HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA

FINANCIAL STATEMENTS
&
SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2018

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2018

Management's Discussion and Analysis

The Housing Authority of the City of San Buenaventura (hereinafter referred to as the "Authority" or "HACSB") is pleased to present its basic financial statements for year ended September 30, 2018, 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. an affiliate 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 13)***. 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, 2018, increased to $88,287,588. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was $ 85,486,759 for 2017.
- The business-type activities operating revenue at September 30, 2018, increased to $ 25,170,966. Total operating revenue was $ 23,932,434 for 2017.
- The total operating expenses of all programs for 2018, decreased to $23,611,914. Total operating expenses were $25,105,473 for 2017.
- Total capital grant contributions at September 30, 2018, increased to $555,049. Total capital grant contributions were $251,525 for 2017.

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, 2018. 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 to where the cash came 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 997 units of housing and provides rental subsidies to 1,822 authorized 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, 2018, the Authority owned and operated 295 subsidized units in this program.

Section 8 Program

Within the Section 8 program, the Authority administers contracts with independent landlords that own and lease units within the city of Ventura 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 voucher 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 (HQS) in order to participate in the program. The Authority currently administers 1,286 HCV tenant-based vouchers, 127 Veterans Assistance vouchers (VASH), 10 Shelter Plus Care vouchers (S+C), 12 Family Unification Program (FUP) vouchers, 408 Rental Assistance Demonstration (RAD) project-based vouchers, 45 Mainstream vouchers, and 244 conventional project-based vouchers.

These programs are operated under an annual contribution contract (ACC) with HUD. The Program Participants pay a housing cost of 30% of their household income. The Authority is a "High Performer" under the Section Eight Management Assessment Programs (SEMAP).

Special Needs Assistance Program and Shelter Plus Care

The Authority receives grant funds to fund ten (10) vouchers 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.

Public Housing Capital Fund Program (CFP)

The Public Housing Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock. The CFP is operated under an annual contribution contract (ACC) with HUD and the 2018 Capital Fund Grant award totaled $486,163.

Community Services

The Community Services Department (CSD) formed in May 2015; team CSD focuses on strengthening and building internal and external partnerships whilst encouraging an increase in resident engagement and participation in onsite and offsite opportunities. The CSD is funded by a Family Self-Sufficiency (FSS) grant which funds 1full time staff person; and the Resident Opportunities and Self Sufficiency (ROSS) Grant, which also funds 1 full time staff position. The FSS program encourages HUD-assisted families to increase earned income, reduce or eliminate the need for welfare assistance, and make progress toward achieving economic independence and housing self-sufficiency. The Resident Opportunities and Self-Sufficiency (ROSS) program is structured to encourage resident economic self-sufficiency through educational, training, and employment opportunities, with an emphasis on early years and school readiness in order to afford an opportunity for the best start possible.

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 celebrates its four-year anniversary it continues to successfully update inter-agency working models, increase partnerships and access to programs.

Rental Assistance Demonstration Project (RAD)

The Authority 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 has been involved in the RAD initiative for the last five (5) years and the benefits of the RAD initiative include:

- RAD projects have brought over $101,000,000 of new investment into Ventura.
- Leveraged private debt and equity.
- Moved Public Housing into the affordable housing mainstream
- Created jobs
- Ensured opportunities for resident participation
- Built using green building standards
- Preserved affordable housing for the next generation

To date, the HACSB has converted 410 units of public housing using RAD to non-profit ownership with project-based Section 8 rental subsidy.

- The first development, Vista Del Mar Commons, is composed of 142 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 on April 23, 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 February 2016.
- The third conversion, Buena Vida, is composed of 75 senior units and 20 family units. The Construction loan closed August 2016; construction began in September 2016 and was completed in August 2017.
- The fourth conversion is our most ambitious project: the redevelopment of Westview Village. The Housing Authority plans to demolish 180 ACC units and redevelop approximately 320 units on what is now the Westview Project included in AMP 1. The Authority has partnered with BRIDGE Housing as co-developer for this project. At a joint meeting, the City's Planning Commission and Design Review Committee (DRC) unanimously approved the entitlements for Phase I of the project on December 16, 2015. The project will be developed in four phases. Phase I consists of demolition of 72 public housing units which will be replaced with 131 newly constructed units and a public park. The construction loan closed December 22, 2016. Construction for Phase I expected to be completed in April of 2019.

<u>Business Activities</u>

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 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.

<u>Rancho Verde</u> - 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 in addition to $600,000 for impact fees and construction documents that was committed in the Development Agreement between the UC Regents and the City of Ventura. 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. The City's Design Review Committee approved the plans on August 17, 2016.

The Project received a commitment for a USDA Section 514 permanent loan of $3,000,000.00 and USDA Section 521 rental assistance. The project also received an award of $240,000 from the County of Ventura farmworker housing fund.

Construction started in March of 2018. The project will include Net Zero energy goals, greywater for landscaping, which are requirements of the USDA funding award. In addition, the Authority will install an Electric Vehicle (EV) charging station, the first in a multifamily development in Ventura. The occupancy is scheduled to begin May of 2019.

<u>Westview</u> - 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 began in early 2017.

<u>Buena Vida</u> - 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. The Construction loan closed August 2016; construction began in September 2016 and was completed in August 2017 and is fully occupied.

Willett Ranch - The Authority signed a Letter of Intent to purchase two tentatively approved lots which abut the east side of Ventura Avenue and comprise 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 and acquisition is targeted for July 2019.

City Programs

The Authority has three (3) contracts with the City of San Buenaventura (hereinafter referred to as the "City") to provide administration, management and implementation of the City's affordable housing programs. Programs include sale of new or resale of affordable homes, mobile home rehabilitation, servicing of loan portfolio and monitoring of owner-occupied and rental units. This fiscal year 31 affordable units were sold or resold to very low, low and moderate-income households. Monitoring of rental units are conducted annually to determine compliance by landlords, property managers and management companies. Over 500 owner-occupancy certifications are completed annually to determine compliance with property restrictions. The Authority manages the City's Affordable Housing Program (AHP) and Housing Preservation Program (HPP) loan portfolio and processes requests for refinance, subordinations and payoffs or any other servicing request as needed. The Mobile Home Rehabilitation Grant Program (MHRGP) assisted 15 mobile homeowners 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. The intent of these programs as provided by the City are to support the preservation and increase of affordable housing.

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. The Housing Trust Fund balance at September 30, 2018 totaled $1,535,407.

State and Local Program

The Authority administers as sub-recipient's 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.

Challenges

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, and Willett Ranch.

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 Unit

The Authority has established component units to operate and develop mixed financing and/or tax credit housing. 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. 6, as the Board independently oversees the Authority's operations. The Housing Authority has two discretely presented component units, Triad Properties and Homecomings, Inc. The entities are shown as discretely presented because the Housing Authority is financially accountable, however, they do not have full ownership over these entities. The role of the Authority is to act as a managing agent of these component units.

The component units for the Authority consists of Triad Properties (Triad), Homecomings, Inc. (Homecomings), and Cocina Sin Fronteras (Cocina).

Triad Properties

Triad Properties 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. Triad is considered a "Discrete Component Unit". Triad owns and operates fifty-five (55) low-income housing units in the City of Ventura.

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's 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 separately disclosed in the notes to the financial statements and will not be eliminated. Separately issued financial statements of Triad Properties may be obtained by contacting Joe Nocella, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001.

Homecomings, Inc.

Homecomings, Inc., 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 2012.
- Vista Del Mar Commons L.P. – 9% tax credit project-140 units - renovation completed in 2015
- Castillo del Sol L.P. – 9% tax credit project-40 units (39 for people with special needs) completed January 2016
- Johnson Gardens L.P. – 4% tax credit project with 101 units for senior/disabled households – renovation completed March 2016.
- Buena Vida L.P. – 4% tax credit project with 95 units (75 senior units and 20 family units) – renovation completed August 2017.
- Villages at Westview Phase I L.P. – demolition of 72 public housing units and new construction of 131 family units – construction in progress.
- Rancho Verde Ventura L.P. – 9% tax credit project with 24 units for farmworker households – full occupancy expected in September 2019.
- Snapdragon Place II L.P., where Homecomings Inc. is Special Limited Partner – 4% tax credit project with 22 units for families and special needs households – full occupancy expected in September 2019.

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 Joe Nocella, 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.

Cocina Sin Fronteras

Cocina Sin Fronteras is a California nonprofit public benefit corporation, which was formed to provide support to low-income families served by the Authority in the areas of education, careers, and entrepreneurship to attain self-sufficiency. The Authority both directly and indirectly controls the operations of Cocina, and the Authority's Board also acts as the governing body for the organization. Therefore, Cocina is presented as a blended component unit included in the balances of the primary government, thus all significant inter-program balances and transactions between Cocina 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

	2018	2017	Variance	% Change
Current Assets	$ 10,738,227	$ 8,614,761	$ 2,123,466	24.65%
Capital Assets, Net	13,375,409	14,700,164	(1,324,755)	-9.01%
Other Noncurrent Assets	74,109,828	71,403,260	2,706,568	3.79%
Total Assets	98,223,464	94,718,185	3,505,279	3.70%
Deferred Outflows of Resources	1,764,262	2,288,935	(524,673)	-22.92%
Current Liabilities	1,021,578	848,593	172,985	20.38%
Noncurrent Liabilities	9,948,418	10,012,295	(63,877)	-0.64%
Total Liabilities	10,969,996	10,860,888	109,108	1.00%
Deferred Inflows of Resources	730,142	659,473	70,669	10.72%
Net Position				
Net Investment in Capital Assets	12,091,020	13,401,908	(1,310,888)	-9.78%
Restricted	667,669	565,834	101,835	18.00%
Unrestricted	75,528,899	71,519,017	4,009,882	5.61%
Total Net Position	$ 88,287,588	$ 85,486,759	$ 2,800,829	3.28%

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current assets increased by $2,123,466 primarily due to an increase in cash from a collection in accounts receivables due from HUD and the Authority's affiliated organizations.

Capital assets decreased by $1,324,755 due primarily to the sale of project assets as part of the RAD conversions.

Noncurrent notes receivable and noncurrent accrued interest receivable increased by $2,706,568 due to issuance of a seller carry-back note receivable and permanent note receivable as financing for property sold to an affiliated organization the Villages at Westview.

Deferred outflow of resources decreased by $524,673, or 22.92%, and deferred inflow of resources increased $70,669, or 10.72%. These changes are primarily due to changes in the net difference between projected and actual investment earnings on pension plan investments.

Noncurrent liabilities decreased by $63,877, or 0.64%, due to a decrease in noncurrent debt, net of the current portion and due to a decrease in net pension liability.

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.

