COMPREHENSIVE ANNUAL FINANCIAL REPORT

Housing Authority of the City of Oakland, California
Fiscal Year Ended June 30, 2017

HOUSING AUTHORITY OF THE CITY OF OAKLAND, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Prepared by:
Finance Department

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
For the Year Ended June 30, 2017

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Oakland Housing Authority

December 11, 2017

Members of the Board of Commissioners
of the Housing Authority of the City of Oakland, California
Oakland, California

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of the City of Oakland, California (the Authority) as of and for the year ended June 30, 2017. The U.S. Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year-end, financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards (GAAS). The Authority's financial statements presented here have been audited by Macias Gini & O'Connell LLP (MGO), independent certified public accountants. MGO has issued an unmodified opinion on the Authority's basic financial statements for the year ended June 30, 2017. The purpose of the independent audit is to provide reasonable assurance the audited basic financial statements taken as a whole are free of material misstatements. The data presented in this report is the responsibility of the management of the Authority. To the best of our knowledge and belief, the data as presented is accurate in all material respects, is presented in a manner designed to fairly state the financial position and changes in financial position of the Authority and all disclosures necessary have been included to enable the reader to gain an understanding of the Authority's financial affairs. GAAP requires that management provide a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The Authority's MD&A can be found immediately following the report of the independent auditors. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

The Authority is also required to undergo an audit in conformity with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*. It is the Authority's policy to require the accounting firm to be independent certified public accountants with specific experience in auditing government entities and in performing single audits. Information related to this single audit, including the independent auditor's report in 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*, the independent auditor's report on compliance for the Authority's major federal programs and on internal control over compliance, the schedule of expenditures of federal awards, the schedule of findings and questioned costs and the status of prior year findings are included in the federal compliance section of this report.

Government Overview

The Authority was established in 1938 to provide housing for low-income residents of the City of Oakland, California (City). The Authority was founded by City of Oakland ordinance, under the Health and Safety Code of the State of California and is governed by a seven-member Board of Commissioners appointed by the Mayor of the City, with the approval of the City Council. This report includes all programs of the Authority, as well as all of its component units. Component units are legally separate entities for which a government is financially accountable or for which it is so intertwined with the primary government that they are essentially the same as the primary government. Although the Authority maintains close ties with the City in several respects, the Authority is not a component unit of the City as promulgated by the Governmental Accounting Standards Board (GASB).

The Authority's primary source of funding is from HUD. HUD has direct responsibility for administering Public Housing Programs under the United States Housing Act of 1937 (as amended). The Authority's mission is *To assure the availability of quality housing for low-income persons and to promote the civic involvement and economic self-sufficiency of residents and to further the expansion of affordable housing within Oakland.* The Authority accomplishes its mission by administering a number of programs, including the Low Rent Housing Program and the Section 8 Housing Choice Voucher (HCV) Program. In 2004, the Authority was selected to participate in HUD's Moving to Work (MTW) Demonstration Program. The program allows the Authority an exemption from a multitude of HUD regulations and reporting requirements; provides significant flexibility to combine its HUD funding for allocation among the Authority's administrative, capital, development and supportive

service activities; and presents a unique opportunity for the Authority to explore and test new and innovative methods of delivering housing. The Authority has established various instrumentalities and affiliates to partner and develop alternative housing possibilities for over 16,000 of Oakland's lowest-income families, elderly and persons with disabilities. As the City's largest provider of affordable housing, the Authority recognizes that it takes tremendous amount of support to help people make a home and assist residents in building communities.

Economic Condition and Outlook

Due to its economic dependency on HUD, the Authority's finances are directly impacted by Congressional housing legislation and the federal budget. In fiscal year 2017, HUD provided over 94% of the Authority's total revenues. These revenues are provided through a variety of contracts and grants however, all are paid in accordance with HUD's funding levels. For much of fiscal 2017, the federal government, including the operations of HUD, was operating under the 2016 Appropriations Act through Continuing Resolutions. On May 1, 2017, the Consolidated Appropriations Act of 2017 was passed, funding the government through September 2017, including the operations of HUD. On September 8, 2017, Congress passed the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 funding the federal government at a level slightly reduced from the 2017 levels through December 9, 2017. Congress must take some budgetary action before that date, either a continuing resolution which will sustain the current funding levels, or pass a new Appropriations bill, however a government shutdown is unlikely. The Authority has remained conservative in its budgeting and anticipates funding at the budgeted level for the remainder of fiscal 2018, although capital expenditures for major renovations and development continue as planned.

The 2016 Appropriations Act included language instructing HUD to extend the MTW Agreements of all existing MTW Agencies until 2028. As directed, HUD notified the Authority that the Agreement was modified to show this extension. The Authority Board approved the amendment in May 2016. The impact of this extension will have a direct impact the level of funding as well as the Authority's ability to provide a variety of services currently being offered under its MTW authority in fiscal years 2018 and beyond.

Major Initiatives

AveVista project – the Authority partnered with BRIDGE Housing Corporation to develop a mixed-use development on a 0.68 acre site located directly across Grand Avenue from Lake Merritt. This mixed-use building contains 68 units of affordable family rental housing and 3,400 square feet of ground-floor commercial space. The Authority owns the land, contributed predevelopment financing, and issued bonds that provided construction and permanent financing. The Authority also allocated 34 Project Based Vouchers. The building is now 100% occupied and BRIDGE is marketing the commercial space.

Prosperity Place (11th and Jackson) project – the Authority is partnering with East Bay Asian Local Development Corporation (EBALDC) to develop 71 units of affordable housing over commercial space at 1100 Jackson Street. It will be four-stories of residential over approximately 3,900 square feet of commercial space and 1st level podium parking. Eight units will be reserved for special needs residents through the HOPEWA program. The Authority owns the land, provided a predevelopment loan and Project Based Section 8 vouchers for 35 of the residential units. As of March 31, 2017, 100% of the resident leases had been signed. The permanent closing occurred on September 15, 2017. The commercial space has been leased to a dental clinic and is planning to open in October 2017.

Acts Cyrene Apartments project – the Authority is partnering with Related California and Acts Community Development Corp. to develop a 59 unit multifamily housing completed at 94th Avenue and International Blvd. The 1.26 acre site will house a 4-story building with retail space, a community room and social service space for residents on the first level. 14 of the units are projected to be reserved for homeless/formerly homeless households. The Authority owns the land and is providing construction and permanent funding and Project Based Section 8 vouchers for 14 of the residential units. Construction closing occurred in November 2015 and construction commenced in December 2015. The complex was expected to be completed in June 2017, however, scheduling delays for the elevators has put the expected completion in October 2017.

15th and Harrison Street project – the Authority owns three parcels located at 1440, 1450 and 1500 Harrison Street that is currently being leased to a parking lot vendor. In May 2016, the Authority's Board approved funding to initiate predevelopment activities for this OHA-sponsored development. Preliminary analysis shows a project concept for 80-120 affordable rental units for families, one or two levels of structured parking and ground floor

commercial space. It is anticipated that the project will include Affordable Housing and Sustainable Communities (AHSC, or also known as "Cap and Trade" funds) funding, Low Income Housing Tax Credits, conventional mortgage financing and direct financing from the Authority, as well as Project-Based Section 8 Vouchers.

Oak Groves project – the Authority is in the early stages of planning to rehabilitate 152 public housing units located within two residential buildings in downtown Oakland. Oak Grove North (OGN) is a 77-unit building located at 620 17th Street built in 1980 and Oak Grove South is a 75-unit building located at 570 16th Street built in 1982. In July 2016, the Authority's Board authorized the Authority to contract with Okamoto Saijo Architecture to develop plans and specifications, obtain planning and building approvals, assist with obtaining construction bids and provide construction administration services. Preliminary estimates for construction are over $35 million. In August 2017, The Authority's Board approved the submission of a Disposition Application to HUD for three public housing sites (including the Oak Groves), subsequent application for Section 8 vouchers and a project basing of the awards to the sites. This will the Authority to seek additional non-OHA and non-HUD funding, including 4% low income housing tax credits to restore the properties.

Brooklyn Basin project – the Authority is partnering with the City of Oakland and MidPen Housing Corporation to develop 465 units of affordable housing for low-income families and seniors as part of the Brooklyn Basin project. The project is a large scale, master planned community on a formerly-industrial site along Oakland's waterfront. The project site is approximately 64 acres of property and, when complete, will include up to 3,100 residential units (including the 465 affordable rental units), 200,000 square feet of commercial space, 32 acres of parks and public open space, two renovated marinas (170 boat slips) and an existing wetlands restoration area. The master developer is Zarsion-OHP I, LLC (ZOHP), whose principal local partner is the Signature Development Group.

The City of Oakland has acquired two (2) parcels from ZOHP for the purpose of developing the 465 affordable units (parcels A and F). Four projects in total are planned, two on each parcel. Project 1 (101 units for family) and Project 2 (9110 units for seniors) on Parcel F will be pursued first and both are projects to break ground at the end of 2018.

The Authority intends to participate in the financial of the four projects by purchasing a 50% tenant-in-common interest in Parcels A and F from the City for $10 million and by allocating 258 Section 8 Project Based Vouchers to be distributed between the four projects when construction is completed. The land acquisition closing was completed in October 2017.

Empyrean Towers project – the Authority is partnering with Resources for Community Development (RCD) for the acquisition and rehabilitation of Empyrean Towers, a market-rate Single Room Occupancy (SRO) building built in 1911 consisting of 99 small units with no kitchens at 344 13th Street in Oakland. The Empyrean had a history of poor management and code violations. RCD purchased the building in March 2017. RCD plans to convert the project to permanently affordable housing. The renovation involves expanding the units to studios and one-bedroom apartments, all including baths and kitchenettes. The resulting property will house 66 units (54 studios and 12 one-bedrooms) targeting low-income individuals and small households.

The Authority has committed a $950,000 predevelopment loan and conditionally committed, subject to both the Empyrean and Harrison Hotel obtaining DEQA and NEPA approval, 32 Project Based Vouchers, an estimate $1 million to acquire the land under the Empyrean and $4 million in permanent gap financial.

Financial Information

The Authority's management is responsible for establishing and maintaining internal controls designed to ensure that the Authority's assets are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The Authority has designed its internal controls to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived and that the valuation of the costs and benefits requires estimates and judgment by management.

Single Audit
As a recipient of federal awards, the Authority is responsible for ensuring that adequate internal controls are in place to provide compliance with applicable laws, regulations, contracts and grants related to these programs. These internal controls are subject to periodic evaluation by management and the independent auditors.

As part of the Authority's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal award programs, as well as to learn when the Authority has complied with applicable laws, regulations, contracts and grants. Reports were prepared for this purpose and are included in this CAFR in the federal compliance section.

Debt Administration
We are pleased to announce that at June 30, 2017, the Authority's primary government had no debt.

Awards
The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to recognize conformance with the highest standards for preparation of government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to the program standards. These CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year.

The Authority very proudly announces that the GFOA has awarded the Certificate for Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report for the year ended June 30, 2016. The Authority intends to submit its CAFR for the year ended June 30, 2017 to the GFOA for its review. We believe our report conforms to the Certificate and Achievement program requirements.

Acknowledgements
Preparation of the Comprehensive Annual Financial Report on a timely basis was accomplished through the dedicated service of the entire staff of the Finance Department. Each member of the Finance Department has our sincere appreciation for the contributions made in preparation of its report.

In closing, without the leadership and support of the members of the Board of Commissioners, preparation of this report would not have been possible.

