM FAX: (205) 982-0997

To the Board of Commissioners  
 Housing Authority of the City of San Buenaventura

### Independent Accountant’s Report on Applying Agreed-Upon Procedure

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of San Buenaventura (the “Authority”) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the “UFRS Rule Information” column with the corresponding printed documents listed in the “Hard Copy Documents” column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the Authority as of and for the year ended September 30, 2015, and have issued our reports thereon dated June 13, 2016. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority’s Financial Data Schedule (FDS) dated June 13, 2016, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by OMB Circular A-133, which includes the auditor’s reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Balance Sheet, Revenue and Expense	Financial Data Schedule, all CFDA's	X	
2	Footnotes	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS	Auditor's supplemental Report on FDS	X	
4	Audit findings narrative	Schedule of Findings and Questioned Costs	X	
5	General Information	OMB Data Collection Form	X	
6	Financial Statement	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
7	Federal program report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
8	Type of Compliance Requirement	OMB Data Collection Form	X	
9	Basic financial Statements and auditor's reports require to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

*Henderson & DeJohn, LLC*

Birmingham, AL  
 June 13, 2016

**HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA**  
**FINANCIAL DATA SCHEDULE – BALANCE SHEET**  
**SEPTEMBER 30, 2015**

	Project Total	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6 Component Units	14.238 Shelter Plus Care	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.896 PH Family Self-Sufficiency Program	14.218 Community Development Block Grants/Entitlement Grants	14.228 Community Development Block	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,055,688	\$2,193,101	\$0	\$0	\$0	\$458,445	\$1,034,349	\$0	\$0	\$0	\$152,890	\$5,894,473		\$5,894,473
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$58,996	\$0	\$0	\$0	\$0	\$495,006	\$0	\$0	\$0	\$0	\$0	\$554,002		\$554,002
114 Cash - Tenant Security Deposits	\$158,568	\$3,900	\$0	\$0	\$0	\$0	\$18,438	\$0	\$0	\$0	\$0	\$180,906		\$180,906
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
100 Total Cash	\$2,273,252	\$2,197,001	\$0	\$0	\$0	\$953,451	\$1,052,787	\$0	\$0	\$0	\$152,890	\$6,629,381	\$0	\$6,629,381
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$35,829	\$0	\$0	\$0	\$0	\$0	\$35,829		\$35,829
122 Accounts Receivable - HUD Other Projects	\$87,791	\$0	\$18,178	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$105,969		\$105,969
124 Accounts Receivable - Other Government	\$0	\$12,082	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,082		\$12,082
125 Accounts Receivable - Miscellaneous	\$0	\$100,219	\$0	\$0	\$0	\$42,000	\$0	\$0	\$0	\$0	\$184,978	\$327,197		\$327,197
126 Accounts Receivable - Tenants	\$34,143	\$7,340	\$0	\$0	\$0	\$0	\$2,098	\$0	\$0	\$0	\$0	\$43,581		\$43,581
126.1 Allowance for Doubtful Accounts - Tenants	(\$13,867)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$13,867)		(\$13,867)
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$168,667	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$168,667		\$168,667
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$108,067	\$288,308	\$18,178	\$0	\$0	\$77,829	\$2,098	\$0	\$0	\$0	\$184,978	\$679,458	\$0	\$679,458
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$48,775	\$264	\$0	\$0	\$0	\$30,459	\$931	\$0	\$0	\$0	\$2,837	\$83,266		\$83,266
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,810	\$31,810	(\$18,178)	\$13,632
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
150 Total Current Assets	\$2,430,094	\$2,485,573	\$18,178	\$0	\$0	\$1,061,739	\$1,055,816	\$0	\$0	\$0	\$372,515	\$7,423,915	(\$18,178)	\$7,405,737
161 Land	\$1,846,766	\$220,500	\$0	\$0	\$0	\$0	\$580,701	\$0	\$0	\$0	\$0	\$2,647,967		\$2,647,967
162 Buildings	\$38,221,956	\$990,671	\$0	\$0	\$0	\$0	\$945,144	\$0	\$0	\$0	\$130,752	\$40,288,523		\$40,288,523
163 Furniture, Equipment & Machinery - Dwellings	\$338,891	\$0	\$0	\$0	\$0	\$105,354	\$0	\$0	\$0	\$0	\$0	\$444,245		\$444,245
164 Furniture, Equipment & Machinery - Administration	\$536,479	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,470	\$539,949		\$539,949
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$200,000	\$276,861	\$0	\$0	\$0	\$0	\$476,861		\$476,861
166 Accumulated Depreciation	(\$23,934,740)	(\$72,049)	\$0	\$0	\$0	(\$187,178)	(\$397,444)	\$0	\$0	\$0	(\$15,879)	(\$24,607,290)		(\$24,607,290)
167 Construction in Progress	\$938,328	\$550,462	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,925	\$1,498,715		\$1,498,715
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$17,947,680	\$1,689,584	\$0	\$0	\$0	\$118,176	\$1,405,262	\$0	\$0	\$0	\$128,268	\$21,288,970	\$0	\$21,288,970
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$36,724,811	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,383,141	\$38,107,952		\$38,107,952
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
180 Total Non-Current Assets	\$17,947,680	\$38,414,395	\$0	\$0	\$0	\$118,176	\$1,405,262	\$0	\$0	\$0	\$1,511,409	\$59,396,922	\$0	\$59,396,922

**HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA**  
**FINANCIAL DATA SCHEDULE – BALANCE SHEET**  
**SEPTEMBER 30, 2015**

200 Deferred Outflow of Resources	\$64,569	\$19,535	\$0	\$0	\$0	\$33,649		\$0	\$0	\$0	\$83,020	\$200,773	\$0	\$200,773
290 Total Assets and Deferred Outflow of Resources	\$20,442,343	\$40,919,503	\$18,178	\$0	\$0	\$1,213,564	\$2,461,078	\$0	\$0	\$0	\$1,966,944	\$67,021,610	(\$18,178)	\$67,003,432
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$78,115	\$3,187	\$0	\$0	\$0	\$14,491	\$1,349	\$0	\$0	\$0	\$46,288	\$143,430		\$143,430
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$31,945	\$17,126	\$0	\$0	\$0	\$18,823	\$0	\$0	\$0	\$0	\$63,097	\$130,991		\$130,991
322 Accrued Compensated Absences - Current Portion	\$8,391	\$3,720	\$0	\$0	\$0	\$4,757	\$0	\$0	\$0	\$0	\$12,221	\$29,089		\$29,089
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$223,646	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$223,646		\$223,646
341 Tenant Security Deposits	\$158,568	\$3,900	\$0	\$0	\$0	\$0	\$18,438	\$0	\$0	\$0	\$0	\$180,906		\$180,906
342 Unearned Revenue	\$12,082	\$134	\$0	\$0	\$0	\$0	\$950	\$0	\$0	\$0	\$0	\$13,166		\$13,166
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$23,853	\$0	\$0	\$0	\$0	\$4,211	\$0	\$0	\$0	\$0	\$28,064		\$28,064
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$2,252	\$0	\$0	\$0	\$0	\$2,252		\$2,252
347 Inter Program - Due To	\$0	\$0	\$18,178	\$0	\$0	\$0	\$13,632	\$0	\$0	\$0	\$0	\$31,810	(\$18,178)	\$13,632
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
310 Total Current Liabilities	\$512,747	\$51,920	\$18,178	\$0	\$0	\$38,071	\$40,832	\$0	\$0	\$0	\$121,606	\$783,354	(\$18,178)	\$765,176
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$1,571,163	\$0	\$0	\$0	\$0	\$1,775,039	\$0	\$0	\$0	\$0	\$3,346,202		\$3,346,202
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
353 Non-current Liabilities - Other	\$58,996	\$0	\$0	\$0	\$0	\$102,569	\$6,072	\$0	\$0	\$0	\$0	\$167,637		\$167,637
354 Accrued Compensated Absences - Non Current	\$75,515	\$33,476	\$0	\$0	\$0	\$42,813	\$0	\$0	\$0	\$109,986	\$261,790	\$261,790		\$261,790
355 Loan Liability - Non Current	\$0	\$102,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$102,000	\$102,000		\$102,000
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$1,202,062	\$363,683	\$0	\$0	\$0	\$626,447	\$0	\$0	\$0	\$1,545,562	\$3,737,754	\$3,737,754		\$3,737,754
350 Total Non-Current Liabilities	\$1,336,573	\$2,070,322	\$0	\$0	\$0	\$771,829	\$1,781,111	\$0	\$0	\$0	\$1,655,548	\$7,615,383	\$0	\$7,615,383
300 Total Liabilities	\$1,849,320	\$2,122,242	\$18,178	\$0	\$0	\$809,900	\$1,821,943	\$0	\$0	\$0	\$1,777,154	\$8,398,737	(\$18,178)	\$8,380,559
400 Deferred Inflow of Resources	\$119,512	\$36,158				\$62,283		\$0	\$0		\$153,664	\$371,617	\$0	\$371,617
508.4 Net Investment in Capital Assets	\$17,947,680	\$94,568	\$0	\$0	\$0	\$118,176	(\$373,988)	\$0	\$0	\$0	\$128,268	\$17,914,704		\$17,914,704
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$0	\$392,437	\$0	\$0	\$0	\$0	\$0	\$392,437		\$392,437
512.4 Unrestricted Net Position	\$525,831	\$38,666,535	\$0	\$0	\$0	(\$169,232)	\$1,013,123	\$0	\$0	\$0	(\$92,142)	\$39,944,115		\$39,944,115
513 Total Equity - Net Assets / Position	\$18,473,511	\$38,761,103	\$0	\$0	\$0	\$341,381	\$639,135	\$0	\$0	\$0	\$36,126	\$58,251,256	\$0	\$58,251,256
600 Total Liabilities, Deferred Inflow s of Resources and Equity - Net	\$20,442,343	\$40,919,503	\$18,178	\$0	\$0	\$1,213,564	\$2,461,078	\$0	\$0	\$0	\$1,966,944	\$67,021,610	(\$18,178)	\$67,003,432

**HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA**  
**FINANCIAL DATA SCHEDULE – INCOME STATEMENT**  
**FOR YEAR ENDED SEPTEMBER 30, 2015**

	Project Total	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6 Component Units	14.238 Shelter Plus Care	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.896 PH Family Self-Sufficiency Program	14.218 Community Development Block Grants/Entitlement Grants	14.228 Community Development Block Grants/State's Program	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,706,134	\$88,745	\$0	\$0	\$0	\$0	\$377,282	\$0	\$0	\$0	\$0	\$3,172,161		\$3,172,161
70400 Tenant Revenue - Other	\$99,123	\$790	\$0	\$0	\$0	\$0	\$6,803	\$0	\$0	\$0	\$0	\$106,716		\$106,716
70500 Total Tenant Revenue	\$2,805,257	\$89,535	\$0	\$0	\$0	\$0	\$384,085	\$0	\$0	\$0	\$0	\$3,278,877	\$0	\$3,278,877
70600 HUD PHA Operating Grants	\$1,624,684	\$0	\$207,522	\$0	\$111,932	\$14,716,983		\$66,413	\$0	\$0	\$0	\$16,727,534		\$16,727,534
70610 Capital Grants	\$431,523					\$0		\$0	\$0	\$0	\$0	\$431,523		\$431,523
70710 Management Fee											\$860,858	\$860,858	(\$822,078)	\$38,780
70720 Asset Management Fee											\$65,370	\$65,370	(\$65,370)	\$0
70730 Book Keeping Fee											\$165,368	\$165,368	(\$165,368)	\$0
70740 Front Line Service Fee											\$117,973	\$117,973	(\$117,973)	\$0
70750 Other Fees		\$0									\$178,210	\$178,210		\$178,210
70700 Total Fee Revenue											\$1,387,779	\$1,387,779	(\$1,170,789)	\$216,990
70800 Other Government Grants	\$0	\$858,140	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$858,140		\$858,140
71100 Investment Income - Unrestricted	\$1,962	\$21,185	\$0	\$0	\$0	\$570	\$10	\$0	\$0	\$0	\$0	\$23,727		\$23,727
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
71400 Fraud Recovery	\$6,784	\$0	\$0	\$0	\$0	\$12,098	\$0	\$0	\$0	\$0	\$0	\$18,882		\$18,882
71500 Other Revenue	\$59,996	\$1,385,449	\$0	\$0	\$0	\$133,993	\$31,459	\$0	\$0	\$0	\$52,567	\$1,663,464		\$1,663,464
71600 Gain or Loss on Sale of Capital Assets	\$16,397,905	\$0	\$0	\$0	\$0	\$0	(\$391,665)	\$0	\$0	\$0	\$0	\$16,006,240		\$16,006,240
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
70000 Total Revenue	\$21,328,111	\$2,354,309	\$207,522	\$0	\$111,932	\$14,863,644	\$23,889	\$66,413	\$0	\$0	\$1,440,346	\$40,396,166	(\$1,170,789)	\$39,225,377