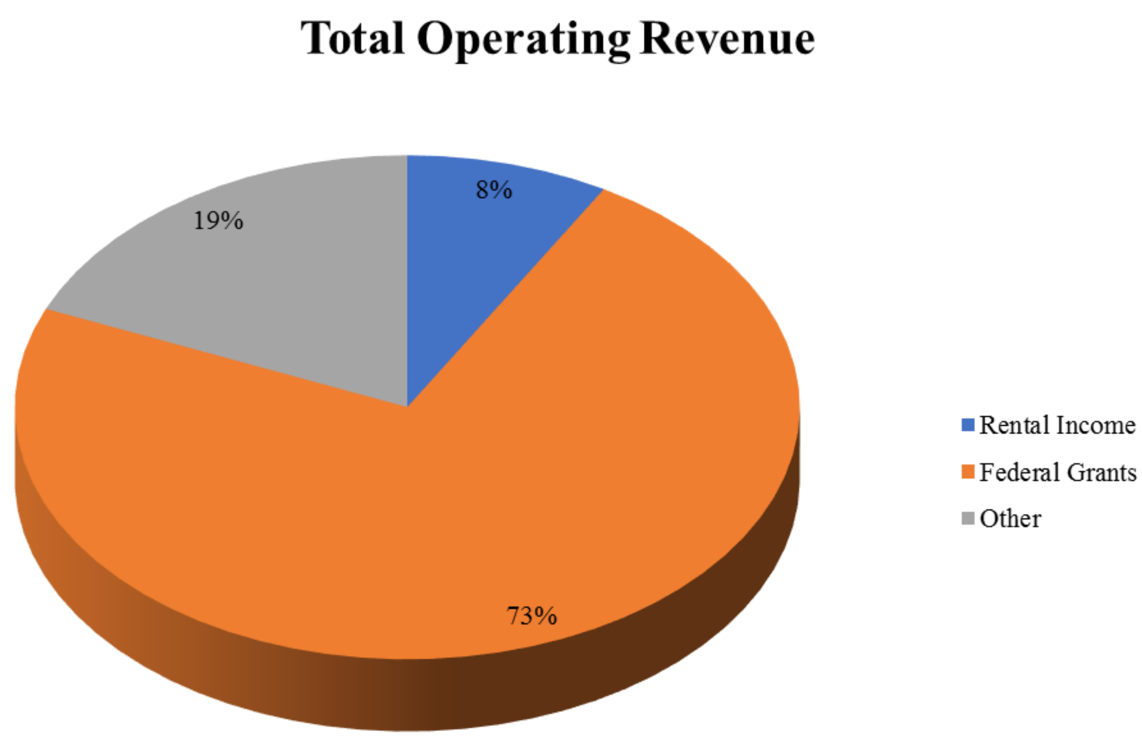
	2018	2017	Variance	% Change
Operating Revenues				
Rental Income	$ 2,102,714	$ 2,038,774	$ 63,940	3.14%
Federal and Other Government Grants	18,380,490	18,771,504	(391,014)	-2.08%
Other	4,687,762	3,122,156	1,565,606	50.15%
Total Operating Revenues	25,170,966	23,932,434	1,238,532	5.18%
Operating Expenses				
Administration	4,519,498	5,322,324	(802,826)	-15.08%
Tenant Services	177,450	274,536	(97,086)	-35.36%
Utilities	362,070	384,317	(22,247)	-5.79%
Maintenance	972,922	1,073,902	(100,980)	-9.40%
General	882,374	1,025,247	(142,873)	-13.94%
Housing Assistance Payments	15,701,201	16,077,982	(376,781)	-2.34%
Depreciation	996,399	947,165	49,234	5.20%
Total Operating Expenses	23,611,914	25,105,473	(1,493,559)	-5.95%
Operating Income (loss)	1,559,052	(1,173,039)	2,732,091	-232.91%
Nonoperating Revenues (Expenses)				
Interest Revenue	256,245	113,004	143,241	126.76%
Gain on Sale of Capital Assets	409,115	4,856,138	(4,447,023)	-91.58%
Interest Expense	(59,198)	(66,098)	6,900	-10.44%
Capital Contributions	555,049	251,525	303,524	120.67%
Total Nonoperating Activity	1,161,211	5,154,569	(3,993,358)	-77.47%
Change in Net Position	2,720,263	3,981,530	(1,261,267)	-31.68%
Prior Period Adjustments	80,566	-	80,566	
Beginning Net Position	85,486,759	81,505,229	3,981,530	4.88%
Ending Net Position	$ 88,287,588	$ 85,486,759	$ 2,800,829	3.28%

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

Total Operating Revenue

Total operating revenue remained relatively level as the prior year, increasing by only $1,238,532. This increase was primarily a result of an increase in other miscellaneous revenues. The increase in other revenues was primarily a result of an increase in developer fees recognized by the Authority from their role in affordable housing redevelopment.

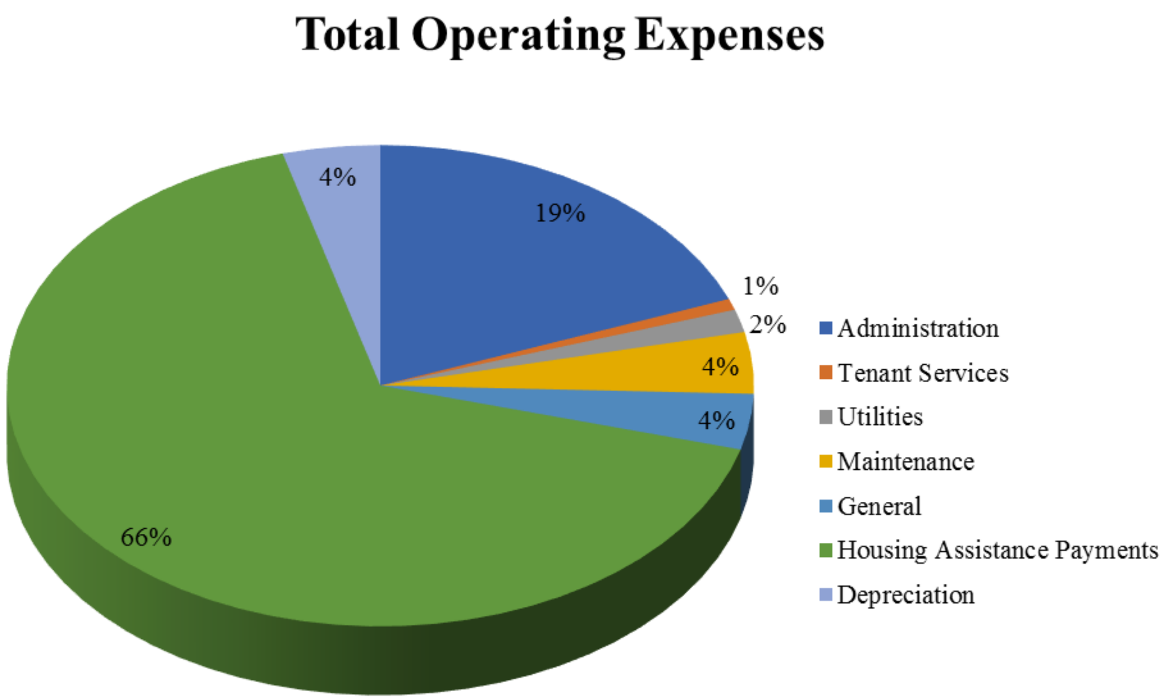
The following table provides further illustration of the Authority's total operating revenue for the year ended September 30, 2018:



Total Operating Expenses

Total operating expenses decreased by $1,493,559 to $23,611,914 from 2017 to 2018 primarily due to lower administration and tenant service costs which, as well as a decrease in housing assistance payments (HAP) resulting from decreased participation in the program, resulted from the conversion of more public housing units to project-based vouchers as part of the RAD conversion process.

The following table provides further illustration of the Authority's total operating expenses for the year ended September 30, 2018:



Non-operating Revenues and Expenses

Non-operating activity decreased by $3,993,358 primarily due to the prior year having a gain on the partial sale of AMP 3 (Asset Management Project) as part of the RAD conversion of public housing to non-profit ownership with project-based Section 8 rental subsidy.

Gain on sale of capital assets decreased by $4,447,023 or by 91.58% due to the prior year having the sale of the remaining properties in Asset Management Project (AMPs) 3 to RAD tax credit partnership Buena Vida, L.P.

Capital contributions increased by $303,524 or 120.67% due to different funding awards for different capital fund years.

The Authority reported a prior-period adjustment for the fiscal year ended September 30, 2018, in the amount of $80,566.

CAPITAL ASSETS

As of September 30, 2018, capital assets for its business-type activities amounted to $13,375,409 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The Authority had major capital asset sales during the current fiscal year. The HACSB converted units of public housing that were formerly part of AMP 1 to non-profit ownership with project-based Section 8 rental subsidy via the RAD Program. This transaction resulted in a gain on the sale of the properties and reduction in capital assets.

DEBT OUTSTANDING

At September 30, 2018, the Authority had $1,284,389 in debt outstanding compared to $1,298,256 in the prior fiscal year. This debt is in the form of a note payable due to Bandar Properties, the seller of the Castillo del Sol property, in the amount of $600,000 and a note payable due to Montecito Bank & Trust in the amount of $684,389. 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, 73%, of HACSB's funding is from federal agencies in the form of operating subsidies, capital fund grants, Housing Choice Vouchers (HCV) housing assistance payments, and other smaller grants. Congress and the federal government continue to cut federal subsidies due to the current administration's federal budget priorities. In 2018 the administration's budget for public housing was dramatically reduced to almost zero. 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. The continued disinvestment in public housing continues to compound longstanding maintenance issues.
- HACSB is also the beneficiary of significant Low-Income Housing Tax Credit Equity dollars provided by investors for the provision of affordable rental housing construction and rehabilitation. These public-private partnerships provide a significant source of equity that continues to fuel the affordable housing developed by the HACSB.
- The Authority was affected by a natural disaster, the Thomas Fire. The Thomas Fire started on December 4, 2017. It raged through Ventura and came within a mile of several of the Authority's properties. Not only did this require a shutdown of Authority operations for a week it also added 4-6 weeks construction delay to the Villages at Westview project. Materials had to be tested for smoke damage and construction crews had to re-mobilize after the fire. Due to the extensive damage in Ventura County, new utility installation was delayed. Fortunately, the Authority lost no housing due to the fire.
- The Thomas Fire and loss of housing created an impossible rental market for voucher holders. With rental housing vacancy rates under two percent, any rental vacancies were immediately absorbed by homeowners who lost their homes to the fire. There were instances of rent gouging and some voucher holder's leases were not renewed because higher rents could be charged to displaced homeowners. Local rents, already above HUD's Fair Market Rents (FMR) are continuing to rise. Higher rents mean that Section 8 voucher holders looking for a rental are having an extremely difficult time finding available apartments within the FMRs. It also meant that the average rent subsidy per voucher is increasing as well, putting further pressure on the Authority's limited federal voucher funding.
- Local labor supply and demand, exacerbated by the Thomas Fire, has made new construction and renovation projects exceed construction projections by as much as 30% in some cases. Causing, in some cases, major value engineering to projects.
- 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 prolonged drought and the governor's mandatory water consumption reduction 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.
- The Authority's goal remains to continue to provide safe, quality affordable housing to the nearly 2,400 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 Joe Nocella, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 805-648-5008.

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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 and the discretely presented component unit of the Housing Authority of the City of San Buenaventura (the "Authority"), as of and for the year ended September 30, 2018, 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 the discretely presented component unit, as of September 30, 2018, 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, schedule of changes in net pension liability – defined benefit pension plan on page 49, and schedule of employer contributions – defined benefit pension plan on page 50 are 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 Authority's basic financial statements. The accompanying supplemental data including the financial data schedule and statement and certification of actual modernization costs are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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, and the schedule of expenditures of federal awards are the responsibility of management and were 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, 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 11, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 11, 2019

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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 and the discretely presented component unit of the Housing Authority of the City of San Buenaventura (the "Authority"), as of and for the year ended September 30, 2018, 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 11, 2019.

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 over financial reporting 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

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 11, 2019

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Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

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 U.S. *Office of Management and Budget (OMB) 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, 2018. 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 the audit requirements of Title U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 as a basis for designing 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Henderson & DeJohn, LLC

Birmingham, AL
June 11, 2019

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
SEPTEMBER 30, 2018

	Primary Government	Component Unit
ASSETS		
Current assets:		
Unrestricted cash and cash equivalents	$ 8,970,453	$ 1,321,301
Restricted cash and cash equivalents	1,210,080	16,527
PHA projects receivable	7,038	-
Due from HUD	15,322	-
Due from other governments	12,349	-
Miscellaneous receivable	315,160	-
Tenants receivable, net	1,842	-
Accrued interest receivable	159,483	-
Notes and mortgages receivable, current portion	46,500	-
Prepaid expenses and other assets	-	2,507
Total current assets	10,738,227	1,340,335
Noncurrent assets:		
Capital assets:		
Land and construction in progress	2,838,433	673,701
Building and equipment, net of depreciation	10,536,976	1,009,474
Total capital assets	13,375,409	1,683,175
Accrued interest receivable, noncurrent	368,173	-
Notes and mortgages receivable, net of current portion	73,741,655	-
Total noncurrent assets	87,485,237	1,683,175
Total assets	98,223,464	3,023,510
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan contributions subsequent to measurement date	501,609	-
Pension plan changes in assumptions	856,287	-
Differences between actual and expected experience	288,187	-
Net difference between projected and actual investment earnings on pension plan investments	37,133	-
Pension plan changes in employer's proportion	81,046	-
Total deferred outflows of resources	$ 1,764,262	$ -

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, 2018

	Primary Government	Component Unit
LIABILITIES		
Current liabilities:		
Accounts payable	123,150	5,588
Accrued liabilities	365,810	3,749
Intergovernmental payables	163,765	-
Tenant security deposits	124,497	16,527
Unearned revenue	3,373	48
Other current liabilities	650	-
Compensated absences, current portion	28,733	634
Loan liability, current portion	196,840	-
Notes payable, current portion	14,760	51,577
Total current liabilities	1,021,578	78,123
Noncurrent Liabilities:		
Compensated absences, net of current portion	258,605	5,707
Loan liability, net of current	491,174	-
Notes payable, net of current portion	1,269,629	2,039,711
Net pension liability	7,511,096	-
FSS escrowed liability	417,914	-
Total noncurrent liabilities	9,948,418	2,045,418
Total liabilities	10,969,996	2,123,541
DEFERRED INFLOWS OF RESOURCES		
Net difference between projected and actual investment earnings on pension plan investments	83,244	-
Differences between actual and expected experience	98,068	-
Pension plan changes in assumptions	209,859	-
Differences between employer's contributions and proportionate share of contributions	338,971	-
Total deferred inflows of resources	730,142	-
NET POSITION		
Net investment in capital assets	12,091,020	(408,113)
Restricted	667,669	-
Unrestricted	75,528,899	1,308,082
Total net position	$ 88,287,588	$ 899,969