Respectfully submitted,

Eric Johnson
Executive Director

Tracy L. Stabler, CPA
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Housing Authority of the City of Oakland, California

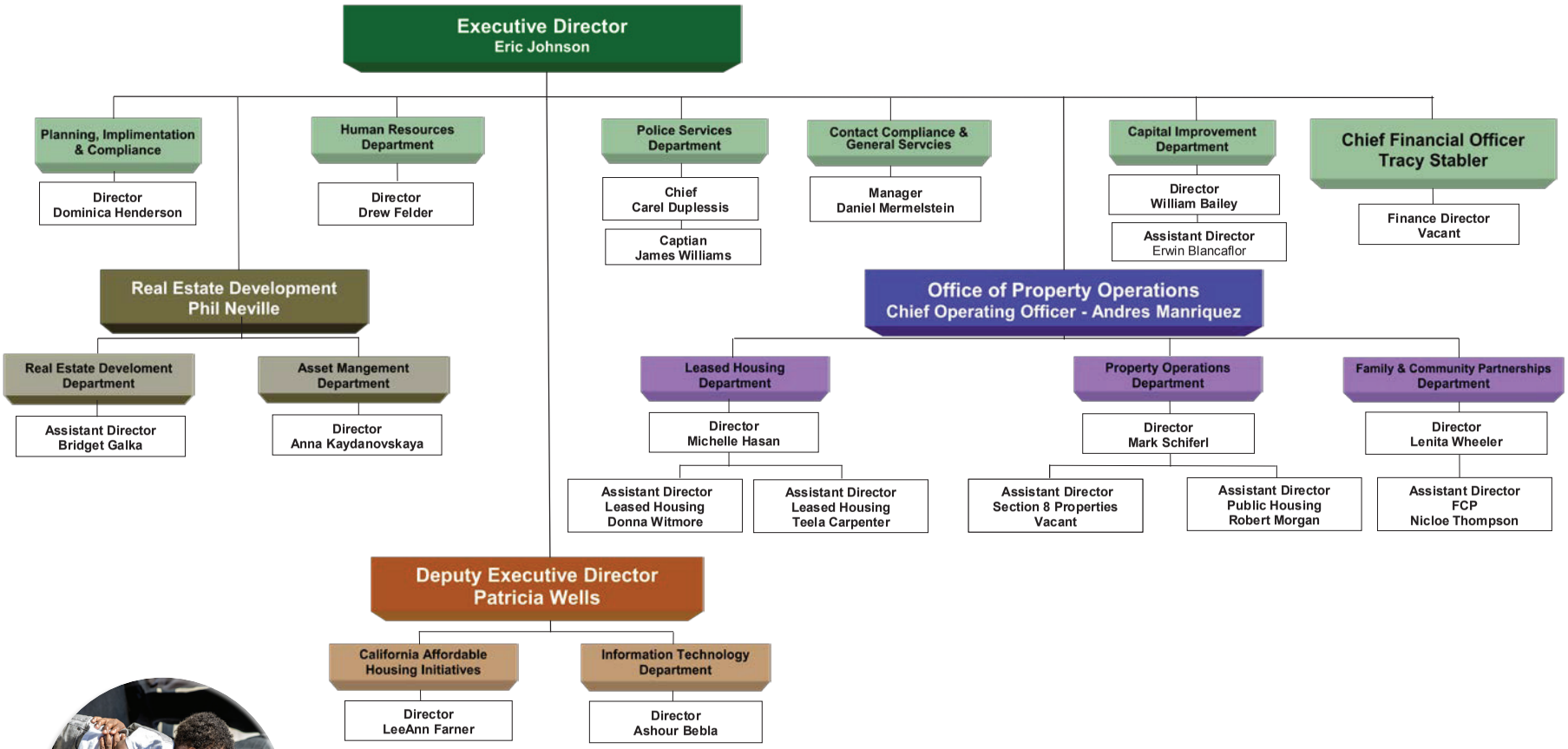
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Jeffrey R. Emer

Executive Director/CEO

Oakland Housing Authority



BOARD OF COMMISSIONERS







BOARD OF COMMISSIONERS

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Marlene C. Hurd, Vice-Chair
Janny Castillo
Anne E. Griffith
Donna Griggs-Murphy
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Barbara Montgomery

EXECUTIVE TEAM





EXECUTIVE TEAM

Eric Johnson, Executive Director
Andrés Manriquez, Chief Operating Officer
Phillip Neville, Deputy Executive Director
Tracy Stabler, Chief Financial Officer
Patricia Wells, Deputy Executive Director

DIRECTORS

William Bailey, Capital Improvements
Ashour Bebla, Information Technology
Chief Carel Duplessis, Police Department
LeeAnn Farner, California Affordable Housing Initiatives, Inc.
Drew Felder, Human Resources
Michelle Hasan, Leased Housing
Anna Kaydanovskaya, Asset Management
Mark Schiferl, Property Management
Lenita Wheeler, Family and Community Partnerships

FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to Financial Statements
- Required Supplementary Information

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Certified
Public
Accountants

Independent Auditor's Report

Members of the Board of Commissioners of the
Housing Authority of the City of Oakland, California
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the City of Oakland, California (Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of the Authority. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Chestnut Linden Associates, Lion Creek Senior Housing Partners, L.P., and AveVista Associates, L.P., discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of June 30, 2017 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 the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of proportionate share of the net pension liability and related ratios, schedule of pension contributions, and schedule of funding progress – postemployment healthcare benefits as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 collectively comprise the Authority's basic financial statements. The introductory section, combining financial schedules included in other supplementary information, statistical section, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial schedules included in other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 11, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 11, 2017

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This section of the Housing Authority of the City of Oakland's (the Authority) financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the Authority's financial statements and related notes, which follow this section.

As required under U.S. generally accepted accounting principles, 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, deferred outflows of resources, liabilities, and deferred inflows of resources association with the operations of the Authority are included in the statement of financial position.

Financial Highlights

- Total net position increased from $377.4 million to $393.4 million as of June 30, 2017, a net increase of $16.0 million. The net increase of $16.0 million is due to revenues of $812.4 million exceeding expenses of $796.4 million.
- Total assets increased by $13.1 million. The biggest changes contributing to this increase include an increase in current receivable of $8.0 million, an increase in net OPEB assets of $9.2 million, an increase of $2.9 million in other non-current assets, and an increase of $4.3 million long term notes receivables. These increases were offset by decreases in cash of $8.7 million and capital assets of $2.8 million.
- Capital assets decreased by $2.8 million, representing additions of $6.5 million netted with a $9.3 million charge for depreciation.
- Total liabilities increased by $4.6 million. Changes contributing to this increase include a decrease of $2.2 million in current liabilities of due to timing differences in accounts payable and other year-end accruals offset by an increase of $6.8 million in noncurrent liabilities, primarily the net pension liability.
- Total revenues increased by $88.4 million from $724.0 million to $812.4 million. This increase is comprised of increases in subsidy revenues of $65.4 million, $5.1 million in rental income, $1.5 million in non-operating income, $7.9 million in operating grant revenue, and $8.5 million in other operating revenue. Subsidy revenues increased mostly due to an increase in the amount of housing assistance payments, particularly those payments administered on behalf of HUD through the California Affordable Housing Initiatives, Inc. (CAHI), a blended component unit of the Authority.

Overview of the Financial Statements

The financial section of this report consists of the independent auditor's report, management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include the following:

The *Statement of Net Position* reports on the Authority's short and long term assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference report as net financial position. Amounts are reported in order of liquidity and are shown on the statement as current (to be received or used within one year) or noncurrent.

The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the Authority's overall financial position and results.

The *Statement of Cash Flows* reports how the Authority obtained and used its cash during the fiscal year. Activities are reported by its operating, noncapital financing, capital and related financing and investment activities. This statement was prepared using the direct method and includes a reconciliation of operating activities to operating income.

Notes to Financial Statements provides additional disclosures and are considered an integral part of the financial statements. These disclosures supplement the statements are essential to comprehensive understanding of the financial activities of the Authority.

The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of these statements. The basic financial statements include both blended and discretely presented component units. Complete financial statements of individual component units can be obtained from the Authority's Finance Department.

In addition to the basic financial statements, this report provides supplementary information. Supplementary information includes schedules related to the Authority's pension plans, schedules of funding progress for the Authority's OPEB benefits as well as Combining Schedules for its Federal, Other Housing and General Programs, and Federal Programs financial statements.

Financial Analysis of the Authority

Net Position - The Authority's net position increased by $16.0 million during the current fiscal year. This represents an increase of 4% of net position. A summary of the statement of net position as of June 30, 2017 and 2016 is shown in the following table (dollars in millions).

	June 30		Increase/(Decrease)	
	2017	2016	Amount	%
Assets:				
Current and other assets	$ 286.9	$ 271.0	$ 15.9	6%
Capital assets	115.3	118.1	(2.8)	-2%
Total assets	402.2	389.1	13.1	3%
Deferred outflows of resources	10.8	4.1	6.7	163%
Liabilities:				
Current liabilities	7.9	10.1	(2.2)	-22%
Noncurrent liabilities	8.9	2.1	6.8	324%
Total liabilities	16.8	12.2	4.6	38%
Deferred inflows of resources	2.8	3.6	(0.8)	-22%
Net position:				
Net investment in capital assets	115.3	118.1	(2.8)	-2%
Restricted	14.8	5.5	9.3	169%
Unrestricted	263.3	253.8	9.5	4%
Total net position	$ 393.4	$ 377.4	$ 16.0	4%

The net increase/ (decrease) in the Authority's current and other assets was 6% or $15.9 million from the prior year. Significant balances with fluctuations compared to the prior year include:

- Unrestricted Cash – the Authority's cash position decreased by $8.9 million due to the increase of HUD receivables and OPEB payments discussed below.
- HUD Receivables - the Authority expects to be reimbursed $18.3 million for Administrative Subsidy expenditures.
- Other Receivables – Receivables from developer fees contracts, other governments and partners were $8.9 million at June 30, 2017.
- Notes Receivable – The Authority lent $4.1 million in new loans and received $0.5 million in loan repayments from component units and others.
- Net OPEB Asset – The Authority's net OPEB asset increased $9.3 million after a current year net OPEB cost of $5.9 million was netted against a $15.2 million contribution made towards its OPEB plan to reduce the unfunded actuarially accrued OPEB obligations in FY2017.

The net increase/(decrease) in the Authority's total liabilities was $4.6 million compared to the prior year due to:

- Accounts payable and accrued payroll timing differences accounted for a $2.4 million decrease.
- The net pension liability increased by $6.6 million as discussed in Note 10 to the financial statements.

The increase in net position was due to factors as summarized below:

- Net investment in capital assets decreased by $2.8 million representing a net of additions of capital assets offset by depreciation expense.
- Restricted net position increased by $9.3 million and due to the increase in the in OPEB assets held in trust with CERBT reflecting the increase in the OPEB asset as noted above.
- Unrestricted net position increased by $9.5 million due to revenues exceeding expenses after recognizing the changes in net position classifications above.

Statement of Revenues, Expenses and Changes in Net Position - This statement shows the sources of the Authority's changes in net position. A summary of the activities for the fiscal year ended June 30, 2017 and 2016 is shown in the following table (dollars in millions).