91100 Administrative Salaries	\$439,066	\$427,362	\$153,627	\$0	\$9,062	\$391,935	\$0	\$0	\$0	\$0	\$1,038,605	\$2,459,657		\$2,459,657
91200 Auditing Fees	\$20,540	\$3,869	\$0	\$0	\$0	\$23,476	\$6,785	\$0	\$0	\$0	\$14,526	\$69,196		\$69,196
91300 Management Fee	\$548,743	\$0	\$0	\$0	\$0	\$273,335	\$38,780	\$0	\$0	\$0	\$860,858	\$860,858	(\$822,078)	\$38,780
91310 Book-keeping Fee	\$48,203	\$0	\$0	\$0	\$0	\$117,165	\$0	\$0	\$0	\$0	\$165,368	\$165,368	(\$165,368)	\$0
91400 Advertising and Marketing	\$660	\$0	\$0	\$0	\$0	\$464	\$0	\$0	\$0	\$0	\$945	\$2,069		\$2,069
91500 Employee Benefit contributions - Administrative	\$221,962	\$144,544	\$37,977	\$0	\$3,021	\$193,094	\$0	\$0	\$0	\$0	\$363,767	\$964,365		\$964,365
91600 Office Expenses	\$150,424	\$72,460	\$10,618	\$0	\$18,353	\$242,146	\$137,523	\$0	\$0	\$0	\$77,489	\$709,013		\$709,013
91700 Legal Expense	\$12,058	\$2,831	\$0	\$0	\$0	\$54,898	\$4,885	\$0	\$0	\$0	\$28,102	\$102,774		\$102,774
91800 Travel	\$7,609	\$3,686	\$0	\$0	\$0	\$4,269	\$1,277	\$0	\$0	\$0	\$53,318	\$70,159		\$70,159
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
91900 Other	\$47,652	\$49,137	\$0	\$0	\$0	\$41,279	\$57	\$0	\$0	\$0	\$810	\$138,935	(\$76,797)	\$62,138
91000 Total Operating - Administrative	\$1,496,917	\$703,889	\$202,222	\$0	\$30,436	\$1,342,061	\$189,307	\$0	\$0	\$0	\$1,577,562	\$5,542,394	(\$1,064,243)	\$4,478,151
92000 Asset Management Fee	\$65,370	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65,370	\$65,370	(\$65,370)	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51,928	\$0	\$0	\$0	\$51,928		\$51,928
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,485	\$0	\$0	\$0	\$14,485		\$14,485
92400 Tenant Services - Other	\$3,996	\$16,636	\$21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,653		\$20,653
92500 Total Tenant Services	\$3,996	\$16,636	\$21	\$0	\$0	\$0	\$0	\$66,413	\$0	\$0	\$0	\$87,066	\$0	\$87,066
93100 Water	\$333,520	\$2,771	\$0	\$0	\$0	\$0	\$10,091	\$0	\$0	\$0	\$0	\$346,382		\$346,382
93200 Electricity	\$108,272	\$524	\$0	\$0	\$0	\$6,891	\$4,506	\$0	\$0	\$0	\$0	\$120,193		\$120,193
93300 Gas	\$27,882	\$118	\$0	\$0	\$0	\$0	\$2,890	\$0	\$0	\$0	\$0	\$30,890		\$30,890

**HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA**  
**FINANCIAL DATA SCHEDULE – INCOME STATEMENT**  
**FOR YEAR ENDED SEPTEMBER 30, 2015**

93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$469,674	\$3,413	\$0	\$0	\$0	\$6,891	\$17,487	\$0	\$0	\$0	\$0	\$497,465	\$0	\$497,465
94100 Ordinary Maintenance and Operations - Labor	\$372,253	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$133,647	\$505,900		\$505,900
94200 Ordinary Maintenance and Operations - Materials and Other	\$72,100	\$5,472	\$0	\$0	\$0	\$1,660	\$12,437	\$0	\$0	\$0	\$6,625	\$98,294		\$98,294
94300 Ordinary Maintenance and Operations Contracts	\$380,107	\$17,393	\$0	\$0	\$0	\$5,650	\$40,547	\$0	\$0	\$0	\$5,132	\$448,829	(\$41,176)	\$407,653
94500 Employee Benefit Contributions - Ordinary Maintenance	\$125,657	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,977	\$165,634		\$165,634
94000 Total Maintenance	\$950,117	\$22,865	\$0	\$0	\$0	\$7,310	\$52,984	\$0	\$0	\$0	\$185,381	\$1,218,657	(\$41,176)	\$1,177,481
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$105,877	\$0	\$0	\$0	\$0	\$0	\$5,390	\$0	\$0	\$0	\$0	\$111,267		\$111,267
96120 Liability Insurance	\$36,395	\$0	\$0	\$0	\$0	\$1,169	\$0	\$0	\$0	\$0	\$52,593	\$90,157		\$90,157
96130 Workmen's Compensation	\$67,108	\$2,956	\$0	\$0	\$0	\$4,511	\$0	\$0	\$0	\$0	\$35,095	\$109,670		\$109,670
96140 All Other Insurance	\$19,719	\$304	\$5,279	\$0	\$0	\$0	\$13,580	\$0	\$0	\$0	\$0	\$38,882		\$38,882
96100 Total Insurance Premiums	\$229,099	\$3,260	\$5,279	\$0	\$0	\$5,680	\$18,970	\$0	\$0	\$0	\$87,688	\$349,976	\$0	\$349,976
96200 Other General Expenses	\$403,889	\$44	\$0	\$0	\$0	\$17,254	\$2,855	\$0	\$0	\$0	\$0	\$424,042		\$424,042
96210 Compensated Absences	\$79,490	\$31,062	\$0	\$0	\$0	\$43,663	\$0	\$0	\$0	\$0	\$96,078	\$250,293		\$250,293
96300 Payments in Lieu of Taxes	\$223,646	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$223,646		\$223,646
96400 Bad debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96000 Total Other General Expenses	\$707,025	\$31,106	\$0	\$0	\$0	\$60,917	\$2,855	\$0	\$0	\$0	\$96,078	\$897,981	\$0	\$897,981
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$36,265	\$0	\$0	\$0	\$0	\$13,392	\$0	\$0	\$0	\$0	\$49,657		\$49,657
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$36,265	\$0	\$0	\$0	\$0	\$13,392	\$0	\$0	\$0	\$0	\$49,657	\$0	\$49,657
96900 Total Operating Expenses	\$3,922,198	\$817,434	\$207,522	\$0	\$30,436	\$1,422,859	\$294,995	\$66,413	\$0	\$0	\$1,946,709	\$8,708,566	(\$1,170,789)	\$7,537,777
97000 Excess of Operating Revenue over Operating Expenses	\$17,405,913	\$1,536,875	\$0	\$0	\$81,496	\$13,440,785	(\$271,106)	\$0	\$0	\$0	(\$506,363)	\$31,687,600	\$0	\$31,687,600
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
97200 Casualty Losses - Non-capitalized	\$77,275	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$77,275		\$77,275
97300 Housing Assistance Payments	\$230,461	\$0	\$0	\$0	\$81,496	\$13,146,692	\$0	\$0	\$0	\$0	\$13,458,649			\$13,458,649
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$96,968	\$0	\$0	\$0	\$0	\$96,968			\$96,968
97400 Depreciation Expense	\$1,053,622	\$36,024	\$0	\$0	\$0	\$8,163	\$49,963	\$0	\$0	\$0	\$5,250	\$1,153,022		\$1,153,022
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$10,567	\$0	\$0	\$0	\$0	\$10,567			\$10,567
97600 Capital Outlays - Governmental Funds														

**HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA**  
**FINANCIAL DATA SCHEDULE – INCOME STATEMENT**  
**FOR YEAR ENDED SEPTEMBER 30, 2015**

97700 Debt Principal Payment - Governmental Funds														
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$5,283,556	\$853,458	\$207,522	\$0	\$111,932	\$14,685,249	\$344,958	\$66,413	\$0	\$0	\$1,951,959	\$23,505,047	(\$1,170,789)	\$22,334,258
10010 Operating Transfer In	\$495,022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$495,022	(\$495,022)	\$0
10020 Operating transfer Out	(\$495,022)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$495,022)	\$495,022	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$127,270	\$0	\$0	\$0	\$0	\$127,270		\$127,270
10040 Operating Transfers from/to Component Unit	\$0	(\$227,270)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000	(\$127,270)		(\$127,270)
10050 Proceeds from Notes, Loans and Bonds														
10060 Proceeds from Property Sales														
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	(\$191,887)	\$0	\$0	\$0	\$0	\$48,282	\$1,000,000	\$0	\$0	\$0	(\$1,000,000)	(\$143,605)		(\$143,605)
10091 Inter Project Excess Cash Transfer In	\$0											\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0											\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10100 Total Other financing Sources (Uses)	(\$191,887)	(\$227,270)	\$0	\$0	\$0	\$48,282	\$1,127,270	\$0	\$0	\$0	(\$900,000)	(\$143,605)	\$0	(\$143,605)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$15,852,668	\$1,273,581	\$0	\$0	\$0	\$226,677	\$806,201	\$0	\$0	\$0	(\$1,411,613)	\$16,747,514	\$0	\$16,747,514
11020 Required Annual Debt Principal Payments	\$0	\$12,231	\$0	\$0	\$0	\$0	\$3,956	\$0	\$0	\$0	\$0	\$16,187		\$16,187
11030 Beginning Equity	\$23,103,651	\$21,552,988	\$0	\$0	\$0	\$757,175	(\$167,066)	\$0	\$0	\$0	\$90,353	\$45,337,101		\$45,337,101
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$20,482,808)	\$15,934,534	\$0	\$0	\$0	(\$642,471)	\$0	\$0	\$0	\$0	\$1,357,386	(\$3,833,359)		(\$3,833,359)
11050 Changes in Compensated Absence Balance														
11060 Changes in Contingent Liability Balance														
11070 Changes in Unrecognized Pension Transition Liability														
11080 Changes in Special Term/Severance Benefits Liability														
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents														
11100 Changes in Allowance for Doubtful Accounts - Other														
11170 Administrative Fee Equity							(\$51,056)					(\$51,056)		(\$51,056)
11180 Housing Assistance Payments Equity							\$392,437					\$392,437		\$392,437
11190 Unit Months Available	6558	20	0	0	156	16008	301			0	23043			23043
11210 Number of Unit Months Leased	6427	20	0	0	130	15622	290			0	22489			22489
11270 Excess Cash	\$1,489,825											\$1,489,825		\$1,489,825
11610 Land Purchases	\$0									\$0	\$0	\$0		\$0
11620 Building Purchases	\$431,523									\$0	\$431,523	\$431,523		\$431,523
11630 Furniture & Equipment - Dwelling Purchases	\$0									\$0	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0									\$0	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0									\$0	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0									\$0	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0									\$0	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0									\$0	\$0	\$0		\$0