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, 2018

	Primary Government	Component Unit
OPERATING REVENUES		
Rental income	$ 2,102,714	$ 380,957
Federal and other government grants	18,380,490	-
Other	4,687,762	70,848
Total operating revenues	25,170,966	451,805
OPERATING EXPENSES		
Administration	4,519,498	125,380
Tenant services	177,450	38
Utilities	362,070	13,958
Maintenance	972,922	38,408
General	882,374	30,240
Housing assistance payments	15,701,201	-
Depreciation	996,399	62,363
Total operating expenses	23,611,914	270,387
Operating income (loss)	1,559,052	181,418
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	256,245	12
Gain (Loss) on sale of capital assets	409,115	-
Interest expense	(59,198)	(12,578)
Income (loss) before contributions	2,165,214	168,852
Capital contributions	555,049	-
Change in net position	2,720,263	168,852
Total net position - beginning of the year	85,486,759	731,117
Prior period adjustments	80,566	-
Total net position - beginning of the year, as restated	85,567,325	731,117
Total net position - end of the year	$ 88,287,588	$ 899,969

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, 2018

	Primary Government	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants	$ 2,119,307	$ 379,891
Federal & other government grants	18,399,246	-
Other receipts	4,702,290	51,198
Payments to suppliers and Section 8 landlords	(18,099,042)	(126,627)
Payments to or on behalf of employees	(4,029,557)	(79,936)
Net cash provided (used) by operating activities	3,092,244	224,526
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	1,171,471	-
Purchase of capital assets	(2,634,000)	-
Capital contributions	555,049	-
Principal payments of capital debt	(13,867)	(51,270)
Interest payments on capital debt	(59,358)	(12,578)
Net cash provided (used) by capital financing activities	(980,705)	(63,848)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Loan liability principal payments	(556,463)	-
Proceeds from line of credit loan disbursements	782,203	-
Net cash provided (used) by non-capital financing activities	225,740	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	8,851	12
Proceeds from collection of notes and mortgages receivable	93,154	
Issuance of notes and mortgages receivable	(511,812)	-
Net cash provided (used) by investing activities	(409,807)	12
Net increase (decrease) in cash and cash equivalents	1,927,472	160,690
Balances - beginning of the year	8,253,061	1,177,138
Balances - end of the year	$ 10,180,533	$ 1,337,828

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, 2018

	Primary Government	Component Unit
RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ 1,559,052	$ 181,418
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Pension expense	987,237	-
Depreciation expense	996,399	62,363
Change in assets and liabilities:		
Receivables, net	21,480	97
Prepaids and other assets	2,925	(1,036)
Deferred outflows of resources	(501,609)	-
Accounts payable	(227,268)	(416)
Due to primary government from component unit	19,650	(19,650)
Intergovernmental payables	8,736	-
Unearned revenue	(1,738)	(413)
Other liabilities	89,209	(3,905)
Accrued liabilities	108,890	477
Compensated absences	24,035	6,341
Tenant security deposits	5,246	(750)
Net cash provided (used) by operating activities	$ 3,092,244	$ 224,526
SUPPLEMENTAL INFORMATION		
Non-cash capital and related financing activities:		
Issuance of notes and mortgages receivable as financing for properties sold to affiliated organizations	$ 2,200,000	$ -

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

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 that 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 12 – Transactions with Discretely Presented Component Unit)*. Separately issued financial statements of Triad Properties may be obtained by contacting Joe Nocella, Chief Financial Officer, Housing Authority of the City of San Buenaventura, 995 Riverside Street, Ventura, CA 93001.

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 special limited partner in Snapdragon Place II, L.P., a 9% tax credit project with 22 units (4 for homeless veterans and 5 for other homeless families) in which it has a .01% ownership interest, and 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 in 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 L.P. – 9% tax credit Rental Assistance Demonstration (RAD) project with140 units in operation since April 2015.
- Johnson Gardens, L.P. – 4% tax credit Rental Assistance Demonstration (RAD) project with 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 with 40 units (39 for people with special needs); construction completed and operations began in January 2016.
- Buena Vida, L.P. – 4% tax credit Rental Assistance Demonstration (RAD) project with 95 units (75 for elderly persons); construction completed and operations began in October 2017.
- Villages at Westview I, L.P. – 4% tax credit Rental Assistance Demonstration (RAD) project with 131 units; construction began in early 2017 and is currently ongoing.
- Rancho Verde Ventura, L.P. – 9% tax credit project with 24 units, construction began in March 2018 and is currently ongoing.

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 Joe Nocella, 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. No separate financial statements are issued for the Corporation. However, condensed financial statements have been included in Note 14- Blended Component Units in accordance with GASB Statement No. 61.

Cocina Sin Fronteras
Cocina Sin Fronteras is a California nonprofit public benefit corporation, which was formed to provide support to low-income families served by the Authority in the areas of education, careers, and entrepreneurship to attain self-sufficiency. The Authority both directly and indirectly controls the operations of Cocina Sin Fronteras, and the Authority's Board also acts as the governing body for the organization. Therefore, Cocina Sin Fronteras is presented as a blended component unit included in the balances of the primary government, thus all significant inter-program balances and transactions between Cocina Sin Fronteras and the Authority have been eliminated. No separate financial statements are issued for the Corporation. However, condensed financial statements have been included in Note 14 - Blended Component Units in accordance with GASB Statement No. 61.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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
Save for accrued interest receivable which is related to the Authority's notes, loans & mortgages receivables and is not expected to be collected within the next 12 months, 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. The only accounts receivables that reported an allowance for uncollectible accounts were tenants receivable. The allowance for uncollectible tenants receivable amount to $790.

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 but $46,500 of the notes receivables are considered non-current assets as of September 30, 2018 as only $46,500 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, 2018.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

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. Recent Accounting Pronouncements

The Authority has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The adoption of GASB Statement No. 75 had no material effect on the Authority's September 30, 2018 financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority has adopted GASB Statement No. 85, Omnibus 2017. The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement apply to state and local governments. The adoption of GASB Statement No. 85 had no material effect on the Authority's September 30, 2018 financial statements.

The Authority has adopted GASB Statement No. 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of GASB Statement No. 86 had no material effect on the Authority's September 30, 2018 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, 2018, 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 $2,005,369, and $1,070,225 of Triad's deposits were not insured or collateralized at year-end. The Authority's cash balances at September 30, 2018 totaled $10,180,533. Triad's cash balances at September 30, 2018 totaled $1,337,828.

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.

NOTE 3 – CAPITAL ASSETS

A. Changes in Capital Assets
Capital asset activity for the year ended September 30, 2018 was as follows:

	Primary Government				
	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	$ 2,399,244	$ 679,500	$ (1,611,839)	$ -	$ 1,466,905
Construction in progress	2,025,168	1,647,288	(1,271,555)	(1,029,373)	1,371,528
Total capital assets not being depreciated	4,424,412	2,326,788	(2,883,394)	(1,029,373)	2,838,433
Capital assets being depreciated					
Buildings and improvements	27,097,560	307,212	(200,365)	964,843	28,169,250
Equipment	644,903	-	-	64,530	709,433
Total capital assets being depreciated	27,742,463	307,212	(200,365)	1,029,373	28,878,683
Less accumulated depreciation for:					
Buildings and improvements	(16,829,776)	(981,721)	121,402	-	(17,690,095)
Equipment	(636,934)	(14,678)	-	-	(651,612)
Total accumulated depreciation	(17,466,710)	(996,399)	121,402	-	(18,341,707)
Capital assets, net	$ 14,700,165	$ 1,637,601	$ (2,962,357)	$ -	$ 13,375,409

	Component Unit				
	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	$ 673,701	$ -	$ -	$ -	$ 673,701
Total capital assets not being depreciated	673,701	-	-	-	673,701
Capital assets being depreciated					
Buildings and improvements	1,594,005	-	-	-	1,594,005
Total capital assets being depreciated	1,594,005	-	-	-	1,594,005
Less accumulated depreciation for:					
Buildings and improvements	(522,168)	(62,363)	-	-	(584,531)
Total accumulated depreciation	(522,168)	(62,363)	-	-	(584,531)
Capital assets, net	$ 1,745,538	$ (62,363)	$ -	$ -	$ 1,683,175

B. Capital Contributions
The Authority receives capital grants from HUD. The Authority recognized $555,049 in capital contributions for the fiscal year ended September 30, 2018.

NOTE 3 – CAPITAL ASSETS (Continued)

C. Disposition of public housing properties

During the fiscal year ended September 30, 2018, the Authority sold the Hanson Trust Farmworker Apartments property to Rancho Verde Ventura, L.P. The land was sold to Rancho Verde Ventura, L.P. at fair market value, which equaled $1,600,000, and the building and improvements were sold at cost, which equaled $1,271,555, for a total sale value of $2,871,555. At the date of disposition, this property had a book value of $1,711,386. This property was acquired by Rancho Verde Ventura, L.P. in exchange for two notes receivables amounting to $1,600,000 and $840,000, and cash amounting to $431,555. As a result of this disposition of property, the Authority recognized no gain or loss on the disposition of the property.

During the fiscal year ended September 30, 2018, the Authority completed disposition of two public housing units in Project CA035000005 and located on that certain real property at 3158 Channel Drive by selling each of these properties as part of the "de minimis" reduction that is allowed by HUD as part of the RAD conversion process. The properties were sold at fair market value for a combined total of $525,000 less closing costs incurred by the Authority totaling a combined $25,083. At the date of disposition, these public housing properties had a combined book value of $90,801. These properties were acquired by in exchange for cash totaling $499,917. As a result of this disposition of public housing property, the Authority recognized a gain on the disposition of the properties in the amount of $409,115.

NOTE 4 – NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable consist of the following at September 30, 2018:

Primary Government:

Note receivable due from Triad Properties (the Authority's discretely-presented component unit) originally for $2,551,766, 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, maturing October 2057. $46,500 in principal payments was collected on this note receivable during the current fiscal year. Another $46,500 in principal payments are expected to be collected within the next twelve months.	$ 1,243,641
Seller carry-back note receivable due from Vista Del Mar Commons, L.P. originally for $15,088,087, 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 interest or principal payments are expected to be collected within the next twelve months.	15,088,087
Development note receivable due from Soho Associates, L.P. originally for $1,314,073, secured by a deed of trust, bearing simple interest at 4.47% per annum, compounded annually, maturing May 2065. 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. Accrued interest receivable at September 30, 2018 on this note receivable amounted to $222,645. No interest or principal payments are expected to be collected within the next twelve months.	514,073
Seller note receivable due from Soho Associates, L.P. originally for $672,651, secured by a deed of trust, bearing no interest, maturing May 2065. Post contruction annual payments are based on residual receipts of the project as defined in the loan agreement. No interest or principal payments are expected to be collected within the next twelve months.	672,651
Seller carry-back note receivable due from Castillo del Sol, L.P. originally for $600,000, 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 75% of residual receipts of the project as defined in the loan agreement, with repayments first being credited to interest, then to principal. Accrued interest receivable at September 30, 2018 on this note receivable amounted to $50,642 and is expected to be collected within the next twelve months. No principal payments are expected to be collected within the next twelve months.	600,000

NOTE 4 – NOTES AND MORTGAGES RECEIVABLE (Continued)