	For the year ended June 30		Increase/(Decrease)	
	2017	2016	Amount	%
Revenues:				
Operating revenues:				
Rental income	$ 30.9	$ 25.8	$ 5.1	20%
Housing assistance payments revenues	739.5	674.1	65.4	10%
Other operating grants	11.8	3.9	7.9	203%
Miscellaneous and other revenues	25.1	16.6	8.5	51%
Nonoperating revenues:				
Investment income	0.7	0.7	-	0%
Other nonoperating revenues	4.4	2.9	1.5	52%
Total revenues	812.4	724.0	88.4	12%
Expenses:				
Operating expenses				
Housing assistance payments	706.0	630.2	75.8	12%
Depreciation and amortization	9.3	9.3	-	0%
Other operating expenses	81.0	78.2	2.8	4%
Nonoperating expenses				
Other nonoperating expense	0.1	-	0.1	n/a
Total expense	796.4	717.7	78.7	11%
Change in net position	16.0	6.3	9.7	154%
Net position, beginning of year	377.4	371.1	6.3	2%
Net position, end of year	$ 393.4	$ 377.4	$ 16.0	4%

Revenues: Revenues increased by $88.4 million with the following explanations:

- Revenues – An increase of $5.1 million in rental income is due to lower vacancy rates as well as rent increases related to the Oakland Affordable Housing Preservation Initiatives (OAHPI) scattered site units during the year ended June 30, 2017.
- Housing assistance and other operating grant revenues were $65.4 million higher due to increases in fair market rents in the HUD contracts administered by both CAHI and the Authority.
- Other operating grants were $7.9 million higher as the Authority made use of its capital fund program block grant.
- Other operating revenues were $8.5 million higher primarily due to the increase in administrative fees earned by CAHI.

Expenses: Expenses increased by $78.7 million with the following explanations:

- Housing Assistance Payments – Payments increased by $75.8 million. This is due to increased payments paid under the CAHI contract and the Authority payments due increases in the payment standards the Authority paid to address the rising rent crisis in the City of Oakland.
- Other Operating Expense increased by $2.8 million due to increased costs for employee benefits, primarily pension and health care benefits and an increase in management fees.

Capital Asset Activity

During the fiscal year ended June 30, 2017, the Authority expended funds on buildings and improvement in the amount of $6.7 million; the majority of that was used to address deferred maintenance in the buildings held by OAHPI. The Authority has committed to providing funding to bring the former public housing sites up to full occupancy through renovation and updating over a five to ten year period. The renovation project is included in the fiscal 2017 and fiscal 2018 budget process. Additional information on the Authority's capital assets can be found in Note 6 to the basic financial statements.

The following summarizes the authority's capital assets, net of accumulated depreciation and the changes for fiscal year ending June 30, 2017 and 2016:

	June 30		Increase/(Decrease)	
	2017	2016	Amount	%
Land	$ 67.7	$ 67.9	$ (0.2)	0%
Construction in process	3.2	3.1	0.1	3%
Building and improvements	289.2	284.3	4.9	2%
Equipment and vehicles	10.2	9.8	0.4	4%
	370.3	365.1	5.2	1%
Accumulated depreciation	(255.0)	(247.0)	(8.0)	3%
Total capital assets, net	$ 115.3	$ 118.1	$ (2.8)	-2%

Long Term Debt Activity

During fiscal year ended June 30, 2017, the Authority's long-term debt remained relatively the same except for scheduled debt service payments. Additional information on the Authority's long-term debt can be found in Notes 13 and 14 to the basic financial statements.

Economic Factors

Significant economic factors affecting the Authority and its mission to provide affordable housing to residents of Oakland include:

- Federal funding of HUD. As the Authority receives the majority of its operating revenue from financial assistance from HUD, the Authority and its operations are significantly affected by the federal government's annual appropriation to HUD. The effect of the federal budget not being approved has left a great deal of ambiguity in developing the Authority's budget and planning for the fiscal 2018 year and beyond. The Authority's budget for fiscal 2017 was developed with the conservative estimates of revenue, assuming federal uncertainty in appropriations and potential cuts to programs affecting the Authority. The 2016 Appropriations Act provided much needed assurance of funding for fiscal 2016, which was also used as the base to provide interim funding during 2017. The Authority, anticipating ongoing uncertainty in budget negotiations, was once more conservative in its fiscal 2018 operations budget, but has elected to proceed with development projects that would be financed with Authority reserves should HUD funding be

reduced. The Authority has been assessing its financial condition and is attempting to align its activities and the financial position of the agency so it can respond to new terms and conditions that may be incorporated by ongoing continuing resolutions and stop gap funding measures. By incorporating its estimate of these possible changes and reductions into its budget for the current and future fiscal years, the Authority hopes to avoid any significant reductions in service levels or ongoing operations, however, any deviation from current estimates of funding to be received would have to be reexamined.

- Local inflationary, economic and employment trends that can affect resident income and therefore impact the amount of rental income. Oakland's unemployment rate is at a low 3.8% in 2017, resulting in a moderate growth of payroll of 2% from 2016. There is job growth in almost every sector resulting in an influx of new residents and businesses which contribute again to the tight rental market. The current outlook is for continue job growth for the remainder of 2017 and into 2018. Over 907,000 square feet of office space is currently under construction to address the job growth, however, rental construction is not keeping the same pace. With over 20.4% of the general population of Oakland is below the poverty line, as opposed to 12.7% of the general population in the United States. Current forecasts estimate mean household income and job growth to continue to increase at rate close to what has occurred in the past year, however, this increase is not keeping pace with the increase in rents in the area. As a result, the Authority anticipates an increase in the need for the affordable housing units managed by the Authority.

- Local and national property rental markets determine availability. Oakland and the entire East Bay region saw significant growth over the course of the last five years. The area has transformed into a higher-skilled labor market and is more accessible due to lower costs compared to San Francisco and San Jose. Oakland got to a point in 2015 and 2016 where it was leading rent growth by far as compared to every other major city in the U.S. The metro had a double-digit growth spanning a total of 21 months, from July 2014 to March 2016. Following the excessive growth period, rents appear to have stabilized, with a modest increase in 2017 of 2 percent, in line with other California markets. Unfortunately, however, the damage has been done, as the higher rents based on the 2014 to 2016 rent increases are still in place.

- Local and national property rental markets determine availability. In Oakland, apartment vacancy rates eased slightly, from 2-3% in 2016 to 4% in 2017. At the same time, apartment rents increases from the double digit pace of prior years, but still increased over 2016 by 1% on top of prior year increases of over 38%. This increase, while slower than in prior years, however, is less than other Bay Area cities so the slower increase is attracting more renters into Oakland, further reducing available inventory. Since the Authority is limited to what amount it may provide in assistance based on HUD's payment standards, this combination of low inventory plus high rents makes it more attractive for landlords to opt out of the voucher program and creates an even bigger shortage of affordable housing in the City and from the Authority. In fiscal 2017, the Authority requested approval from HUD to offer a variety of activities to encourage and incentivize landlords in the City to accept Section 8 tenants and help increase the availability of rentals to our participants. These programs are being designed and should be launched in early fiscal year 2018.

- HUD issued Fair Market Rents (FMRS) are primarily used to determine payment standard HUD issued Fair Market Rents (FMRS) are primarily used to determine payment standard amounts for the Housing Choice Voucher program. FMRs are gross rent estimates for a metropolitan area and include the shelter rent plus the costs of all tenant-paid utilities. In fiscal year 2016, the Authority increased its payment standards as much as allowed to encourage more landlords to accept its Section 8 vouchers. In addition, the Authority was successful in convincing HUD to address the impact of HUD's calculation of FMR's on a market like the Bay Area that is exceeding all

indicators used in HUD's calculation, which resulted in a 35% increase in the FMR's. While this has helped the Authority to address the rent disparity, there is still a shortage of landlords willing to accept the lower than market rents and Section 8 vouchers.

- In November of 2016, voters in Alameda County approved Measure A1 to issue up to $580 million in bonds for affordable housing across the County. The funds will be allocated to rental housing and homeowner programs. Approximately $425 million of that amount will be used to create and preserve affordable rental housing for vulnerable populations, including lower-income workforce housing. In addition, City of Oakland voters approved Measure KK which will allow the City to issue general obligation bonds up to $600 million, of which $100 million will be used in anti-displacement and housing programs, to acquire and rehabilitate housing for vulnerable communities, including seniors, people with disabilities and veterans. These measures will provide much needed assistance to address the housing needs of some of the same households that rely on the Authority to provide safe and affordable housing. The Authority was included in both competitive solicitations by the County and City for awards of these funds to developers, and expects to secure new project based rental agreements into these new properties as a result. We anticipate this will improve our current Section 8 leasing in this accelerated rental market, and further stabilize participation in that program.

Contact

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Housing Authority of the City of Oakland, Chief Financial Officer, 1619 Harrison Street, Oakland, CA 94612.

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HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Statement of Net Position
June 30, 2017
(With Discretely Presented Component Units as of December 31, 2016)

	Primary Government - Business-Type Activities	Discretely Presented Component Units
Assets:		
Current assets:		
Unrestricted cash and cash equivalents	$ 129,647,372	$ 2,930,939
Accounts receivable, net:		
U.S. Department of Housing and Urban Development	18,280,793	-
Tenants	1,487,943	398,440
Others	8,984,333	607,829
Prepaid expenses	603,957	306,910
Restricted cash and cash equivalents	3,327,806	9,951,935
Total current assets	162,332,204	14,196,053
Noncurrent assets:		
Interest receivable	5,322,294	-
Notes receivable from component units	82,374,571	-
Notes receivable from others	13,206,400	-
Net OPEB assets	12,829,249	-
Other noncurrent assets	10,791,260	4,587,566
Capital assets:		
Nondepreciable	70,968,333	17,398,302
Depreciable, net	44,340,732	255,877,568
Total capital assets	115,309,065	273,275,870
Total noncurrent assets	239,832,839	277,863,436
Total assets	402,165,043	292,059,489
Deferred outflows of resources:		
Pension items	10,825,263	-
Liabilities:		
Current liabilities:		
Accounts payable	1,916,673	347,340
Accrued payroll	1,221,962	30,717
Accrued interest payable	-	497,548
Due to the U.S. Department of Housing and Urban Development	111,853	-
Unearned revenues	701,671	258,422
Other accrued liabilities	2,857,653	1,484,787
Tenant security deposits	669,830	610,562
Current portion of compensated absences	324,441	-
Current portion of long-term debt due to primary governmen	-	62,508
Current portion of long-term debt to others	-	1,463,281
Total current liabilities	7,804,083	4,755,165
Noncurrent liabilities:		
Compensated absences, net of current portion	1,220,993	-
Net pension liability	6,981,849	-
Long-term interest payable	-	18,553,743
Long-term debt due to primary government, net of current portion	-	79,837,246
Long-term debt to others, net of current portion	-	112,949,989
Family Self Sufficiency deposits	766,557	-
Total noncurrent liabilities	8,969,399	211,340,978
Total liabilities	16,773,482	216,096,143
Deferred inflows of resources:		
Pension items	2,812,397	-
Net position:		
Net investment in capital assets	115,309,065	63,386,927
Restricted for:		
Housing programs	1,891,419	9,341,373
OPEB assets held in trust with CERBT	12,829,249	-
Unrestricted	263,374,694	3,235,046
Total net position	$ 393,404,427	$ 75,963,346

See accompanying notes to financial statements.

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HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017
(With Discretely Presented Component Units for the Year Ended December 31, 2016)

	Primary Government - Business-Type Activities	Discretely Presented Component Units
Operating revenues:		
Rental income	$ 30,909,132	$ 14,634,463
Housing assistance payment revenues	739,485,709	-
Other operating grants	11,825,103	-
Miscellaneous and other revenues	25,065,944	1,337,031
Total operating revenues	807,285,888	15,971,494
Operating expenses:		
Housing assistance payments	705,989,786	-
Administrative	36,899,555	3,444,544
Tenant services	1,368,005	-
Utilities	3,775,399	1,880,159
Maintenance and operations	15,864,515	4,091,798
General expenses	23,044,137	2,300,575
Depreciation and amortization	9,337,271	11,848,448
Total operating expenses	796,278,668	23,565,524
Operating income (loss)	11,007,220	(7,594,030)
Nonoperating revenues (expenses):		
Gain on disposal of capital assets	4,404,745	-
Investment income	696,709	19,055
Interest expense	-	(4,415,298)
Other nonoperating expenses	(84,521)	-
Total nonoperating revenues (expenses)	5,016,933	(4,396,243)
Income (loss) before capital contributions	16,024,153	(11,990,273)
Capital contributions	-	12,105,513
Change in net position	16,024,153	115,240
Net position, beginning of year	377,380,274	75,848,106
Net position, end of year	$ 393,404,427	$ 75,963,346

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Statement of Cash Flows
For the Year Ended June 30, 2017

	Primary Government - Business-Type Activities
Cash flows from operating activities:	
Receipts from tenants	$ 31,223,724
Receipts from customers and others	23,330,444
Receipts from housing assistance programs	732,150,150
Payments to suppliers for goods and services	(85,306,698)
Housing assistance payments on behalf of tenants	(706,046,805)
Operating grants received	11,825,103
Payments to employees for services	(10,104,566)
Net cash used in operating activities	(2,928,648)
Cash flows from noncapital financing activities:	
Loans to related parties and component units	(3,596,073)
Net cash used in noncapital financing activities	(3,596,073)
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	4,563,699
Acquisition of capital assets	(6,737,663)
Net cash used in capital and related financing activities	(2,173,964)
Cash flows from investing activities:	
Interest received	23,865
Net cash provided by investing activities	23,865
Net change in cash and cash equivalents	(8,674,820)
Cash and cash equivalents, beginning of year	141,649,998
Cash and cash equivalents, end of year	$ 132,975,178

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2017

	Primary Government - Business-Type Activities
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 11,007,220
Adjustment to reconcile operating income to net cash used in operating activities:	
Depreciation and amortization	9,337,271
Other expenses	(84,521)
Change in net pension liability and pension related deferred outflows and inflows of resources	(887,990)
Decrease (increase) in:	
Receivables	(8,345,744)
Prepaid expenses	228,065
Net OPEB assets	(9,268,413)
Other noncurrent assets	(2,874,478)
Increase (decrease) in:	
Accounts payable	(3,604,165)
Accrued payroll	(129,417)
Due to the U.S. Department of Housing and Urban Development	(57,019)
Tenant security deposits	330,346
Unearned revenues	(741,069)
Compensated absences	181,254
Other liabilities	1,980,012
Net cash used in operating activities	$ (2,928,648)
Cash and cash equivalents:	
Unrestricted cash and cash equivalents	$ 129,647,372
Restricted cash and cash equivalents	3,327,806
Total cash and cash equivalents	$ 132,975,178

See accompanying notes to financial statements.

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NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Organization and Program Descriptions

The Housing Authority of the City of Oakland (Authority) was founded by City of Oakland ordinance, under the Health and Safety Code of the State of California in 1938. The Authority was established to receive federal funds to provide housing for low-income residents of the City of Oakland, California. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administrating the Low Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local public housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to local housing authorities for the purpose of maintaining low-rent character of the local housing program. Under an administrative form of contract, HUD has conveyed certain federally built housing units to the Authority for low rent operations.

The Authority was selected to participate in HUD's Moving to Work (MTW) Demonstration Program effective on March 31, 2004. The program allows the Authority an exemption from a multitude of HUD regulations and reporting requirements and significant flexibility to combine its HUD funding for reallocation among the Authority's administrative, capital and development activities.

The Authority has elected to report a single enterprise proprietary fund and its primary operations comprise a number of housing and grant programs as follows:

- **Low Rent Housing Program** – operates the Authority's own rental housing units subsidized by HUD through an Annual Contributions Contract (ACC). This program has 1,606 units owned as of June 30, 2017 and is operated by the Authority under HUD contract SF-235. Funding is provided by tenant rent payments and intra-program transfers from the Moving to Work Demonstration program representing subsidies provided by HUD based upon a formula that takes into consideration factors such as: prior formula funding, population of the area, number of dwelling units, bedroom sizes, building height and building age, utility costs, and rental income.

- **Section 8 Programs –** consists of several Section 8 housing programs including the Section 8 Substantial Rehabilitation program, the Moderate Rehabilitation program, the Section 8 Housing Choice Voucher program, the Moving to Work Demonstration program and the Mainstream Vouchers program.

  - The *Substantial Rehabilitation* program purpose is to construct or purchase and rehabilitate rental housing units to provide decent and affordable housing to low-income, elderly and handicapped individuals whereby rental assistance is provided by HUD. Funding of the program is provided primarily by federal housing assistance contributions.

  - The *Moderate Rehabilitation* program operates under HUD's ACC S-0068K and consists of the operations of 243 privately owned family housing units. The purpose of the program is to rehabilitate substandard rental housing units and to provide decent and affordable housing to low-income families whereby rental assistance is provided by HUD. The associated developments are maintained and managed by private landlords. Funding of the program is provided by federal housing assistance contributions.

NOTE 1 – THE FINANCIAL REPORTING ENTITY (Continued)

- The *Housing Choice Voucher* program provides rental housing assistance subsidies in support of 12,866 housing units. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.
- The *Moving to Work Demonstration* program provides incentives to families to become economically self-sufficient, to reduce the Authority's costs and achieve greater cost effectiveness, and to increase housing choice for low-income families.
- The *Mainstream Voucher* program provides rental housing assistance subsidies in support of 175 housing units. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

- **Hope VI Program -** accounts for the funds from the HUD's Hope VI Urban Revitalization Grant used to redevelop the Authority's housing facilities. These facilities include Lion Creek Crossings, Foothill, Chestnut Court, Linden Court, and Mandela Gateway.

- **Other Federal Programs -** other federal programs that the Authority administers include the Family Self Sufficiency and Shelter Plus Care.

- **Other Housing Programs –** consists of other low-income housing programs funded from local and other non-federal sources.

(b) Reporting Entity

The Authority is governed by a seven-member Board of Commissioners appointed by the mayor of the City of Oakland (City), with the approval of the Oakland City Council. Two members are residents of the Housing Authority. However, the Authority is not a component unit of the City because the City does not impose its will on the Authority by significantly influencing the Authority's program, projects, activities, or level of service performed.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the Authority (Primary Government) and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Authority's operations. Therefore, data from these component units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Authority.

NOTE 1 – THE FINANCIAL REPORTING ENTITY (Continued)

Management applied the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14* to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the Authority appoints the voting majority, there is a financial benefit/burden relationship, the Authority is able to impose its will, the component unit is fiscally dependent on the Authority, the component unit's governing body is substantially the same as the Authority, and management of the Authority have operational responsibility for the activities of the component unit. These criteria were used to determine the following:

Blended Component Units

- **California Affordable Housing Initiatives, Inc.** – The California Affordable Housing Initiatives (CAHI) was created as a not-for-profit organization of the Authority and incorporated in 2001. CAHI is under contract with HUD to administer the Project-Based Voucher Program for Northern California. CAHI's policies are determined by a three member Board of Directors, which comprise the Chair and Vice Chair of the Authority's Board of Commissioners and the Authority's Executive Director. The Authority's Board can impose its will on CAHI. Hence, it is determined that the Authority is financially accountable to CAHI. In addition, both the Authority's Board and CAHI's Board members are substantively the same, hence the decision from the Authority's Board cannot be overridden by CAHI's Board. The Authority's management also have a financial and operational relationship. Therefore, CAHI's financial statements are blended into the Authority's financial statements as part of the Other Housing Programs.

- **Oakland Affordable Housing Preservation Initiatives** – The Oakland Affordable Housing Preservation Initiatives (OAHPI), a nonprofit corporation affiliated with the Authority, was established in February 2009 for the purpose of managing and controlling 329 buildings acquired from the Authority in April 2010. OAHPI acquired these buildings from the Authority through a negotiated sale at less than fair market value in the form of a 30-year lease at a nominal price of $1 per year. OAHPI's policies are determined by a three member of the Board of Directors, which comprise the Authority's Executive Director and two members of the Authority's Board of Commissioners. The Authority's Board can impose its will on OAHPI. Hence, it is determined that the Authority is financially accountable to OAHPI. In addition, both the Authority's Board and OAHPI's Board members are substantively the same, hence the decision from the Authority's Board cannot be overridden by OAHPI's Board. The Authority's management also have a financial and operational relationship. Therefore, OAHPI's financial statements are blended into the Authority's financial statements as part of the Other Housing Programs.

NOTE 1 – THE FINANCIAL REPORTING ENTITY (Continued)

Discrete Component Units

The following discrete component units' fiscal year ended on December 31, 2016 and its financial activities are reported as of that date.

- **Chestnut Linden Associates –** Chestnut Linden Associates (CLA), a real estate development limited partnership, was formed in 2001 to develop and operate a 151-unit multi-family rental housing apartment complex in the City of Oakland, California (operating as Chestnut Court Apartments and Linden Court Apartments), construction of which was completed in April and June 2003, respectively. CLA leased the land from the Authority on which the apartment complex is situated and has obtained HUD loans and other loans through the Authority, and receives annual rental subsidies for occupied units covered under agreements with HUD and the Authority through 2058.

  The Authority has significant influence over CLA given its significant financial relationships. CLA's interests are held by third parties unrelated to the Authority, except for the Authority's participation in OHA Chestnut Mandela, LLC, a Special Limited Partner.

- **Mandela Gateway Associates -** Mandela Gateway Associates (MGA) was recognized by the State of California as a limited partnership as of September 26, 2002. MGA's purpose is to invest in real estate and to construct, operate and lease the property. The property consists of a 168-unit rental apartment complex in the City of Oakland, California (known as Mandela Gateway). Mandela Gateway was placed in service in 2004 and fully leased in 2005. MGA leased the land from the Authority on which the apartment complex is situated and has obtained HUD loans and other loans through the Authority, and receives annual rental subsidies for occupied units covered under agreements with HUD and the Authority through 2078.

  The Authority has significant influence over MGA given its significant financial relationships. MGA's interests are held by third parties unrelated to the Authority, except for the Authority's participation in OHA Chestnut Mandela, LCC, a Special Limited Partner.

- **Oakland Coliseum Housing Partners** – Oakland Coliseum Housing Partners (OCHP), a real estate development limited partnership, was formed in 2003 to develop and operate a 115-unit multi-family rental housing apartment complex in the City of Oakland, California (known as Lion Creek Crossings – Phase I). Construction of Lion Creek Crossings – Phase I was completed in 2005. OCHP leased the land from the Authority on which the apartment complex is situated and has obtained HUD loans and other loans through the Authority, and receives annual rental subsidies for occupied units covered under agreements with HUD and the Authority. The agreements extend through the minimum period during which the project units are required by the applicable public housing requirements to be operated as public housing in accordance with the U.S. Housing Act of 1937, or the expiration of 40 years from December 31, 2006.

  The Authority has significant influence over OCHP given its significant financial relationships. OCHP's interests are held by third parties unrelated to the Authority, except for the Authority's participation in OHA Coliseum LLC., a Class B Special Limited Partner controlled by the Authority.