Authority note receivable due from Castillo del Sol, L.P. originally for $600,000, secured by a deed of trust, bearing simple interest at 3.50% per annum, 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. Accrued interest receivable at September 30, 2018 on this note receivable amounted to $16,881 and is expected to be collected within the next twelve months. No principal payments are expected to be collected within the next twelve months.	600,000
Seller carry-back note receivable due from Johnson Gardens, L.P. originally for $12,100,000, 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 commenced 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. Accrued interest receivable at September 30, 2018 on this note receivable amounted to $237,489, with $91,960 of this accrued interest receivable expected to be collected within the next twelve months. No principal payments are expected to be collected within the next twelve months.	11,900,000
Permanent note receivable due from Johnson Gardens, L.P. originally for $7,350,000, 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 interest or principal payments are expected to be collected within the next twelve months.	7,350,000
Seller carry-back note receivable due from Buena Vida, L.P. originally for $14,150,000, secured by a deed of trust, bearing interest at 2.33% per annum, compounded annually, maturing June 2073. Annual payments of outstanding principal and accrued interest shall commence June 1, 2018 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 interest or principal payments are expected to be collected within the next twelve months.	14,150,000
Permanent note receivable due from Buena Vida, L.P. originally for $9,839,993, secured by a deed of trust, bearing interest at 2.33% per annum, compounded annually, maturing June 2073. Annual payments of outstanding principal and accrued interest shall commence June 1 of the year following the final repayment of the seller carry-back note receivable due from Buena Vida, L.P., 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 interest or principal payments are expected to be collected within the next twelve months.	9,839,993
Development note receivable due from Villages at Westview I, L.P. originally for $4,700,000, issued on December 1, 2016, secured by a deed of trust, bearing interest at 8.00% per annum, compounded annually, maturing no later than the date that is the fifty fifth anniversary of the date a final certificate of occupancy, or equivalent document is issued by the City of San Buenaventura to certify that the Villages at Westview I development may be legally occupied (the "Completion Date"); provided, however, if a record of the Completion Date cannot be located or established, maturity will be the fifty-seventh anniversary of the date of the note. Annual payments of outstanding principal and accrued interest shall commence June 1, 2019, and on June 1 of each year thereafter until maturity in an amount equal to the Authority prorata percentage of the Authority's share of residual receipts to which the Authority is entitled, with repayments first being credited to interest, then to principal. No interest or principal payments are expected to be collected within the next twelve months. As of September 30, 2018, a total of $4,136,000 of this loan has been disbursed. $473,232 has been collected to date with there being no current fiscal year collections.	3,662,768

NOTE 4 – NOTES AND MORTGAGES RECEIVABLE (Continued)

Seller carry-back note receivable due from Villages at Westview I, L.P. originally for \$5,773,596, issued on December 1, 2016, secured by a deed of trust, bearing interest at 2.26% per annum, compounded annually, maturing no later than the date that is the fifty fifth anniversary of the date a final certificate of occupancy, or equivalent document is issued by the City of San Buenaventura to certify that the Villages at Westview I development may be legally occupied (the "Completion Date"); provided, however, if a record of the Completion Date cannot be located or established, maturity will be the fifty-seventh anniversary of the date of the note. Annual payments of outstanding principal and accrued interest shall commence June 1, 2019, and on June 1 of each year thereafter until maturity in an amount equal to the Authority's share of residual receipts, with repayments first being credited to interest, then to principal. No interest or principal payments are expected to be collected within the next twelve months.	5,773,596
Development note receivable due from Rancho Verde, L.P. originally for \$840,000, issued on March 1, 2018, secured by a deed of trust, bearing interest at 4.00% per annum, compounded annually, maturing no later than the date that is the fifty fifth anniversary of the date a final certificate of occupancy, or equivalent document is issued by the City of San Buenaventura to certify that the Rancho Verde development may be legally occupied (the "Completion Date"); provided, however, if a record of the Completion Date cannot be located or established, maturity will be the fifty-seventh anniversary of the date of the note. Annual payments of outstanding principal and accrued interest shall commence June 1, 2020, and on June 1 of each year thereafter until maturity in an amount equal to the Authority prorata percentage of the Authority's share of residual receipts to which the Authority is entitled, with repayments first being credited to interest, then to principal. No interest or principal payments are expected to be collected within the next twelve months. As of September 30, 2018, a total of \$840,000 of this loan has been disbursed, with \$46,654 of this loan being collected during the current fiscal year.	793,346
Seller carry-back note receivable due from Rancho Verde, L.P. originally for \$1,600,000, issued on March 1, 2018, secured by a deed of trust, bearing interest at 4.00% per annum, compounded annually, maturing no later than the date that is the fifty fifth anniversary of the date a final certificate of occupancy, or equivalent document is issued by the City of San Buenaventura to certify that the Villages at Westview I development may be legally occupied (the "Completion Date"); provided, however, if a record of the Completion Date cannot be located or established, maturity will be the fifty-seventh anniversary of the date of the note. Annual payments of outstanding principal and accrued interest shall commence June 1, 2020, and on June 1 of each year thereafter until maturity in an amount equal to the Authority's prorata percentage share of the Authority's share of residual receipts, with repayments first being credited to interest, then to principal. No interest or principal payments are expected to be collected within the next twelve months.	1,600,000
Total notes receivable	73,788,155
Less current portion of notes receivable	(46,500)
Noncurrent portion of notes receivable	$ 73,741,655

NOTE 5 – LOAN LIABILITY

The Authority has loan liability in the form of lines of credit accounts as well as a recoverable grant.

The Authority obtained a line of credit account with Montecito Bank & Trust in a previous year that is valued at up to $1,000,000, accruing interest at 4% per annum through July 31, 2017 and 4.25% thereafter, using the 365/360 interest method, is unsecured, and has a maturity date of August 5, 2019, with plans to extend the line of credit through past fiscal year ending September 30, 2019. Interest is payable monthly, and all principal is payable at maturity, with early repayment of principal being allowed at the Authority's convenience before maturity. During the fiscal year ended September 30, 2018, the Authority disbursed $402,848 from this line of credit account and repaid principal totaling $556,464. The Authority expects to repay an additional $94,840 in principal within the next twelve months. The remainder of the outstanding loan liability is thus classified as noncurrent liabilities. Interest payments on this line of credit loan liability amounted to $14,116 for the year ended September 30, 2018. At September 30, 2018, the outstanding loan liability for this line of credit account amounted to $206,659.

The Authority obtained a line of credit account with Pacific Western Bank in a previous year that is valued at up to $1,000,000, accruing interest at a variable rate, using the 365/360 interest method, is unsecured, and has a maturity date of January 3, 2020. The interest rate at September 30, 2018 was 6.25% per annum. Interest is payable monthly, and all principal is payable at maturity, with early repayment of principal being allowed at the Authority's convenience before maturity. Prior to the current fiscal year, no disbursements had been made from this line of credit account. During the current fiscal year, the Authority disbursed $379,355, with no principal being repaid this year. As no principal is expected to be repaid within the next 12 months, this $379,355 in loan liability is all classified as noncurrent. Interest expense on this line of credit loan liability amounted to $14,900 for the year ended September 30, 2018.

The Authority received a recoverable grant totaling $102,000 from the Ventura County Community Foundation ("VCCF") in a previous year for the development of the Hansen Trust Farmworker Apartments project. The recoverable grant bears no interest. Per the initial terms of the grant agreement, the recoverable grant was initially going to be repaid to the VCCF by July 31, 2012. However, due to the economic climate in the state and the nation, the development project had been put on hold until this year when the Authority was able to find a buyer, Rancho Verde Ventura, L.P., to purchase the property. As the Authority has now sold this project, they expect to repay this recoverable grant in the next twelve months. As a result, this loan liability is classified as a current liability.

NOTE 6 – NOTES PAYABLE

Notes payable consists of the following at September 30, 2018:

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. $14,760 of the remaining outstanding principal is due and payable within the next fiscal year. Interest expense on this note amounted to $33,527 for the year ended September 30, 2018.	$ 684,389
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 principal payments are expected to be made within the next twelve months. Interest expense on this note amounted to $25,671 for the year ended September 30, 2018.	600,000
	1,284,389
Less current portion	(14,760)
Long-term portion	$ 1,269,629

NOTE 6 – NOTES PAYABLE (Continued)

Component Unit:

Note payable to the City of San Buenaventura originally for $184,000, bearing no interest, secured by certain real property located in Ventura, California, due and payable upon the sale of said real property. No payments are expected to be made within the next twelve months.	$	184,000
Note payable to Montecito Bank & Trust originally for $232,500, 6.25% interest rate for the first 120 months with a variable interest rate based on the Federal Reserve H.15 Selected Interest Rates Report plus 2.75% beginning October 2019, secured by certain real property located in Ventura, California, maturing September 2039. Principal and interest payments totaling $1,445.71 are payable monthly. $5,077 of the remaining outstanding principal is due and payable within the next fiscal year. Interest expense on this note amounted to $12,578 for the year ended September 30, 2018.		198,647
Note payable to the City of San Buenaventura originally for $150,119, bearing no interest or principal payments as long as there is no default on the terms of the loan through the loan maturity date, which is October 30, 2028. If there is a default on the terms of the loan, interest will begin accruing as of the date of default and continue until such time as the loan funds are repaid in full or the default is cured, at the default rate of the lesser of 10%, compounded annually, or the highest rate permitted by law. Also, all outstanding principal will be due immediately upon default. The loan is secured by certain real property located in Ventura, California. No payments are expected to be made within the next twelve months.		150,119
Note payable to the City of San Buenaventura originally for $164,881, bearing no interest or principal payments as long as there is no default on the terms of the loan through the loan maturity date, which is December 2, 2028. If there is a default on the terms of the loan, interest will begin accruing as of the date of default and continue until such time as the loan funds are repaid in full or the default is cured, at the default rate of the lesser of 10%, compounded annually, or the highest rate permitted by law. Also, all outstanding principal will be due immediately upon default. The loan is secured by certain real property located in Ventura, California. No payments are expected to be made within the next twelve months.		164,881
Note payable to the City of San Buenaventura originally for $150,000, bearing no interest or principal payments as long as there is no default on the terms of the loan through the loan maturity date, which is June 25, 2029. If there is a default on the terms of the loan, interest will begin accruing as of the date of default and continue until such time as the loan funds are repaid in full or the default is cured, at the default rate of the lesser of 10%, compounded annually, or the highest rate permitted by law. Also, all outstanding principal will be due immediately upon default. The loan is secured by certain real property located in Ventura, California. No payments are expected to be made within the next twelve months.		150,000
Note payable to the primary government, Housing Authority of the City of San Buenaventura, originally for $2,551,766, 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. $46,500 of the remaining outstanding principal is due and payable within the next fiscal year.		1,243,641
		2,091,288
Less current portion		(51,577)
Noncurrent portion	$	2,039,711

NOTE 6 – NOTES PAYABLE (Continued)

The anticipated aggregated maturities of these notes payable for the years subsequent to September 30, 2018 are as follows:

	Primary Government			Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2019	14,560	58,594	73,154	51,577	12,272	63,849
2020	15,397	57,872	73,269	51,903	11,945	63,848
2021	16,244	57,071	73,315	52,251	11,598	63,849
2022	17,044	56,248	73,292	52,621	11,228	63,849
2023	17,884	55,311	73,195	53,015	10,834	63,849
2024-2028	403,138	318,866	722,004	271,925	47,318	319,243
2029-2033	428,179	300,329	728,508	286,344	32,900	319,244
2034-2038	166,844	77,511	244,355	306,035	13,207	319,242
2039-2043	205,099	27,240	232,339	235,764	24	235,788
2044 and thereafter	-	-	-	729,853	-	729,853
Total	$ 1,284,389	$1,009,042	$ 2,293,431	$ 2,091,288	$ 151,326	$ 2,242,614

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities at September 30, 2018 consisted of the following:

	Primary Government				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 263,303	$ 233,675	$ 209,640	$ 287,338	$ 28,733
Notes payable	1,298,256	-	13,867	1,284,389	14,760
Loan liability	462,275	782,203	556,464	688,014	196,840
Net pension liability	7,620,810	2,249,890	2,359,604	7,511,096	-
Noncurrent liabilities - other	66,405	-	66,405	-	-
FSS escrowed liability	341,644	164,322	88,052	417,914	-
Total long-term liabilities	$ 10,052,693	$ 3,430,090	$ 3,294,032	$ 10,188,751	$ 240,333

	Component Unit				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ -	$ 6,341	$ -	$ 6,341	$ 634
Noncurrent liabilities - other	3,905	-	3,905	-	-
Notes payable	2,142,558	-	51,270	2,091,288	51,577
Total long-term liabilities	$ 2,146,463	$ 6,341	$ 55,175	$ 2,097,629	$ 52,211

NOTE 8 – 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.

NOTE 8 – PENSION PLANS (Continued)

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.

The Plan's provisions and benefits in effect at September 30, 2018, are summarized as follows:

	Miscellaneous Rate Plan		
Hire date	Prior to April 5, 2008	On or after April 5, 2008 but prior to January 1, 2013	On or after January 1, 2013
Benefit tier	Tier 1	Tier 2	Tier 3
Benefit formula	2.7% @ 55	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.000% to 2.700%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	13.503%	7.634%	6.842%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer (the Authority) is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the year ended September 30, 2018, employer contributions to the Plan were $727,298, which included a lump-sum payment of $414,359 on top of the required employer contributions of $312,939. Employee contributions to the Plan for the year ended September 30, 2018 were $244,314. The Authority's required contribution rates at September 30, 2018 were determined as part of the actuarial valuation as of June 30, 2016.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions
As of September 30, 2018, the Authority reported $7,511,096 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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was 0.1954% and 0.1993%, respectively. This constitutes a year-over-year increase of 0.0039%.

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 $1,115.

NOTE 8 – PENSION PLANS (Continued)

For the year ended September 30, 2018, the Authority recognized pension expense of $987,237. At September 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 288,187	$ 98,068
Changes of assumptions	856,287	209,859
Net difference between projected and actual earnings on pension plan investments	37,133	-
Changes in proportion	81,046	83,244
Differences between Authority contributions and proportionate share of contributions	-	338,971
Authority contributions subsequent to the measurement date	501,609	-
Total	$ 1,764,262	$ 730,142

$501,609 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended September 30:	
2019	594,713
2020	282,920
2021	(277,565)
2022	(67,558)
2023	-
Thereafter	-

NOTE 8 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Rate Plan
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 experience study for the period from June 30, 1997 through June 30, 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study report can found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. This discount rate is not adjusted for administrative expenses. Fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Public Employees Retirement Funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal the single equivalent rate and adjusted to account for assumed administrative expenses.

NOTE 8 – 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.

Asset Class (1)	Assumed Asset Allocation	Real Return Years 1 - 10 (2)	Real Return Years 11+ (3)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

(1) In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity
(2) An expected inflation of 2.50% used for this period.
(3) 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:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Authority's proportionate share of the net pension liability	$ 11,321,829	$ 7,511,096	$ 4,365,398

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 $181,000. Employees, through salary deductions, can contribute up to the IRC 402(g) limit, which has been determined to be $18,500 for 2018. Employees age 50 and over may contribute $24,500 and participants eligible for the Special Catch-Up provision may contribute $37,000.

NOTE 9 – 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:

2019	$ 83,000
2020	83,000
2021	83,000
2022	83,000
2023	83,000
2024-2028	415,000
2029-2033	415,000
2034	62,251
Total	$ 1,307,251

NOTE 10 – 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 11 – 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 12 – TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNIT

The Authority acts as the managing agent for housing units owned by Triad Properties ("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, 2018 amounted to approximately $18,500. 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, 2018 amounted to approximately $91,000. These management fees and costs incurred by the Authority on behalf of Triad are included in expenses on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At fiscal year ended September 30, 2018, Triad did not owe the Authority for any unpaid management fees and/or unreimbursed costs incurred by the Authority on behalf of Triad.

Triad also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2018, Triad recognized approximately $277,500 in HAP from the Authority. This Authority cost is included in the Authority's housing assistance payments and the Triad benefit 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 $1,243,641 (*see Note 6 – Notes Payable*) at September 30, 2018 for the acquisition of affordable housing property in a prior year. This Authority receivable is included in the Authority's current and noncurrent notes and mortgages receivable and the Triad payable is included in Triad's current and noncurrent notes payable on the face of the Statement of Net Position. This Triad note payable was $1,290,141 at September 30, 2017, but Triad repaid $46,500 in debt principal this year, and plans to pay another $46,500 next year.

NOTE 13 – 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, 2018, the Authority and Homecomings, Inc. recognized approximately $59,000 in partnership management fees and approximately $6,000 in community service payroll fees, all of 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, 2018, Chapel Lane owes the Authority and Homecomings, Inc. approximately $22,000 in outstanding partnership management fees and unreimbursed expenses incurred by the Authority on its behalf. These receivables are included in due from other governments and miscellaneous receivable 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 9 - Operating Leases*). This expense, amounting to $83,000 for the fiscal year ended September 30, 2018 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, 2018, Chapel Lane recognized approximately $493,000 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.

Lastly, Chapel Lane, in accordance with the terms of the Limited Partnership Agreement, is required to transfer to the Authority's Hansen Trust Fund Account 66.67% of any available residual receipts. During the fiscal year ended September 30, 2018, Chapel Lane transferred approximately $170,000 2016 residual receipts to the Authority's Hansen Trust Fund Account, which is included in other revenues on the fact 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 $7,000 in developer fees, and the Authority and Homecomings, Inc. recognized approximately $22,000 in partnership 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, 2018, Soho owes the Authority and Homecomings, Inc. approximately $16,000 in outstanding partnership management fees and unreimbursed expenses incurred by the Authority on its behalf, which is included in due from other governments and miscellaneous receivable on the face of the Statement of Net Position.

As of the year-ended September 30, 2018, Soho owes the Authority $1,186,724 in the form of two notes payable and accrued interest in the amount of $222,645 (*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, 2018, Soho recognized approximately $197,000 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.

NOTE 13 – 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 $59,000 in developer fees and approximately $3,000 in community service payroll fees, and the Authority and Homecomings, Inc. recognized approximately $39,000 in partnership management fees, all of which is included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2018, Encanto owes the Authority and Homecomings Inc. approximately $21,000 in outstanding partnership management fees and unreimbursed expenses incurred by the Authority on its behalf, which is included in due from other governments and miscellaneous receivable 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 15(B) – Commitments and Contingencies)*.

Encanto also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2018, Encanto recognized approximately $67,000 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 $60,000 in developer fees and approximately $32,000 in community service payroll fees, and the Authority and Homecomings, Inc. recognized approximately $97,000 in partnership management fees, all of which are included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2018, Vista Del Mar owes the Authority and Homecomings, Inc. approximately $37,000 for outstanding partnership management fees and unreimbursed expenses incurred by the Authority on its behalf, which is included in due from other governments and miscellaneous receivable on the face of the Statement of Net Position.

As of the year-ended September 30, 2018, Vista Del Mar owes the Authority $15,088,087 in the form of a note payable (*see Note 4 – Notes and Mortgages Receivable*), which is included in notes and mortgages receivable, net of current and accrued interest receivable, noncurrent, respectively, on the face of the Statement of Net Position. This note payable, along with $700,000 in cash, was given to the Authority in a prior year as consideration for the affordable housing property that the Authority sold to Vista Del Mar.

Vista Del Mar also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2018, Vista Del Mar recognized approximately $524,000 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 on March 28, 2016 and the units are fully occupied. During the year, the Authority recognized approximately $623,000 in developer fees and approximately $15,000 in community service payroll fees, and the Authority and Homecomings, Inc. recognized approximately $63,000 in partnership management fees, all of which are included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2018, Johnson Garden owes the Authority and Homecomings, Inc. approximately $34,000 for outstanding partnership management fees and unreimbursed expenses incurred by the Authority on its behalf, which is included in due from other governments and miscellaneous receivable on the face of the Statement of Net Position.

NOTE 13 – AFFILIATED ORGANIZATIONS (Continued)

As of the year-ended September 30, 2018, Johnson Gardens owes the Authority $19,250,000 in the form of two notes payable and accrued interest in the amount of $237,489 (*see Note 4 – Notes and Mortgages Receivable*), which is included in notes and mortgages receivable, net of current and accrued interest receivable, current and noncurrent, respectively, on the face of the Statement of Net Position. These notes payables, along with $200,000 in cash, were given to the Authority in a prior year as consideration for the affordable housing property that the Authority sold to Johnson Gardens.

Johnson Gardens also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2018, Johnson Gardens recognized approximately $309,000 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.

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 $143,000 in developer fees and approximately $24,000 in community service payroll fees, and the Authority and Homecomings, Inc. recognized approximately $60,000 in partnership management fees, all of which are included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2018, Castillo del Sol owes the Authority and Homecomings, Inc. approximately $42,000 for outstanding partnership management fees and unreimbursed expenses incurred by the Authority on its behalf, which is included in due from other governments and miscellaneous receivable on the face of the Statement of Net Position.

As of the year-ended September 30, 2018, Castillo del Sol owes the Authority $1,200,000 in the form of two notes payable and accrued interest in the amount of $67,523 (*see Note 4 – Notes and Mortgages Receivable*), which is included in notes and mortgages receivable, net of current and accrued interest receivable, current, respectively, on the face of the Statement of Net Position. These notes payables were issued to the Authority in a prior year as consideration for the affordable housing property that the Authority sold to Castillo del Sol.

Castillo del Sol also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2018, Castillo del Sol recognized approximately $370,000 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.

Buena Vida, L.P. (Buena Vida)
The Authority is the developer and management agent for Buena Vida, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 95-unit 4% tax credit, Rental Assistance Demonstration (RAD) project, of which 75 units are designated for elderly persons, located in Ventura, California. Homecomings, Inc. is the sole member of Buena Vida, LLC who is the managing general partner with a .01% ownership interest in the limited partnership. The construction loan closed in August 2016 by and between Buena Vida and Citibank, N.A. in the amount of $20,000,000. Construction on the project began in September 2016 and was completed in September 2017 with full occupancy by September 30, 2017. This loan is guaranteed by the Authority (*see Note 15(C) – Commitments and Contingencies*). During the year, the Authority recognized approximately $1,100,000 in developer fees and approximately $17,000 in community service payroll fees, and the Authority and Homecomings, Inc. recognized approximately $74,000 in partnership management fees, all of which are included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position. At September 30, 2018, Buena Vida owes the Authority and Homecomings, Inc. approximately $32,000 for unreimbursed pre-development expenses incurred by the Authority on its behalf and for outstanding partnership management fees. These balances are included in due from other governments and miscellaneous receivable on the face of the Statement of Net Position.

As of the year-ended September 30, 2018, Buena Vida owes the Authority $23,989,993 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 $910,007 in cash and a transfer of $58,359 in liabilities from the Authority to Buena Vida, were given to the Authority in a prior year as consideration for the affordable housing property that the Authority sold to Buena Vida.

NOTE 13 – AFFILIATED ORGANIZATIONS (Continued)

Buena Vida also receives Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher program. During the year ended September 30, 2018, Buena Vida recognized approximately $372,000 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.

Villages at Westview I, L.P. (Villages at Westview I)
The Authority is the developer and management agent for Villages at Westview I, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 130-unit 4% tax credit, Rental Assistance Demonstration (RAD) project, located in Ventura, California. The project also includes one additional 2-bedroom Manager apartment. Homecomings, Inc. is the sole member of Villages at Westview I, LLC who is the managing general partner with a .01% ownership interest in the limited partnership. The construction loan closed in December 2016 by and between Villages at Westview I and Citibank, N.A. in the amount of $39,700,000. Demolition and subsequent construction on the project began in early 2017 and is currently ongoing. This loan is guaranteed by the Authority *(see Note 15(D) – Commitments and Contingencies).*

As of the year-ended September 30, 2018, Villages at Westview I owes the Authority $9,436,364 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 $1,334,073 in cash received as reimbursement of pre-development expenses previously paid for by the Authority on behalf of Villages at Westview I, were given to the Authority in consideration for the affordable housing property that the Authority sold to Villages at Westview I in a prior year.

Villages at Westview I also receive Housing Assistance Payments (HAP) from the Authority's Housing Choice Voucher Program. During the year ended September 30, 2018, Villages at Westview I recognized approximately $405,000 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.

Rancho Verde Ventura, L.P. (Rancho Verde)
The Authority is the developer for Rancho Verde Ventura, L.P., a California Limited Partnership formed for the purpose of developing, operating and managing a rental housing project. The project consists of a 24-unit 9% tax credit, farm worker housing project, located in Ventura, California. Homecomings, Inc. is the sole member of Rancho Verde, LLC who is the managing general partner with a .01% ownership interest in the limited partnership. The construction loan closed in March 2018 by and between Rancho Verde and Wells Fargo Bank, National Association in the amount of $9,254,551. The project is currently in construction and is expected to be completed in May 2019. This loan is guaranteed by the Authority and Homecomings, Inc. *(see Note 15(E) – Commitments and Contingencies)*. During the year, the Authority recognized approximately $200,000 in developer fees which is included in other revenues on the face of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

The Authority has to date incurred $1,271,555 in pre-development expenses for costs paid by the Authority on behalf of Rancho Verde. A portion of these pre-development expenses were paid for by the Authority via a $102,000 loan that was received from the Ventura County Community Foundation in a prior year. This loan is included in loan liability, current portion on the face of the Statement of Net Position. These predevelopment costs, along with land donated by the University of California to the Authority for use in the construction of this project with a fair market value of $1,600,000, were sold to Rancho Verde Ventura, L.P. in March 2018. In return, Rancho Verde Ventura, L.P. paid the Authority $431,555 in cash and owes the Authority $2,440,000 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.