NOTE 1 – THE FINANCIAL REPORTING ENTITY (Continued)

- **Lion Way Housing Partners** – Lion Way Housing Partners (LWHP), a real estate development limited partnership, was formed in 2003 to develop and operate a 146-unit rental apartment complex in the City of Oakland, California (known as Lion Creek Crossings – Phase II). Construction of Lion Creek Crossings – Phase II was completed in 2007. LWHP leased the land from the Authority on which the apartment complex is situated and has obtained HUD loans and other loans through the Authority, and receives annual rental subsidies for occupied units covered under agreements with HUD and the Authority. The agreements extend through the minimum period during which the project units are required by the applicable public housing requirements to be operated as public housing in accordance with the U.S. Housing Act of 1937, or the expiration of 40 years from the date of full availability.

  The Authority has significant influence over LWHP given its significant financial relationships. The Authority owns the property and is the ground lessor of the property. LWHP's interests are held by third parties unrelated to the Authority. The Authority's interest is related to OHA Coliseum, LLC, a Class B Special Limited Partner, controlled by the Authority.

- **Creekside Housing Partners** - Creekside Housing Partners (CHP), a real estate development limited partnership, was formed in 2005 to develop and operate a 106-unit rental apartment complex in the City of Oakland, California (known as Lion Creek Crossings – Phase III). Lion Creek Crossings – Phase III was completed in 2008. CHP leased the land from the Authority on which the apartment complex is situated and has obtained HUD loans and other loans through the Authority, and receives annual rental subsidies for occupied units covered under agreements with HUD and the Authority. The agreements extend through the minimum period during which the project units are required by the applicable public housing requirements to be operated as public housing in accordance with the U.S. Housing Act of 1937, or the expiration of 40 years from the date of full availability.

  The Authority has significant influence over CHP given its significant financial relationships. CHP's interests are held by third parties unrelated to the Authority, except for the Authority's participation in the OHA Coliseum LLC., a Class B Special Limited Partner controlled by the Authority.

- **Foothill Family Apartments** - Foothill Family Apartments (FFA), a real estate development limited partnership, was formed in 1999 to invest in real estate and to construct, operate, and lease property consisting of a 65-unit rental apartment complex in the City of Oakland, California (known as Foothill Family Apartments), construction of which was completed in 2002. FFA leased the land from the Authority on which the apartment complex is situated and has obtained HUD loans and other loans through the Authority, and receives annual rental subsidies for occupied units covered under agreements with HUD and the Authority. The agreements extend through the minimum period during which the project units are required by the applicable public housing requirements to be operated as public housing in accordance with the U.S. Housing Act of 1937, or the expiration of 40 years from December 31, 2002.

  The Authority has significant influence over FFA given its significant financial relationships. FFA's interests are held by other third parties – the Oakland Housing Initiatives, Inc. (OHI), as general partner and Multi-Housing Tax Credit Partners XXVIII, a limited partner. OHI is a California nonprofit public benefit corporation with 11 directors, which includes the Authority's Executive Director and the Chair of the Board of Commissioners.

NOTE 1 – THE FINANCIAL REPORTING ENTITY (Continued)

- **Tassafaronga Partners** – Tassafaronga Partners (TP), a California limited partnership, was formed in 2008 to develop Tassafaronga – Phase I (TP Phase I). The entire project (Tassafaronga Village) consists of the demolition of 16 buildings containing 87 units of severely distressed public housing and the construction of 77 affordable rental town homes, 60 affordable rental apartments, and 20 affordable rental units in a renovated former pasta factory located on four parcels of land in the City of Oakland. TP Phase I consists of 137 tax credit rental units and ancillary improvements located on the land. TP owns, operates and manages the project. The project began operations in April 2010. The general partner of TP is Tassafaronga Housing Corporation, a California public benefit nonprofit corporation (THC), which is controlled by the Authority (the Authority staff and Commissioners constitute the board of directors of THC) and the limited partner is NEF Assignment Corporation, an Illinois not-for-profit corporation, which owns 99.99%.

  The Authority has significant influence over TP given its significant financial relationships. The Authority is the owner of the land, the ground lessor of the project, guarantor and issued $31,305,000 in Bonds that were purchased by Citicorp and loaned to TP.

- **Tassafaronga Partners II –** Tassafaronga Partners II (TP II), a California limited partnership, was formed in 2008 to develop Phase II of Tassafaronga Village. The project consists of approximately 20 multi-family rental units and ancillary improvements located on the land. TP II owns, operates and manages the project. The project began operations in May 2010. The general partner of TP II is also THC and the limited partner is also NEF Assignment Corporation.

  The Authority has significant influence over TP II given its significant financial relationships. The Authority is the owner of the land, the ground lessor of the project, guarantor and on August 1, 2009 issued $4,450,000 in Bonds that were purchased by Citicorp and loaned to TP II.

- **Village-Side Housing Partners –** Village-Side Housing Partners (VSHP), a California limited partnership, was formed in 2010 to develop a 72-unit low-income apartment complex operating under the name of Lion Creek Crossing IV Apartments. The project has 21-units, which have been designated as public housing units and are subject to all requirements applicable to public housing under the U.S. Housing Act of 1937. The general partner of VSHP is Lion Creek IV, LLC and the limited partner is Bank of America.

  The Authority has significant influence over VSHP given its significant financial relationships. The Authority is the owner of the land, the ground lessor of the project, and guarantor.

- **Lion Creek Senior Housing Partners –** Lion Creek Senior Housing Partners (LCSHP), a California limited partnership, was formed in October 2011 to acquire certain real property and to provide low-income housing through the acquisition, construction, rehabilitation, operation and leasing of a single building complex, 128-unit residential apartment project located in Oakland operating under the name of Lion Creek Crossings Phase V. The managing general partner is Lion Creek V, LLC and the investor limited partner is Wells Fargo Affordable Housing Community Development Co.

  The Authority has significant influence over LCSHP given its significant financial relationships. The Authority is the owner of the land, the ground lessor of the project, and is obligated to provide funds to meet all operating deficits.

NOTE 1 – THE FINANCIAL REPORTING ENTITY (Continued)

- **AveVista Associates, L.P. –** AveVista Associates, L.P. (AveVista), a California limited partnership, was formed in October 2013 to develop and operate a 68-unit affordable housing development located in Oakland. The managing general partner is AveVista Associates LLC and the investor limited partner is Wells Fargo Affordable Housing Community Development Co.

  The Authority has significant influence over AveVista given its significant financial relationships. The Authority owns the property and is the ground lessor of the property. AveVista's interests are held by third parties unrelated to the Authority. The Authority's interest is related to OHA Development LLC, a Class B Special Limited Partner, controlled by the Authority.

Complete financial statements of individual component units can be obtained from the Chief Financial Officer of the Authority at 1619 Harrison Street, Oakland, California, 94612.

In addition to the above entities, the Authority is currently working with Harrison Menlo Preservation, LP and Oakland International Housing Partners, LP, to develop and construct additional senior and/or affordable housing sites. These entities have not had substantial financial activity through December 31, 2016, but it is anticipated that it will in future years, at which time these entities will be included in the Authority's basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Authority are included in the statement of net position.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are derived from providing services in connection with the Authority's ongoing operations. Operating revenues generally include rental income and housing assistance payments and fees from the Section 8 program. Operating revenues also include other operating grants instructed by HUD to be reported as operating. Operating expenses generally include housing assistance payments, occupancy charges, tenant services, administrative expenses and depreciation on capital assets. All other revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating revenues and expenses or as capital contributions.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

(b) Cash and Cash Equivalents

The Authority and its component units consider all highly liquid cash and investments with maturities of three months or less when purchased to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Investments

Investment transactions are recorded on the trade date. Investments are reported at fair value. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles.

The table below identifies the investment types that are authorized for the Authority by HUD, the California Government Code (or the Authority's investment policy, where more restrictive):

	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	10 years	None	None
U.S. Government Agency Securities	10 years	None	10%
Certificates of deposit	10 years	None	10%
Money market mutual funds	n/a	None	n/a

The Authority did not hold investments at June 30, 2017.

(d) Allowance for Bad Debts

Management reviews the collectability of receivables on a periodic basis. The Authority established an allowance of $620,744 for accounts receivable as of June 30, 2017.

(e) Capital Assets

The Authority defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. The Authority records land, structures and equipment on a historical cost basis, which include land acquisition costs and site improvements, dwelling and non-dwelling structures and nonexpendable equipment. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date of the receipt. Costs of repairs and maintenance are expensed as incurred. Depreciation has been provided over estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

		Discrete Component Units								
	Primary Government	CLA	MGA	OCHP	LWHP	CHP	FFA	TP and TPII	VSHP and LCSHP	AveVista
Dwelling and non-dwelling structures:										
Building	27.5 years	40 years	7-40 years	15-40 yrs	15-27.5 yrs	15-40 yrs	40 years	27.5 years	15-40 yrs	15-40 yrs
Building improvements (on-site)	10-15 years	15 years	15 years	15-40 yrs	15-27.5 yrs	15-40 yrs	40 years	15 years	15-40 yrs	15-40 yrs
Off-site improvements	n/a	40 years	40 years	15-40 yrs	15-27.5 yrs	15-40 yrs	40 years	15 years	15-40 yrs	15-40 yrs
Nonexpendable equipment:										
Office equipment, including furniture and fixtures	7 years	7 years	7 years	10 years	5 years	10 years	5-10 yrs	5 years	5 years	7 years
Computer equipment and related software	5 years	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Vehicles	5 years	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other Noncurrent Assets

The Authority reports its share of the Bay Area Housing Risk Management Agency's net position as other noncurrent assets (See Note 8). Other noncurrent assets are costs incurred by the component units in order to obtain permanent financing, tax credits, ground lease, and asset management services for the housing projects. These amounts are stated at cost and amortized on a straight-line method over the following years:

Tax credit costs	10 - 15 years
Permanent loan costs	55 years
Ground lease acquisition costs	75 - 89 years
Asset management fees	15 years

(g) Compensated Absences

Employees of the Authority are entitled to paid vacation, depending on job classification, length of service and other factors. Employees earn vacation at rates ranging from 10 days per year for the first 4 years of service up to a maximum of 20 days per year after 19 years of service. Vacation may be accrued to a maximum of 225 hours for employees on a 37.5 hour work week or 240 hours for employees on a 40 hour work week or a total of two years' accrual, whichever is greater. The Authority determines that a portion of this liability is noncurrent based on historical trends.

(h) Net Position

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses and capital contributions. Net position is classified in the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints on assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, reduced by liabilities related to those restricted assets.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Pensions

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

(j) Use of Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements and related disclosures in conformity with GAAP. Actual results may differ from those estimates.

(k) Effects of New Pronouncements

The Authority's adoption in 2017 of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* did not have a material impact on the Authority's financial statements.

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

- In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75), which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB plans improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB Statement No. 75 is effective for the Authority's year ending June 30, 2018.

- In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize revenues, assets, liabilities, and deferred inflows of resources. GASB Statement No. 81 is effective for the Authority's year ending June 30, 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2019.

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of the statement is to establish criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2020.

- In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of the statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2018.

- In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of the 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. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2018.

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

NOTE 3 – RESTRICTED ASSETS

(a) Tenant Security Deposits

Upon moving into a public housing development, tenants are required to pay a security deposit, which is refundable when the tenant vacates the apartment, provided the apartment's physical condition is satisfactory. At June 30, 2017, the Authority's security deposits in the amount of $322,355 and $347,475 were included in the Low Rent Housing Program and Other Housing Programs, respectively.