NOTE 14 – BLENDED COMPONENT UNITS

Condensed combining information for the Authority's blended component units, Homecomings, Inc. and Cocina Sin Fronteras, for the year ended September 30, 2018 is presented as follows:

CONDENSED STATEMENT OF NET POSITION
September 30, 2018

	Homecomings, Inc.	Cocina Sin Fronteras
ASSETS		
Current assets	$ 150,772	$ 135,512
Noncurrent assets	-	-
Total assets	150,772	135,512
LIABILITIES		
Current liabilities	650	5,401
Noncurrent liabilities	-	-
Total liabilities	650	5,401
NET POSITION		
Unrestricted	150,122	130,111
Total net position	$ 150,122	$ 130,111

NOTE 14 – BLENDED COMPONENT UNITS (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
September 30, 2018

	Homecomings, Inc.	Cocina Sin Fronteras
OPERATING REVENUES (EXPENSES)		
Operating revenues	$ 90,597	$ 27,341
Operating expenses	(21,041)	(28,403)
Operating income (loss)	69,556	(1,062)
NONOPERATING REVENUES (EXPENSES)		
Nonoperating revenues	-	216
Nonoperating expenses	-	-
Change in net position	69,556	(846)
Total net position - beginning of the year	-	-
Equity transfers	-	130,957
Prior period adjustments	80,566	-
Total net position - beginning of the year, as restated	80,566	130,957
Total net position - end of the year	$ 150,122	$ 130,111

CONDENSED STATEMENT OF CASH FLOWS
September 30, 2018

	Homecomings, Inc.	Cocina Sin Fronteras
NET CASH PROVIDED (USED) BY:		
Operating activities	$ 23,000	$ 135,296
Capital and related financing activities	-	-
Non-capital and related financing activities	-	-
Investing activities	-	216
Net increase (decrease) in cash and cash equivalents	23,000	135,512
Cash balances - beginning of the year	-	-
Cash balances - end of the year	$ 23,000	$ 135,512

NOTE 15 – 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 3 – NSP-R Program Loan*). The outstanding loan balance and related transactions are included in the financial statements of the Borrower.

C. Multifamily Housing Revenue Note (Buena Vida Apartments) 2016 Series A Loan Guarantee
In connection with the development of the Buena Vida Apartments affordable housing project, a loan (the Funding Loan) with a maximum amount of $20,000,000 was obtained by the Authority (the Governmental Lender) from Citibank, N.A. (the Funding Lender) under which the Funding Lender will advance funds to or for the account of the Governmental Lender, and apply the proceeds of the funding loan to make a loan (the Borrower Loan) to Buena Vida, L.P. (the Borrower) to finance the acquisition and rehabilitation of the Buena Vida Apartments affordable housing project. The Governmental Lender then turned around and provided a loan (the Borrower Loan) to the Borrower for the same maximum amount of $20,000,000. The Governmental Lender executed and delivered to the Funding Lender its Housing Authority of the City of San Buenaventura Multifamily Housing Revenue Note (Buena Vida Apartments) 2016 Series A (the Governmental Lender Note), evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in the Funding Loan agreement. The Borrower then executed and delivered to the Governmental Lender its promissory note (the Borrower Note) evidencing its obligation to make the payments due to the Governmental Lender directly to the Funding Lender on behalf of the Governmental Lender as provided in the Borrower Loan agreement. The Funding Loan was never received by the Governmental Lender as the Funding Loan proceeds were provided directly to the Borrower from the Funding Lender. Also, no repayments of debt principal or interest will be made by the Governmental Lender to the Funding Lender as the Borrower will make all repayments directly to the Funding Lender. The Governmental Lender thus is acting as a pass-through entity in these transactions. Therefore, the loans are ultimately the obligation of the Borrower.

However, as the terms of these loan agreements state that the Governmental Lender is to act as the guarantor for completion and repayment by the Borrower of the debt principal and interest back to the Funding Lender, the Governmental Lender is subject to the same liability as the Borrower if it fails to ensure compliance with the terms of the loan agreements. Therefore, this note disclosure regarding this loan guarantee is included in the footnotes to the Authority's financial statements, but the outstanding loan balance and related transactions are included in the financial statements of the Borrower.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (Continued)

D. Multifamily Housing Revenue Note (Villages at Westview I Apartments) 2016 Series A Loan Guarantee

In connection with the development of the Villages at Westview I Apartments affordable housing project, a loan (the Funding Loan) with a maximum amount of $39,700,000 was obtained by the Authority (the Governmental Lender) from Citibank, N.A. (the Funding Lender) under which the Funding Lender will advance funds to or for the account of the Governmental Lender, and apply the proceeds of the funding loan to make a loan (the Borrower Loan) to Villages at Westview I, L.P. (the Borrower) to finance the acquisition and rehabilitation of the Villages at Westview I Apartments affordable housing project. The Governmental Lender then turned around and provided a loan (the Borrower Loan) to the Borrower for the same maximum amount of $39,700,000. The Governmental Lender executed and delivered to the Funding Lender its Housing Authority of the City of San Buenaventura Multifamily Housing Revenue Note (Villages at Westview I Apartments) 2016 Series A (the Governmental Lender Note), evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in the Funding Loan agreement. The Borrower then executed and delivered to the Governmental Lender its promissory note (the Borrower Note) evidencing its obligation to make the payments due to the Governmental Lender directly to the Funding Lender on behalf of the Governmental Lender as provided in the Borrower Loan agreement. The Funding Loan was never received by the Governmental Lender as the Funding Loan proceeds were provided directly to the Borrower from the Funding Lender. Also, no repayments of debt principal or interest will be made by the Governmental Lender to the Funding Lender as the Borrower will make all repayments directly to the Funding Lender. The Governmental Lender thus is acting as a pass-through entity in these transactions. Therefore, the loans are ultimately the obligation of the Borrower.

However, as the terms of these loan agreements state that the Governmental Lender is to act as the guarantor for completion and repayment by the Borrower of the debt principal and interest back to the Funding Lender, the Governmental Lender is subject to the same liability as the Borrower if it fails to ensure compliance with the terms of the loan agreements. Therefore, this note disclosure regarding this loan guarantee is included in the footnotes to the Authority's financial statements, but the outstanding loan balance and related transactions are included in the financial statements of the Borrower.

E. Promissory Note (Rancho Verde Ventura Apartments) Loan Guarantee

In connection with the development of the Rancho Verde Ventura Apartments affordable housing project, a loan with a maximum amount of $9,254,551 was obtained by Rancho Verde Ventura, L.P. (the Borrower) from Wells Fargo Bank, National Association (the Lender) under which the Lender will advance funds to or for the account of the Borrower, and apply the proceeds of the funding loan to make a loan to the Borrower to finance the acquisition and construction of a multifamily housing development project. The Borrower then executed and delivered to the Lender its promissory note (the Borrower Note) evidencing its obligation to make the payments due to the Lender as provided in the Borrower Loan agreement. As part of the loan agreement, the Authority and Homecomings, Inc. entered into a Repayment Guaranty agreement with the Lender on behalf of the Borrower. As guarantors of this loan, the loan liability is not a liability of the Authority or Homecomings, Inc. Therefore, the loan is ultimately the obligation of the Borrower.

However, as the terms of these loan agreements state that the Authority and Homecomings, Inc. are to act as the guarantors for completion and repayment by the Borrower of the debt principal and interest back to the Lender, the Authority and Homecomings, Inc. are subject to the same liability as the Borrower if it fails to ensure compliance with the terms of the loan agreement. Therefore, this note disclosure regarding this loan guarantee is included in the footnotes to the Authority's financial statements, but the outstanding loan balance and related transactions are included in the financial statements of the Borrower.

F. Pending Litigation

The Authority was involved in a pending lawsuit as of September 30, 2018 where a tenant had tripped and fallen on Authority property. The Authority, under the advice from their attorney after engaging in written discovery and the taking of a deposition of the plaintiff, decided to accept the plaintiff's counsel's offer to compromise in the amount of $29,999 due to risk to the Authority of a potential liability amounting between $200,000 to $300,000 should the outcome of the lawsuit go against the Authority. This matter has been settled and payment has been made by the Authority through their insurance subsequent to the year ended September 30, 2018.

NOTE 16 – INTER-PROGRAM BALANCES

Inter-program balances at September 30, 2018 consisted of the following:

	Interprogram Due From	Interprogram Due To
Central Office Cost Center	$ 18,020	$ -
Low Rent Public Housing Program (AMP 001)	-	5,964
Resident Opportunity and Supportive Services		6,266
Family Self-Sufficiency Program	-	5,790
Total	$ 18,020	$ 18,020

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 17 – 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, 2018 were $667,669.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

Unrestricted net position has been increased by $80,566 to add beginning Homecomings, Inc. net position that had been omitted from the prior year financial statements. The adjustments affected the opening balances of cash, accounts receivable, and accounts payable. These events had no effect on current year income.

NOTE 19 – 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 11, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 20 – 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, 2018

	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.199301%	0.193320%	0.190450%	0.136242%
Authority's proportionate share of the net pension liability	$ 7,511,096	$ 7,620,810	$ 5,601,974	$ 3,737,754
Authority's covered-employee payroll	$ 3,149,476	$ 3,343,136	$ 3,402,963	$ 3,222,432
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	238.49%	227.95%	164.62%	115.99%
Plan's fiduciary net position	$ 20,659,970	$ 19,829,951	$ 18,544,786	$ 18,534,593
Plan fiduciary net position as a percentage of the total pension liability	73.3%	72.2%	73.7%	78.30%

Notes to Schedule:

Benefit changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN
FOR YEAR ENDED SEPTEMBER 30, 2018

	2018	2017	2016	2015
Contractually required contributions (actuarially determined)	$ 312,939	$ 319,421	$ 307,324	$ 378,442
Contributions in relation to the actuarially determined contribution	$ (727,298)	$ (657,754)	$ (307,324)	$ (623,384)
Contribution deficiency (excess)	$ (414,359)	$ (338,333)	$ -	$ (244,942)
Authority's covered-employee payroll	$ 3,195,977	$ 3,273,534	$ 3,233,474	$ 3,273,819
Contributions as a percentage of covered-employee payroll	22.76%	20.09%	9.50%	19.04%

Notes to Schedule

Valuation dates	6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll and direct rate smoothing
Remaining amortization period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies, based on entry age and service
Investment rate of return	7.15%
Mortality Rate Table [1]	Derived using CalPERS' membership data for all funds

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

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Primary Government Federal Expenditures
U.S. Department of Housing and Urban Development Direct Programs:			
Shelter Plus Care	14.238		$ 96,593
Low Rent Public Housing Program	14.850		802,718
Resident Opportunity and Supportive Services	14.870		94,058
Housing Choice Vouchers	14.871		17,306,265
Public Housing Capital Fund Program	14.872		675,806
FSS Program Coordinator	14.896		65,936
Total U.S. Department of Housing and Urban Development Direct Programs			19,041,376
U.S. Department of Housing and Urban Development Pass-Through Programs From:			
Department of Community Development Grants and Housing of the City of San Buenventura - Mobile Home Rehabilitation Grant Program - CDBG Funds	14.218		21,875
Department of Housing and Community Development of the State of California - NSP-R Program Loan - CDBG Funds	14.228	09-NSP-R-6555	9,471,745
Total U.S. Department of Housing and Urban Development Pass-Through Programs			9,493,620
Total U.S. Department of Housing and Urban Development			$ 28,534,996

The accompanying notes are an integral part of this schedule.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is *presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Authority has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – 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.

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?	___ Yes	x None Reported
Is any noncompliance material to financial statements noted?	x Yes	___ No

Federal Awards

Internal control over major federal programs:		
Are any material weaknesses identified?	___ Yes	x No
Are any significant deficiencies identified?	___ Yes	x None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	x No

Identification of major federal programs:

CFDA #14.228 - NSP-R Program Loan - CDBG Funds
CFDA #14.871 - Housing Choice Vouchers Program

Dollar threshold used to distinguish between type A and type B programs:	$856,050	
Auditee qualified as low-risk auditee?	x Yes	___ No

Section II - Financial Statement Findings

See page 53

Section III - Federal Award Findings

None

2018-001 Significant Deficiency in Internal Controls over Low Rent Eligibility

Condition and Criteria: During our audit, it was determined that significant deficiencies in internal controls existed over the Authority's low rent eligibility process being compliant with HUD regulatory requirements.

Per *24 CFR § 5, subpart F, § 960.259*, and *§ 960.201* a Public Housing Agency (PHA) must obtain and document in the family tenant file various third party verification including reported family annual income, expenses related to deductions from annual income, the value of assets, and other factors affecting the determination of adjusted income or income-based rent for both family income examinations and reexaminations. As a condition of admission to or continued assistance the PHA must obtain a consent form authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to the PHA such information necessary. The PHA must then accurately determine income eligibility and calculate tenants' rent payments using this documentation. In order to monitor compliance with income eligibility the PHA must comply with HUD-prescribed reporting requirements that permit HUD to maintain the data.

Context and Cause: The Authority failed to properly prepare reexaminations form HUD-50058, to verify annual income and deduction amounts with third party documentation. The Authority failed to follow HUD's timely reporting requirements of form HUD-50058. The Authority did not obtain adequate third-party verification of reported family annual income and expenses related to deduction from annual income and perform eligibility reexaminations on an annual basis for 6 out of the 20 tenant files tested or EIV reports obtained for 7 out of the 20 tenant files tested on an annual basis or within 120 days on initial eligibility determination. Nor was rent charged in line with current form HUD-50058 for 2 out of the 20 tenant files tested. Additionally, the Authority did not properly calculate tenant rent amounts for 3 out of the 20 tenant files tested based on third party documentation provided. Lastly, the Authority's implemented quality controls over the recertification processes failed to monitor these processes to ensure these processes were following HUD eligibility rules and regulations.

The Authority's internal controls over the Low Rent eligibility determination process that were in place lacked the necessary controls over information and communication of HUD regulatory requirements. The Authority lacked a clear understanding of HUD Low Rent eligibility requirements as determined by *24 CFR*.

Effect: When the Authority improperly performed annual reexaminations, this caused some of the tenants to pay an incorrect amount of rent in accordance with HUD eligibility rules and regulations.

Auditor's Recommendation: The Authority is in the process of correcting errors and noncompliance instances. We recommend the Authority staff to continue to obtain training through related training seminars and classes and to monitor HUD news and notices for any new guidance or changes to the public housing industry. We also recommend that a periodic review of the family income examinations and reexaminations be performed to ensure that the Authority is following HUD eligibility rules and regulations and, if any errors have been made, that the Authority can identify these quickly and take the necessary corrective action.

Grantee Response: Management acknowledges the finding and the Authority will follow the Auditor's recommendation.

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
FOR YEAR ENDED SEPTEMBER 30, 2018

	CA16P035501-13	CA16P035501-14
Funds Approved	$ 934,671	$ 973,082
Funds Expended	$ 934,671	$ 973,082
Excess of Funds Approved	$ -	$ -
Funds Advanced (HUD Grants)	$ 934,671	$ 973,082
Funds Expended	$ 934,671	$ 973,082
Excess of Funds Advanced	$ -	$ -

1. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated March 13, 2017 and June 28, 2018, respectively, 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.

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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 enumerated in the second paragraph, which was agreed to by the Housing Authority of the City of San Buenaventura (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. 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 chart below under "UFRS Rule Information" column with the corresponding printed documents listed in the chart under 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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the electronic submission of the items listed in the "UFRS Rule Information" column in the chart below. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

We were engaged to perform an audit in accordance with 2 CFR 200 Subpart F, Audit Requirements, for the Housing Authority as of and for the year ended September 30, 2018, and have issued our reports thereon dated June 11, 2019. 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 Housing Authority's Financial Data Schedule (FDS) dated June 11, 2019, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the reporting package required by OMB, which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports.

This report is intended solely for the information and use of the Housing 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 and Revenue and Expense	Financial Data Schedule, all CFDAs, If applicable	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 report information	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 reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

Henderson & DeJohn, LLC

Birmingham, AL
June 11, 2019

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA
FINANCIAL DATA SCHEDULE – BALANCE SHEET
SEPTEMBER 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.218 Community Development Block Grants/Entitlement Grants	14.228 Community Development Block Grants/State's Program	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$1,231,832	$0	$6,464,231	$0	$1,321,301	$0	$496,529	$158,512			$619,349	$10,291,754		$10,291,754
112 Cash - Restricted - Modernization and Development	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
113 Cash - Other Restricted	$156,515	$0	$0	$0	$0	$0	$929,068				$0	$1,085,583		$1,085,583
114 Cash - Tenant Security Deposits	$118,572	$0	$5,925	$0	$16,527	$0	$0				$0	$141,024		$141,024
115 Cash - Restricted for Payment of Current Liabilities	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
100 Total Cash	$1,506,919	$0	$6,470,156	$0	$1,337,828	$0	$1,425,597	$158,512	$0	$0	$619,349	$11,518,361	$0	$11,518,361
121 Accounts Receivable - PHA Projects	$0	$0	$0	$0	$0	$0	$7,038				$0	$7,038		$7,038
122 Accounts Receivable - HUD Other Projects	$3,266	$5,790	$0	$6,266	$0	$0	$0				$0	$15,322		$15,322
124 Accounts Receivable - Other Government	$0	$0	$12,349	$0	$0	$0	$0				$0	$12,349		$12,349
125 Accounts Receivable - Miscellaneous	$0	$0	$84,428	$0	$0	$0	$37,319	$127,772			$65,641	$315,160		$315,160
126 Accounts Receivable - Tenants	$2,632	$0	$0	$0	$0	$0	$0				$0	$2,632		$2,632
126.1 Allowance for Doubtful Accounts -Tenants	-$790	$0	$0	$0	$0	$0	$0				$0	-$790		-$790
126.2 Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0	$0	$0			$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current	$0	$0	$0	$0	$0	$0	$0				$46,500	$46,500		$46,500
128 Fraud Recovery	$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
129 Accrued Interest Receivable	$0	$0	$159,483	$0	$0	$0	$0				$0	$159,483		$159,483
120 Total Receivables, Net of Allowances for Doubtful Accounts	$5,108	$5,790	$256,260	$6,266	$0	$0	$44,357	$127,772	$0	$0	$112,141	$557,694	$0	$557,694
131 Investments - Unrestricted	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
132 Investments - Restricted	$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
142 Prepaid Expenses and Other Assets	$0	$0	$0	$0	$2,507	$0	$0				$0	$2,507		$2,507
143 Inventories	$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
144 Inter Program Due From	$0	$0	$0	$0	$0	$0	$0				$18,020	$18,020	-$18,020	$0
145 Assets Held for Sale	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
150 Total Current Assets	$1,512,027	$5,790	$6,726,416	$6,266	$1,340,335	$0	$1,469,954	$286,284	$0	$0	$749,510	$12,096,582	-$18,020	$12,078,562
161 Land	$1,466,905	$0	$0	$0	$673,701	$0	$0				$0	$2,140,606		$2,140,606
162 Buildings	$26,051,317	$0	$990,671	$0	$1,317,144	$0	$0				$927,262	$29,286,394		$29,286,394
163 Furniture, Equipment & Machinery - Dwellings	$269,976	$0	$0	$0	$0	$0	$105,354				$0	$375,330		$375,330
164 Furniture, Equipment & Machinery - Administration	$324,521	$0	$6,112	$0	$0	$0	$0				$3,470	$334,103		$334,103
165 Leasehold Improvements	$0	$0	$0	$0	$276,861	$0	$200,000				$0	$476,861		$476,861
166 Accumulated Depreciation	-$17,914,284	$0	-$181,577	$0	-$584,531	$0	-$213,262				-$32,584	-$18,926,238		-$18,926,238
167 Construction in Progress	$292,370	$0	$1,079,158	$0	$0	$0	$0				$0	$1,371,528		$1,371,528
168 Infrastructure	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
160 Total Capital Assets, Net of Accumulated Depreciation	$10,490,805	$0	$1,894,364	$0	$1,683,175	$0	$92,092	$0	$0	$0	$898,148	$15,058,584	$0	$15,058,584
171 Notes, Loans and Mortgages Receivable - Non-Current	$0	$0	$72,544,514	$0	$0	$0	$0				$1,197,141	$73,741,655		$73,741,655
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	$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
174 Other Assets	$0	$0	$368,173	$0	$0	$0	$0				$0	$368,173		$368,173
176 Investments in Joint Ventures	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
180 Total Non-Current Assets	$10,490,805	$0	$74,807,051	$0	$1,683,175	$0	$92,092	$0	$0	$0	$2,095,289	$89,168,412	$0	$89,168,412

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA
FINANCIAL DATA SCHEDULE – BALANCE SHEET
SEPTEMBER 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.218 Community Development Block Grants/Entitlement Grants	14.228 Community Development Block Grants/State's Program	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources	$442,467	$0	$304,688	$0	$0	$0	$314,049				$703,058	$1,764,262	$0	$1,764,262
290 Total Assets and Deferred Outflow of Resources	$12,445,299	$5,790	$81,838,155	$6,266	$3,023,510	$0	$1,876,095	$286,284	$0	$0	$3,547,857	$103,029,256	-$18,020	$103,011,236
311 Bank Overdraft	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
312 Accounts Payable <= 90 Days	$58,735	$0	$7,407	$0	$5,588	$0	$5,915	$5,401			$45,692	$128,738		$128,738
313 Accounts Payable >90 Days Past Due	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
321 Accrued Wage/Payroll Taxes Payable	$20,719	$0	$33,220	$0	$3,749	$0	$28,172				$64,387	$150,247		$150,247
322 Accrued Compensated Absences - Current Portion	$4,664	$0	$4,018	$0	$634	$0	$6,119				$13,932	$29,367		$29,367
324 Accrued Contingency Liability	$100,000	$0	$0	$0	$0	$0	$0				$0	$100,000		$100,000
325 Accrued Interest Payable	$0	$0	$15,027	$0	$0	$0	$0				$0	$15,027		$15,027
331 Accounts Payable - HUD PHA Programs	$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
333 Accounts Payable - Other Government	$163,765	$0	$0	$0	$0	$0	$0				$0	$163,765		$163,765
341 Tenant Security Deposits	$118,572	$0	$5,925	$0	$16,527	$0	$0				$0	$141,024		$141,024
342 Unearned Revenue	$2,719	$0	$654	$0	$48	$0	$0				$0	$3,421		$3,421
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0	$0	$14,760	$0	$51,577	$0	$0				$0	$66,337		$66,337
344 Current Portion of Long-term Debt - Operating Borrowings	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
345 Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$650			$0	$650		$650
346 Accrued Liabilities - Other	$0	$0	$0	$0	$0	$0	$0				$104,285	$104,285		$104,285
347 Inter Program - Due To	$5,964	$5,790	$0	$6,266	$0	$0	$0				$0	$18,020	-$18,020	$0
348 Loan Liability - Current	$0	$0	$102,000	$0	$0	$0	$0				$94,840	$196,840		$196,840
310 Total Current Liabilities	$475,138	$5,790	$183,011	$6,266	$78,123	$0	$40,206	$6,051	$0	$0	$323,136	$1,117,721	-$18,020	$1,099,701
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$1,269,629	$0	$2,039,711	$0	$0				$0	$3,309,340		$3,309,340
352 Long-term Debt, Net of Current - Operating Borrowings	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
353 Non-current Liabilities - Other	$156,515	$0	$0	$0	$0	$0	$261,399				$0	$417,914		$417,914
354 Accrued Compensated Absences - Non Current	$41,978	$0	$36,163	$0	$5,707	$0	$55,075				$125,389	$264,312		$264,312
355 Loan Liability - Non Current	$0	$0	$491,174	$0	$0	$0	$0				$0	$491,174		$491,174
356 FASB 5 Liabilities	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
357 Accrued Pension and OPEB Liabilities	$1,883,783	$0	$1,297,166	$0	$0	$0	$1,336,975				$2,993,172	$7,511,096		$7,511,096
350 Total Non-Current Liabilities	$2,082,276	$0	$3,094,132	$0	$2,045,418	$0	$1,653,449	$0	$0	$0	$3,118,561	$11,993,836	$0	$11,993,836
300 Total Liabilities	$2,557,414	$5,790	$3,277,143	$6,266	$2,123,541	$0	$1,693,655	$6,051	$0	$0	$3,441,697	$13,111,557	-$18,020	$13,093,537
400 Deferred Inflow of Resources	$183,119	$0	$126,096	$0	$0	$0	$129,965				$290,962	$730,142	$0	$730,142
508.4 Net Investment in Capital Assets	$10,490,805	$0	$609,975	$0	-$408,113	$0	$92,092				$898,148	$11,682,907		$11,682,907
511.4 Restricted Net Position	$0	$0	$0	$0	$0	$0	$667,669				$0	$667,669		$667,669
512.4 Unrestricted Net Position	-$786,039	$0	$77,824,941	$0	$1,308,082	$0	-$707,286	$280,233	$0	$0	-$1,082,950	$76,836,981		$76,836,981
513 Total Equity - Net Assets / Position	$9,704,766	$0	$78,434,916	$0	$899,969	$0	$52,475	$280,233	$0	$0	-$184,802	$89,187,557	$0	$89,187,557
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$12,445,299	$5,790	$81,838,155	$6,266	$3,023,510	$0	$1,876,095	$286,284	$0	$0	$3,547,857	$103,029,256	-$18,020	$103,011,236