(b) Family Self Sufficiency (FSS) Escrow

The FSS Escrow Account is an interest bearing account reported as part of restricted cash and investments and established by the Authority for each qualified Section 8 or public housing participant enrolled in the Section 8 Housing Choice FSS Program. The participants earn monthly escrow credits during their five-year Contract of Participation and the escrow credit is reported as a liability and is based on increases in earned income of the family. The Authority may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education. If the family completes the contract and no member of the family is receiving welfare, the amount of the FSS account is paid to the head of the family. If the Authority terminates the contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow account is forfeited. At June 30, 2017, FSS funds of $766,557 held in the Low Rent Housing and Section 8 Programs are included in the accompanying financial statements.

(c) Affordability Reserves

The Regulatory and Operating Agreements related to the Authority's involvement with CLA, MGA, LWHP, CHP and FFA require the Authority to establish Affordability Reserve Accounts (Reserves) at Wells Fargo Bank upon certain triggering events specified in each agreement for the benefit of each Limited Partnership operating the properties. Disbursements from Reserves are restricted to paying for operating subsidies related to the Authority's Assisted Housing Units in months where the Authority is unable to meet its obligation to pay the operating subsidies. As required, the Authority's Low Rent Housing program has established Reserves in the amount of $1,819,785 as of June 30, 2017.

(d) Other Restricted Accounts

At June 30, 2017, the Authority's Police Department maintains a restricted asset forfeiture account in the amount of $54,275 and the Authority has other miscellaneous restricted reserves in the amount of $17,359.

NOTE 4 – CASH AND CASH EQUIVALENTS

(a) Cash and Cash Equivalents

Cash and cash equivalents are presented on the accompanying statement of net position as of June 30, 2017 (primary government) and December 31, 2016 (discrete component units) and are summarized as follows:

	Primary Government	Component Units	Total
Unrestricted cash and cash equivalents	$ 129,647,372	$ 2,930,939	$ 132,578,311
Restricted cash and cash equivalents	3,327,806	9,951,935	13,279,741
Total cash and cash equivalents	$ 132,975,178	$ 12,882,874	$ 145,858,052

Cash and cash equivalents as of June 30, 2017 (primary government) and December 31, 2016 (discrete component units) consist of the following:

	Primary Government	Component Units	Total
Cash on hand	$ 4,725	$ -	$ 4,725
Deposits with financial institutions	132,970,453	12,882,874	145,853,327
Total cash and cash equivalents	$ 132,975,178	$ 12,882,874	$ 145,858,052

(b) Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. In addition, the California Government Code requires that a financial institution secure deposits in excess of FDIC limits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 5 – NONCURRENT NOTES AND INTEREST RECEIVABLE

The Authority's noncurrent notes and interest receivable at June 30, 2017 represents the following:

	From Component Units	From Others	Total
Notes receivable:			
Low Rent Housing	$ 28,762,342	$ -	$ 28,762,342
Moving To Work	4,141,851	-	4,141,851
HOPE VI	39,071,806	-	39,071,806
Other Housing Programs	10,398,572	13,206,400	23,604,972
Total notes receivable	$ 82,374,571	$ 13,206,400	$ 95,580,971
Interest receivable:			
Low Rent Housing	$ 3,019,781	$ -	$ 3,019,781
Moving To Work	33,509	-	33,509
HOPE VI	1,577,563	-	1,577,563
Other Housing Programs	-	691,441	691,441
Total interest receivable	$ 4,630,853	$ 691,441	$ 5,322,294

Notes payable from component units to primary government is $79,899,754. The amounts of notes receivable and interest receivable from component units and notes payable and interest payable to primary government in the accompanying financial statements differ due to the differences in the financial statement reporting dates (June 30, 2017 for the Authority, and December 31, 2016 for component units).

(a) Low Rent Housing Notes Receivable

Terms and descriptions of the Low Rent Housing notes receivable are as follows:

Chestnut Linden - The Chestnut Linden Court Project is a HOPE VI project that was implemented in 2 phases: a homeownership phase (the Chestnut First-Time Homebuyer Development consisting of 15 units for sale up to 75% of the area median income); and a rental housing phase (Chestnut Linden, consisting of 151 units – 72 units on the Chestnut Court site (Chestnut), and 79 units on the Linden Court site (Linden)). Of the 151 units, 83 units are HUD-subsidized public housing units, 45 situated at Chestnut, and 38 situated at Linden.

On February 1, 2002, the Authority entered into a HOPE VI Construction/Permanent Loan Agreement with CLA whereby the Authority agreed to loan $9,966,461 to CLA to finance the development of Chestnut Linden. The obligation to repay the loan is covered by 2 promissory notes – a $4,789,596 note related to Chestnut, and a $5,176,865 note related to Linden. The notes bear no interest, unless CLA is in default as defined in the loan agreement, and have terms which expire 55 years after the date of the issuance of a Certificate of Occupancy for all units in Chestnut Linden by the City of Oakland. The outstanding balances on the notes, together with any accrued interest as a result of default, are due and payable at the earliest of (i) the date of any transfer of Chestnut Linden not authorized by the Authority; (ii) the date of any default; and (iii) the expiration of the 55-year period. Both notes are secured by HOPE VI Loan Leasehold Deeds of Trust, Assignment of Rents and Security Agreements recorded on February 13, 2002 wherein CLA is the trustee and the Authority is the beneficiary covering the property. The amount outstanding on this loan was $9,368,861 as of June 30, 2017.

NOTE 5 – NONCURRENT NOTES AND INTEREST RECEIVABLE (Continued)

Mandela Gateway - The Mandela Gateway Project is a HOPE VI project that included the Authority owned site on which was formerly the public housing complex known as Westwood Gardens. This project consists of approximately 168 units, including 46 HUD-subsidized public housing units, together with community and approximately 6,778 square feet of retail space.

On November 18, 2002, the Authority entered in an Amended and Restated Predevelopment Loan Agreement with Bridge Housing Corporation (BHC) whereby the Authority agreed to loan $3,280,067 to BHC to finance certain predevelopment activities associated with the original Westwood Garden site and an additional site as part of the Mandela Gateway Project. This loan was non-interest bearing, and stipulated that it would expire on December 31, 2003, unless extended by the Authority or earlier terminated as provided in the agreement. The loan agreement was superseded by an MGA Construction/Permanent Loan as further described in the following paragraph, and the outstanding balance of $721,514 advanced under the BHC loan was transferred to the MGA loan.

On February 1, 2003, the Authority entered into a HOPE VI Construction Loan Agreement with MGA whereby the Authority agreed to loan $3,260,000 to develop the Mandela Gateway Project sites. The loan, evidenced by a promissory note, has a simple 5% interest rate on disbursements, and a term of 55 years from the date of issuance of a Certificate of Occupancy by the City of Oakland for all units in the development. The principal and interest outstanding on this loan was $3,260,000 and $2,300,596, respectively, as of June 30, 2017.

Tassafaronga Phase I - On October 1, 2008, the Authority entered into a Deferred Promissory Note with Tassafaronga Partners, L.P. (TP) whereby the Authority agreed to loan an amount not to exceed $2,000,000 to finance the development of the infrastructure improvements associated with the construction of 137 units of affordable housing and related improvements to the Construction/Permanent Loan Agreement. The obligation to repay this loan is deferred, interest-free, and matures October 1, 2063. The amount outstanding on this loan was $2,000,000 as of June 30, 2017. Also on October 1, 2008, the Authority entered into a second Loan Agreement with TP whereby the Authority agreed to loan $14,164,614 to finance the project. The obligation to repay the loan bears 0.6% interest and matures April 13, 2065. The amount of principal and interest outstanding on this loan was $12,313,793 and $601,753, respectively, as of June 30, 2017.

Tassafaronga Phase II - On August 1, 2009, the Authority entered into an Amended and Restated Promissory Note with TP II whereby the Authority agreed to loan an amount not to exceed $500,000 with interest at 3% and $1,843,368 which bears no interest to finance the development of the TA Phase II project. The loans mature on May 20, 2065. Repayments are based on the residual receipts and shall be credited first against accrued interest, then against outstanding principal attributable to the $500,000 component and then against the remaining outstanding principal. The principal and interest amount outstanding on the interest-bearing loan was $500,000 and $117,432, respectively, as of June 30, 2017. The principal outstanding for the non-interest bearing loan was $1,319,688 as of June 30, 2017.

NOTE 5 – NONCURRENT NOTES AND INTEREST RECEIVABLE (Continued)

(b) Moving To Work Notes Receivable

BRIDGE Norcal LLC (AveVista) - On March 29, 2011, the Authority entered into a Predevelopment Loan Agreement with BRIDGE Norcal LLC (BRIDGE) whereby the Authority agreed to loan an amount not to exceed $775,000 to finance predevelopment costs in connection with the Grand Avenue Development. On December 1, 2013, the Authority converted the loan from a predevelopment loan to a construction loan whereby the Authority agreed to loan an amount of $8,326,105 to AveVista Associates, L.P. On September 1, 2016, the Board authorized the Executive Director to increase the loan amount to $8,734,715. The loan bears simple interest at a rate of 3%. The loan is funded by the MTW and Other Housing programs. As of June 30, 2017, the amount outstanding on this loan and accrued interest were $8,734,815 and $691,441, respectively.

Acts Cyrene Apartments - On November 1, 2015, the Authority entered into a Loan Agreement with Oakland International Housing Partners, LP whereby the Authority agreed to loan an amount of $2,630,000 for construction and permanent financing for improvements of the Acts Cyrene Apartments. The loan bears no interest and has a term of the earlier of (1) 55 years from the date of completion of the project, determined by the Certificate of Occupancy for all units and (2) the repayment of all principal and interest outstanding under the loan. Repayments commence on May 15 of the year following completion of construction of the improvements, and on May 15 of each year thereafter for the term of the loan, payable from Residual Receipts as defined in the loan agreement. The Authority shall receive 50% of Residual Receipts generated by the development, which will be shared on a pro rata basis with the City of Oakland. The outstanding principal amount as of June 30, 2017 was $2,630,000.

Empyrean Hotel Project - On November 1, 2015, the Authority entered into a Predevelopment Loan Agreement with Harrison Menlo Preservation LP whereby the Authority agreed to loan an amount of $275,000 to rehabilitate the Empyrean Hotel to create 66 studio and one-bedroom units for low-income households. The loan bears no interest except in the event of default. The loan has a term of the earlier of (1) December 31, 2018, or (2) the date of the construction closing. The outstanding principal amount as of June 30, 2017 was $177,336.

(c) HOPE VI Notes Receivable

Terms and descriptions of the HOPE VI notes receivable are as follows:

Foothill Family Apartments - On July 1, 2005, the Authority entered into a HOPE VI Permanent Loan Agreement with FFA. FFA developed and constructed a 65 unit, low income tax credit apartment complex on the real property located at 6886 and 6982 Foothill Boulevard, 2811 and 2812 69th Avenue, and 7011 and 7015 MacArthur Boulevard in the City of Oakland. The Authority agreed to loan $2,400,000 to FFA to assist in repayment of construction financing for the development, and to assist in the operation of the development. FFA's obligation to repay the loan is covered by a promissory note. The note bears interest based on the applicable Federal Rate as it related to long-term loans, with annual compounding and calculated in accordance with Internal Revenue Service Code Section 1274d as of the date of closing. This loan has a term that expires on the date 55 years from when the Deed of Trust is recorded against the property. Repayments commence on April 1, 2006, and on April 1 of each year thereafter for the term of the loan, from 90% of available residual receipts as described in the loan agreement. The principal and interest outstanding on this loan was $2,400,000 and $1,577,563, respectively, as of June 30, 2017.