Housing Authority of the City of San Buenaventura
Financial Data Schedule – Income Statement
For Year Ended September 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	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	$1,983,322	$0	$92,583	$0	$378,731	$0	$0				$0	$2,454,636		$2,454,636
70400 Tenant Revenue - Other	$27,518	$0	-$709	$0	$2,226	$0	$0				$0	$29,035		$29,035
70500 Total Tenant Revenue	$2,010,840	$0	$91,874	$0	$380,957	$0	$0	$0	$0	$0	$0	$2,483,671	$0	$2,483,671
70600 HUD PHA Operating Grants	$923,475	$65,936	$0	$94,058	$0	$96,593	$16,744,355				$0	$17,924,417		$17,924,417
70610 Capital Grants	$75,676	$0					$0				$479,373	$555,049		$555,049
70710 Management Fee											$623,125	$623,125	-$604,476	$18,649
70720 Asset Management Fee											$24,840	$24,840	-$24,840	$0
70730 Book Keeping Fee											$157,913	$157,913	-$157,913	$0
70740 Front Line Service Fee											$204,724	$204,724	-$204,724	$0
70750 Other Fees			$0								$369,427	$369,427	-$21,021	$348,406
70700 Total Fee Revenue											$1,380,029	$1,380,029	-$1,012,974	$367,055
70800 Other Government Grants	$0	$0	$456,073	$0	$0	$0	$0				$0	$456,073		$456,073
71100 Investment Income - Unrestricted	$394	$0	$5,949	$0	$12	$0	$21	$216			$2,271	$8,863		$8,863
71200 Mortgage Interest Income	$0	$0	$247,394	$0	$0	$0	$0				$0	$247,394		$247,394
71300 Proceeds from Disposition of Assets Held for Sale	$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
71400 Fraud Recovery	$8,008	$0	$0	$0	$0	$0	$1,962				$0	$9,970		$9,970
71500 Other Revenue	$500	$0	$3,565,442	$0	$70,848	$0	$619,268	$117,938			$381,488	$4,755,484	-$373,899	$4,381,585
71600 Gain or Loss on Sale of Capital Assets	$409,115	$0	$0	$0	$0	$0	$0				$0	$409,115		$409,115
72000 Investment Income - Restricted	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
70000 Total Revenue	$3,428,008	$65,936	$4,366,732	$94,058	$451,817	$96,593	$17,365,606	$118,154	$0	$0	$2,243,161	$28,230,065	-$1,386,873	$26,843,192
91100 Administrative Salaries	$335,748	$0	$569,930	$49,427	$53,922	$4,724	$510,828				$830,546	$2,355,125		$2,355,125
91200 Auditing Fees	$28,457	$0	$10,607	$0	$6,803	$0	$22,363				$5,367	$73,597		$73,597
91300 Management Fee	$285,532	$0	$0	$0	$18,649	$0	$318,944					$623,125	-$604,476	$18,649
91310 Book-keeping Fee	$26,243	$0	$0	$0	$0	$0	$131,670					$157,913	-$157,913	$0
91400 Advertising and Marketing	$211	$0	$6	$0	$17	$0	$733				$4,080	$5,047		$5,047
91500 Employee Benefit contributions - Administrative	$204,669	$0	$325,185	$21,091	$17,514	$2,037	$336,396				$420,579	$1,327,471		$1,327,471
91600 Office Expenses	$119,655	$479	$138,168	$16,870	$26,940	$0	$247,225	$2,369			$193,615	$745,321	-$96,528	$648,793
91700 Legal Expense	$123,877	$6	$5,858	$0	$804	$0	$15,143	$11			$11,340	$157,039	-$17,976	$139,063
91800 Travel	$4,729	$0	$11,994	$3,471	$731	$0	$6,709	$4			$49,261	$76,899		$76,899
91810 Allocated Overhead	$0	$0	$0	$0	$0	$0	$0					$0		$0
91900 Other	$80	$0	$334,741	$0	$0	$0	$13,273	$47,060			$0	$395,154	-$394,920	$234
91000 Total Operating - Administrative	$1,129,201	$485	$1,396,489	$90,859	$125,380	$6,761	$1,603,284	$49,444	$0	$0	$1,514,788	$5,916,691	-$1,271,813	$4,644,878
92000 Asset Management Fee	$24,840	$0	$0	$0	$0	$0	$0					$24,840	-$24,840	$0
92100 Tenant Services - Salaries	$0	$52,243	$0	$0	$0	$0	$0				$0	$52,243		$52,243
92200 Relocation Costs	$1,337	$0	$0	$0	$0	$0	$0				$0	$1,337		$1,337
92300 Employee Benefit Contributions - Tenant Services	$0	$13,188	$0	$0	$0	$0	$0				$0	$13,188		$13,188
92400 Tenant Services - Other	$83,865	$20	$23,719	$2,885	$38	$0	$0				$193	$110,720		$110,720
92500 Total Tenant Services	$85,202	$65,451	$23,719	$2,885	$38	$0	$0	$0	$0	$0	$193	$177,488	$0	$177,488
93100 Water	$299,368	$0	$2,650	$0	$8,911	$0	$0				$0	$310,929		$310,929
93200 Electricity	$39,249	$0	$344	$0	$3,697	$0	$13,300				$0	$56,590		$56,590
93300 Gas	$7,050	$0	$109	$0	$1,350	$0	$0				$0	$8,509		$8,509

Housing Authority of the City of San Buenaventura
Financial Data Schedule – Income Statement
For Year Ended September 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.218 Community Development Block Grants/Entitlement Grants	14.228 Community Development Block Grants/State's Program	COCC	Subtotal	ELIM	Total
93400 Fuel	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
93500 Labor	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
93600 Sewer	$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
93800 Other Utilities Expense	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
93000 Total Utilities	$345,667	$0	$3,103	$0	$13,958	$0	$13,300	$0	$0	$0	$0	$376,028	$0	$376,028
94100 Ordinary Maintenance and Operations - Labor	$170,586	$0	$14,687	$0	$9,495	$0	$20,557				$138,941	$354,266		$354,266
94200 Ordinary Maintenance and Operations - Materials and Other	$77,584	$0	$807	$0	$7,187	$0	$1,093				$9,415	$96,086		$96,086
94300 Ordinary Maintenance and Operations Contracts	$319,608	$0	$6,822	$0	$19,194	$0	$56,024				$34,383	$436,031	-$90,220	$345,811
94500 Employee Benefit Contributions - Ordinary Maintenance	$114,801	$0	$4,469	$0	$2,532	$0	$8,400				$84,965	$215,167		$215,167
94000 Total Maintenance	$682,579	$0	$26,785	$0	$38,408	$0	$86,074	$0	$0	$0	$267,704	$1,101,550	-$90,220	$1,011,330
95100 Protective Services - Labor	$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
95300 Protective Services - Other	$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
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$67,140	$0	$0	$0	$17,513	$0	$0				$0	$84,653		$84,653
96120 Liability Insurance	$33,875	$0	$0	$0	$0	$0	$134				$36,551	$70,560		$70,560
96130 Workmen's Compensation	$37,433	$0	$5,874	$0	$4,429	$0	$8,912				$32,041	$88,689		$88,689
96140 All Other Insurance	$15,375	$0	$0	$314	$0	$0	$1,127				$2,014	$18,830		$18,830
96100 Total insurance Premiums	$153,823	$0	$5,874	$314	$21,942	$0	$10,173	$0	$0	$0	$70,606	$262,732	$0	$262,732
96200 Other General Expenses	$80,333	$0	-$12,182	$0	$2,466	$0	$29,750				$146,244	$246,611		$246,611
96210 Compensated Absences	$39,470	$0	$44,438	$0	$5,832	$0	$56,940				$92,827	$239,507		$239,507
96300 Payments in Lieu of Taxes	$163,764	$0	$0	$0	$0	$0	$0				$0	$163,764		$163,764
96400 Bad debt - Tenant Rents	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
96500 Bad debt - Mortgages	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
96600 Bad debt - Other	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
96800 Severance Expense	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
96000 Total Other General Expenses	$283,567	$0	$32,256	$0	$8,298	$0	$86,690	$0	$0	$0	$239,071	$649,882	$0	$649,882
96710 Interest of Mortgage (or Bonds) Payable	$0	$0	$59,198	$0	$12,578	$0	$0				$0	$71,776		$71,776
96720 Interest on Notes Payable (Short and Long Term)	$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
96700 Total Interest Expense and Amortization Cost	$0	$0	$59,198	$0	$12,578	$0	$0	$0	$0	$0	$0	$71,776	$0	$71,776
96900 Total Operating Expenses	$2,704,879	$65,936	$1,547,424	$94,058	$220,602	$6,761	$1,799,521	$49,444	$0	$0	$2,092,362	$8,580,987	-$1,386,873	$7,194,114
97000 Excess of Operating Revenue over Operating Expenses	$723,129	$0	$2,819,308	$0	$231,215	$89,832	$15,566,085	$68,710	$0	$0	$150,799	$19,649,078	$0	$19,649,078
97100 Extraordinary Maintenance	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
97200 Casualty Losses - Non-capitalized	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
97300 Housing Assistance Payments	$0	$0	$678	$0	$0	$89,832	$15,048,781				$0	$15,139,291		$15,139,291
97350 HAP Portability-In	$0	$0	$0	$0	$0	$0	$561,910				$0	$561,910		$561,910
97400 Depreciation Expense	$945,324	$0	$36,897	$0	$62,363	$0	$8,695				$5,483	$1,058,762		$1,058,762
97500 Fraud Losses	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
97600 Capital Outlays - Governmental Funds														

HOUSING AUTHORITY OF THE CITY OF SAN BUENAVENTURA
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
FOR YEAR ENDED SEPTEMBER 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.218 Community Development Block Grants/Entitlement Grants	14.228 Community Development Block Grants/State's Program	COCC	Subtotal	ELIM	Total
97700 Debt Principal Payment - Governmental Funds														
97800 Dwelling Units Rent Expense	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
90000 Total Expenses	$3,650,203	$65,936	$1,584,999	$94,058	$282,965	$96,593	$17,418,907	$49,444	$0	$0	$2,097,845	$25,340,950	-$1,386,873	$23,954,077
10010 Operating Transfer In	$119,015	$0	$0	$0	$0	$0	$0				$0	$119,015	-$119,015	$0
10020 Operating transfer Out	-$119,015	$0	$0	$0	$0	$0	$0				$0	-$119,015	$119,015	$0
10030 Operating Transfers from/to Primary Government	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
10040 Operating Transfers from/to Component Unit	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
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
10080 Special Items (Net Gain/Loss)	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
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
10094 Transfers between Project and Program - Out	$0	$0	$0	$0	$0	$0	$0				$0	$0		$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$222,195	$0	$2,781,733	$0	$168,852	$0	-$53,301	$68,710	$0	$0	$145,316	$2,889,115	$0	$2,889,115
11020 Required Annual Debt Principal Payments	$0	$0	$13,867	$0	$51,270	$0	$0	$0	$0	$0	$0	$65,137		$65,137
11030 Beginning Equity	$10,420,768	$0	$75,306,569	$0	$731,117	$0	$105,776	$0	$0	$0	-$346,354	$86,217,876		$86,217,876
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$493,807	$0	$346,614	$0	$0	$0	$0	$211,523			$16,236	$80,566		$80,566
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							-$615,194					-$615,194		-$615,194
11180 Housing Assistance Payments Equity							$667,669					$667,669		$667,669
11190 Unit Months Available	3540	0	20	0	264	156	18108				0	22088		22088
11210 Number of Unit Months Leased	3499	0	20	0	264	135	17556				0	21474		21474
11270 Excess Cash	$655,114											$655,114		$655,114
11610 Land Purchases	$0										$0	$0		$0
11620 Building Purchases	$75,676										$479,373	$555,049		$555,049
11630 Furniture & Equipment - Dwelling Purchases	$0										$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0										$0	$0		$0
11650 Leasehold Improvements Purchases	$0										$0	$0		$0
11660 Infrastructure Purchases	$0										$0	$0		$0
13510 CFFP Debt Service Payments	$0										$0	$0		$0
13901 Replacement Housing Factor Funds	$0										$0	$0		$0