NOTE 5 – NONCURRENT NOTES AND INTEREST RECEIVABLE (Continued)

Coliseum Gardens (also known as Lions Creek Crossings Phase II) - The Authority is the owner of land and buildings at the Coliseum Gardens Housing Development located at 6610, 6710 and 6733 Olmstead Street in the City of Oakland. The Authority intends to acquire additional parcels of land in the vicinity to facilitate the revitalization of the Coliseum Gardens Public Housing Development.

On November 1, 2004, the Authority entered into a HOPE VI Construction/Permanent Loan Agreement with OCHP whereby the Authority agreed to loan $5,500,000 to OCHP to finance the pre-development construction of phase I of the Coliseum Gardens Project. The obligation to repay the loan is covered by a promissory note. The outstanding balance on the Pre-Development Loan dated July 23, 2003 was considered paid off by this loan as of the execution date. The note bears no interest and has a term of 55 years from the date of completion of the Project, determined by the Certificate of Occupancy for all units (which occurred on April 27, 2007) in the Project by the City of Oakland. Repayments commence on May 15 of the year following completion of construction of the improvements, and on May 15 of each year thereafter for the term of the loan, payable to the extent of 34% of cash flows as described in the loan agreement. The amount outstanding on this loan was $5,434,592 as of June 30, 2017.

On November 1, 2005, the Authority entered into a HOPE VI Construction/Permanent Loan Agreement with LWHP whereby the Authority agreed to loan $7,430,139 to LWHP to finance the pre-development and construction of Phase II of the Coliseum Gardens Project. The obligation to repay the loan is covered by a promissory note. The note bears no interest and has a term of 55 years from the date of completion of the Project, determined by the Certificate of Occupancy for all units in the Project by the City of Oakland. Repayments commence on May 15 of the year following completion of construction of the improvements, and on May 15 of the each year thereafter for the term of the loan, payable after the non-federal funds loan is paid in full to the extent of 45% of cash flows as described in the loan agreement. The amount outstanding on this loan was $7,430,379 as of June 30, 2017.

On November 1, 2006, the Authority entered into a Construction Loan Agreement with CHP whereby the Authority agreed to loan $3,350,000 to CHP to finance the pre-development and construction of Phase III of the Coliseum Gardens Project. The obligation to repay the loan is covered by a promissory note. The note bears no interest and has a term of 55 years from the date of completion of the Project, determined by the Certificate of Occupancy for all units in the Project by the City of Oakland. Repayments commence on May 15 of the year following completion of construction of the improvements, and on May 15 of each year thereafter for the term of the loan, payable to the extent of 20% of cash flows as described in the loan agreement. The amount outstanding on this loan was $3,320,311 as of June 30, 2017.

On November 1, 2010, the Authority entered into a Local Funds Construction/Permanent Loan Agreement with Village-Side Housing Partners, L.P. (VSHP) whereby the Authority agreed to loan an amount not to exceed $6,641,066 for construction/permanent financing towards the development of the project. On April 15, 2012, the Authority agreed to increase this loan to $7,222,630 of which the additional amount of $581,564 will be expended for additional eligible costs and funded by Moving To Work funds. On November 1, 2010, the Authority also entered into a HOPE VI Construction/Permanent Loan Agreement with VSHP whereby the Authority agreed to loan an amount not to exceed $2,051,641, which represented the remaining Coliseum Gardens HOPE VI grant funds as construction/permanent financing towards the development of LCC Phase IV project. The obligation to repay this loan is deferred, bears no interest, has a 55-year term from the date of completion of the Phase IV project and is payable from surplus cash as defined in the loan agreement. The amount outstanding on these loans was $8,721,094 as of June 30, 2017.

NOTE 5 – NONCURRENT NOTES AND INTEREST RECEIVABLE (Continued)

On November 1, 2011, the Authority entered into a Predevelopment Loan Agreement with Lion Creek Senior Housing Partners, L.P. (LCSHP), a related entity presently under development, whereby the Authority agreed to loan an amount not to exceed $1,848,500 to LCSHP to finance pre-development budgeted costs associated with Phase V of the Lions Creek Crossings Project. One-half of the loan represents LCSHP's share of the pre-development budget and bears interest at 4% simple interest on the outstanding balance and the remaining half represents the Authority's share of the pre-development budget and bears no interest except upon default. The obligation to repay the loan is covered by a promissory note. During the year ended June 30, 2013, LCSHP converted the $1,848,500 loan to permanent construction loan along with additional construction loan in the amount of $12,459,495. The loan bears no interest, commencing on May 15 of the year following completion of construction of the improvements and on May 15 of each year thereafter for the term of the loan, be repaid from Residual Receipts as defined in the loan agreement. The Authority shall receive an annual priority payment of the lesser of (1) an amount equal to 0.42% of the original principal amount of the loan or (2) 25% of the residual receipts. The outstanding principal amount as of June 30, 2017 was $11,765,430.

(d) Other Housing Programs Notes Receivable

Terms and descriptions of the Other Housing Programs notes receivable are as follows:

Chestnut Linden Court Project - On February 1, 2002, the Authority entered into a Loan Agreement with CLA whereby the Authority agreed to loan $1,695,000 to CLA to finance the development of the Chestnut Linden Court Project. The obligation to repay the loan is covered by 2 promissory notes for $814,549 and $880,451 dated February 1, 2002. Both notes bear no interest and have a term of 55 years after the date of the issuance of a Certificate of Occupancy for all units in the Project by the City of Oakland. Starting on July 1, 2004 and on July 1 of each year thereafter for the term of the loan, repayment shall be the available residual receipts as described in the loan agreement. Both notes are secured by Non-Federal Funds Loan Leasehold Deeds of Trust, Assignment of Rents and Security Agreements recorded on February 13, 2002 wherein CLA is the trustee and the Authority is the beneficiary covering the property. The amount outstanding on this loan was $1,304,706 as of June 30, 2017.

On July 1, 2002, the Authority entered into a Development Loan Agreement (DLA) with EM Johnson Interest, Inc. (EMJI) whereby the Authority agreed to loan $1,900,000 to EMJI to finance the development of homeownership phase of the Chestnut Linden Court Project. The obligation to repay the loan is evidenced by a note. The loan bears no interest and was repaid as follows:

1. $1,300,000 upon sale of the homes. Pursuant to the DLA and as result of the sale of the homes in August 2003, EMJI paid $1,300,000 directly to CLA. Any payment made to CLA from proceeds of the sale of the homes under the letter of credit or any other source, shall be treated as repayment of this loan as though repaid by the EMJI to the Authority.

2. Upon sale of a home to an eligible purchaser, in compliance with Section 4.2 of the Development Loan, and the execution of the Homebuyer Promissory Note and execution and recordation of the Homebuyer Deed of Trust and Resale Restriction and Option to Purchase Agreement, the Authority shall credit repayment of the Development Loan for $40,000 and execute and arrange for the recordation of partial conveyance of the Deed of Trust and the Authority's Affordability Covenants with respect to each unit conveyed to an eligible purchaser.

NOTE 5 – NONCURRENT NOTES AND INTEREST RECEIVABLE (Continued)

To assist eligible purchasers in acquiring the homes, the Authority shall convert the total principal amounts of the loan to Authority Second Mortgage Loans. Each Authority Second Mortgage Loan made to an eligible purchaser is in the amount of $40,000. The total amount of all Authority Second Mortgages will be equal to $600,000. Each Authority Second Mortgage loan has a 50 year term. The Authority Second Mortgages loans do not bear interest, except in the event of default by the homebuyer, and will be assumable by subsequent eligible homebuyers. Authority Second Mortgage Loans will be forgiven if a homebuyer stays in the home for the entire 50 years. Fifteen homes were sold, and a credit of $600,000 was applied to the EMJI note. As a result of these transactions, EMJI's Development Loan is considered repaid. The amount outstanding on the Authority Second Mortgage Loans with eligible homebuyers was $600,000 as of June 30, 2017.

Mandela Gateway - On February 1, 2003, the Authority entered into a loan agreement with Mandela Gateway Associates (MGA) whereby the Authority agreed to loan $550,000 to finance the development of the residential portion of the Mandela Gateway Development. The obligation to repay the loan is covered by a 55 year promissory note which bears no interest. The amount outstanding on this loan was $129,085 as of June 30, 2017.

On November 20, 2003, the Authority entered into a Predevelopment Loan Agreement with Mandela Gateway Townhomes, LLC (MGT) whereby the Authority agreed to loan $515,000 to MGT to finance the predevelopment activities associated with the construction of 14 single family townhomes. This loan was superseded by a Loan Agreement executed with MGT dated December 11, 2006, and the balance outstanding on the Predevelopment Loan was transferred to this loan. The obligation to repay this loan is covered by a non-interest bearing promissory note dated December 11, 2006. Repayment of the loan is contingent upon the sale of the townhomes to eligible homebuyer, and the execution of the Homebuyer Promissory Notes between the homebuyer and the Authority.

During the year, there were no sales of townhomes to eligible homebuyers, and there were no Homebuyer Promissory Notes executed. The amount outstanding on this loan was $515,000 as of June 30, 2017.

Coliseum Gardens Project (also known as Lions Creek Crossings II) - On November 1, 2005, the Authority entered into a Construction/Permanent Loan Agreement with LWHP whereby the Authority agreed to loan $2,472,471 to LWHP to finance the construction of Phase II of the Coliseum Gardens Project. The obligation to repay this loan is covered by a non-interest bearing promissory note which expires 55 years from the issuance of a Certificate of Occupancy for all units in the development. The loan is payable to the extent of 45% of cash flows and due May 15th of each year. The amount outstanding on this loan was $1,564,481 as of June 30, 2017.

Jefferson Oaks, L.P. - On October 1, 2010, the Authority entered into an Acquisition and Development Loan Agreement with Jefferson Oaks, L.P. (Jefferson) whereby the Authority agreed to loan an amount not to exceed $2,060,000 to finance the acquisition of the Jefferson Existing Improvements and certain costs associated with the development of the Jefferson Oaks Apartment project. The obligation bears no interest except upon default by Jefferson, for which interest will be accrued at the lessor of 10% compounded annually or the maximum rate permitted by law. The obligation has a 55-year term from the date of recordation of the Deed of Trust against Jefferson's Leasehold Estate. The amount outstanding on this loan was $2,060,000 as of June 30, 2017.

NOTE 5 – NONCURRENT NOTES AND INTEREST RECEIVABLE (Continued)

Keller Housing Associates, LP. - On May 1, 2011, the Authority entered into an Original Loan Agreement with Keller Housing Initiative, Inc. (KHI) whereby the Authority agreed to make a loan to KHI in the amount of $8,200,000 (Development Loan) to assist in predevelopment and construction costs associated with the rehabilitation of the Keller Plaza Project Development, as defined in the agreement. KHI assigned the Original Loan Agreement and the Development Loan, and all of KHI's right, title and obligations under the Original Loan Agreement to Keller Housing Associates, LP (KHA), a California limited partnership. The loan bears no interest except upon default by KHA, for which interest will be accrued at the lesser of 10% compounded annually or the maximum rate permitted by law. The obligation has a 55-year term from the date of recordation of the Deed of Trust against KHA's Leasehold Estate. The amount outstanding on this loan was $6,683,885 as of June 30, 2017.

Satellite Housing, Inc. (Lakeside) - On December 15, 2009, the Authority entered into an Acquisition Conditions Agreement with Satellite Housing, Inc. (SHI) whereby the Authority agreed to provide two forms of loans to carry out certain predevelopment work and on August 23, 2011, the Authority entered into a First Amendment with SHI to increase the amount of the pre-development loans and to permit the loan proceeds to be used for predevelopment costs relating to additional real property that will be added to the Lakeside Senior Apartments project. The first loan is interest free and the Authority agreed to loan an amount not to exceed $720,413. The second loan bears interest rate of 4% and the Authority agreed to loan an amount not to exceed $720,413. In April 2013, the Authority amended, restated and consolidated the principal notes into one non-interest bearing note and increased the principal balance of the original notes to $3,443,000 contained in a promissory note. The note is due 55 years from the date of completion, which shall be determined by the date of issuance of a certificate of occupancy for all units in the development. At June 30, 2017, the principal amount outstanding was $3,347,515.

(e) Intra-program borrowing between General Programs and Other Housing Programs

As discussed in Note 1, OAHPI is managing and controlling 245 properties for the Authority since April 2010. The Authority provided initial working capital of $25,580,962 at the beginning of the transition to stabilize OAHPI's operations through a formal financing arrangement with the original Board of OAHPI. This amount was repaid in fiscal year ending June 2014. The Authority continues to assist OAHPI in addressing deferred maintenance on its buildings so that it can renovate the units/properties and return them to the rental market. Over the past three years, the Authority focused on financial stability by allowing OAHPI to make substantial ongoing repairs to stabilize their housing stock and complete unit renovations on vacated units. The Authority, in conjunction with the OAHPI Board, continues to perform unit restorations and is looking at financing options to complete unit and building restorations on viable properties, identifying those properties that may lend themselves to future redevelopment, and selling at market rate those that are not viable, pursuant to HUD approvals. The Authority advanced additional amounts to fund operations and renovations. Although OAHPI will still need to build an adequate working capital reserve, it has been determined that, starting July 1, 2015, OAHPI will begin paying a portion of normal operating costs out of its earnings. The Authority will still provide funding for renovation and extraordinary repairs. As an allowable MTW expense and activity, the Authority may not formalize a repayment plan of the existing advance, unless outside funding is secured. As of June 30, 2017, the outstanding amount was $100,438,567. The advance amount outstanding and reported as long-term intra-program borrowing between General Programs and OAHPI nets to zero and is eliminated for financial statement presentation of the Authority as a whole.

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Reductions/ Transfers	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	$ 67,863,380	$ -	$ (115,602)	$ 67,747,778
Construction in progress	3,112,460	2,675,556	(2,567,461)	3,220,555
Total capital assets, not being depreciated	70,975,840	2,675,556	(2,683,063)	70,968,333
Capital assets, being depreciated:				
Building and improvements	284,318,845	3,244,287	1,565,320	289,128,452
Equipment and vehicles	9,769,302	834,483	(363,590)	10,240,195
Total capital assets, being depreciated	294,088,147	4,078,770	1,201,730	299,368,647
Less accumulated depreciation				
Building and improvements	(241,156,444)	(8,234,042)	942,126	(248,448,360)
Equipment and vehicles	(5,839,916)	(1,103,229)	363,590	(6,579,555)
Less accumulated depreciation	(246,996,360)	(9,337,271)	1,305,716	(255,027,915)
Total capital assets, being depreciated, net	47,091,787	(5,258,501)	2,507,446	44,340,732
Total capital assets, net	$ 118,067,627	$ (2,582,945)	$ (175,617)	$ 115,309,065

In March 2009, HUD approved the disposition of the Authority's 254 scattered sites properties, consisting of 1,615 units. As part of that approval, the Authority was authorized to sell the properties at fair market value consisting of five properties with 61 units. HUD then issued a letter dated December 15, 2009 to clarify the disposition and allow further disposition of the remaining scattered site properties "as long as the units are replaced" and subject to HUD approval. On July 27, 2015, the Authority submitted a request for HUD's approval to designate 195 units at three sites (Cathedral Gardens, AveVista, and Eleventh and Jackson) as replacement disposition units of the former public housing scattered sites and to dispose/sell these replacement units at market rate. On November 5, 2015, HUD approved the disposition and the Authority's first sales occurred during the year ended June 30, 2017.

During the year ended June 30, 2017, the Authority sold the following units at fair market value and designated the following replacement units:

Address	Unit Size	Date of Sale	Replacement Address
3311 Viola Street	3 bed/1 bath	8/10/2016	460 Grand Ave., #305 (AveVista)
1715 67th Avenue	3 bed/1 bath	9/15/2016	460 Grand Ave., #301 (AveVista)
2157 38th Avenue	3 bed/2 bath (sold as 2 bed/ 1 bath)	10/6/2016	460 Grand Ave., #303 (AveVista)
873 32nd Street	12 units/ 3 bed	12/16/2016	618-638 21st St., (Cathedral Gardens)

The Authority recognized a gain in the amount of $4.2 million from the sale of these units, which is reported as part of the Authority's total gain on disposal of capital assets in the amount of $4.4 million in the statement of revenues, expenses and changes in net position for the year ended June 30, 2017.

NOTE 7 – LONG-TERM OBLIGATIONS

Changes to the Authority's long-term obligations for the year ended June 30, 2017 was as follows:

Compensated absenses:	
Beginning of year	$ 1,355,946
Additions	725,629
Reductions	(536,141)
End of the year	1,545,434
Short-term compensated absences	(324,441)
Long-term compensated absenses	$ 1,220,993

NOTE 8 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There have been no significant reductions in insurance coverage from the previous year. The Authority has not settled claims in excess of the Authority's insurance coverage in any of the past three fiscal years.

The Authority's deductibles and maximum coverage follows:

Coverage	Deductible	HARRG/ ERMA	Excess Coverage
General liability	$ 50,000	$ 50,000	$ 5,000,000
Property damage	100,000	100,000	100,000,000
Automobile liability	500	25,000	1,000,000
Employment practices	50,000	-	1,000,000
Employer's liability	-	350,000	5,000,000
Lead-Based Paint	25,000	-	500,000

Changes in the Authority's claims liability during the years ended June 30, 2017 and 2016 were as follows:

	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claims Payments	Claims Liability June 30
2016	$ 369,735	$ 190,639	$ 356,093	$ 204,281
2017	204,281	225,616	175,762	254,135

The claims liability is reported as a component of the accounts payable in the statement of net position.

NOTE 8 – RISK MANAGEMENT (Continued)

(a) General Liability

The Authority purchased coverage for excess liabilities with Housing Authority Risk Retention Group, Inc. (HARRG) for losses incurred above the deductible limit of $50,000 per occurrence up to $5 million per occurrence. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, new discovered information and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends (including frequency and amount of pay-outs), economic and social factors, newly discovered information and changes in the law.

(b) Workers' Compensation and Employer's Liability

The Bay Area Housing Authority Risk Management Agency (BAHARMA) was formed under a joint powers agreement between the Authority and the Housing Authority of the City and County of San Francisco (SFHA). BAHARMA does not provide pooling or sharing of risk between its 2 members. Its purpose is to provide administrative and risk management services to the two housing authorities' worker's compensation self-insurance funds. Effective July 1, 2010, BAHARMA maintained excess insurance coverage above the self-insured retention level of $350,000 up to $5 million per occurrence.

Claims are paid from contributions received from the Authority and SFHA. BAHARMA is considered to be a claims-servicing entity and each member's net position is reported as due to members in the BAHARMA's statement of net position. At June 30, 2017, the Authority is due $10.8 million from BAHARMA and reported this amount as a component of the other noncurrent assets in the Authority's statement of net position.

Condensed financial information for BAHARMA is presented below as of and for the year ended September 30, 2016 (most recently available):

Statement of Net Position September 30, 2016		Statement of Revenues, Expenses and Changes in Net Position For the Year Ended September 30, 2016	
Assets:		Operating revenues:	
Cash and equivalents	$ 10,197,561	Claims servicing revenues	$ 750,679
Prepaid and other	1,266,877		
Investments	26,705,937	Total operating revenues	750,679
Total assets	38,170,375	Operating expenses:	
		Claims administration	270,753
Liabilities:		General and administration	479,926
Claims liability	18,414,998		
Due to members	19,576,582	Total operating expenses	750,679
Premium deposit and other	178,795		
		Change in net position	-
Total liabilities	38,170,375	Net position, beginning of year	-
Net position	$ -	Net position, end of year	$ -

Complete financial statements of BAHARMA can be obtained from the Chief Financial Officer of the Authority at 1619 Harrison Street, Oakland, California 94612.

NOTE 9 –PENSION PLAN – DEFINED CONTRIBUTION

The ICMA Retirement Corporation Pension Plan is a defined contribution plan for employees hired before July 1, 1980. On July 1, 1980, the Authority's employees were given the opportunity to transfer to CalPERS and certain employees hired prior to July 1, 1980 chose to continue with the ICMA plan. As of June 30, 2017, there was one employee in this plan. For the year ended June 30, 2017, the Authority contributed 10% of annual covered salary related to this employee to the plan. Total contribution for the year ended June 30, 2017 was $27,391 and the plan had ending cash value of $2,067,451 at June 30, 2017.

NOTE 10 –PENSION PLANS – DEFINED BENEFIT

(a) General Information

The CalPERS Pension Plans are administered by the Public Employees Retirement System of the State of California. This is for all employees hired after July 1, 1980 and includes employees who as of July 1, 1980 elected CalPERS pension plan coverage.

Description of Plans – All qualified Authority employees, as defined above, are eligible to participate in in the Authority's separate Safety (police) Plan, a cost sharing multiple-employer defined benefit plan, and Miscellaneous (all other) Plan, an agent multiple-employer defined benefit pension plan, administered by CalPERS. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

	Miscellaneous		**Safety**	
	Prior to January 1, 2013	**On or after January 1, 2013**	**Prior to January 1, 2013**	**On or after January 1, 2013**
Benefit formula	2% @ 55	2% @ 62	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 yrs of service	5 yrs of service	5 yrs of service	5 yrs of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	1.4% - 2.4%	1% - 2.5%	2.4% - 3%	2% - 2.7%
Required employee contribution rates	7%	6.25%	9%	10.75%
Required employer contribution rates	9.384%	9.384%	17.689%	12.082%

NOTE 10 –PENSION PLANS – DEFINED BENEFIT (Continued)

Employees Covered – At June 30, 2017, the most recent information available (as of June 30, 2016), the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	250	5
Inactive employees entitled to but not yet receiving benefits	244	17
Active employees	280	21
Total	774	43

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Effective July 1, 1994, the Authority elected to pay 100% of the employees' contributions to CalPERS or 7% of their annual covered salary for Miscellaneous Plan members hired prior to July 1, 2012 and members hired after July 1, 2012 agreed to pay 5% of the employees' 7% contribution. In addition, the Authority contributes on behalf of Safety Plan members the full contribution amount of 9% effective the pay period beginning October 26, 2009 for Safety Plan members hired prior to July 1, 2012 and members hired after July 1, 2012 agreed to pay 4% of the employees' 9% contribution.

For the year ended June 30, 2017, the Authority contributed $2,894,523 and $782,591 for Miscellaneous and Safety Plans, respectively that were reported as deferred outflows of resources on the Statement of Net Position.

(b) Net Pension Liability

At June 30, 2017, the Authority's net pension liability is comprised of the following:

Miscellaneous Plan	$ 6,107,293
Safety Plan	874,556
Total	$ 6,981,849

The Authority's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position and the Safety Plan is reported as the Authority's proportionate share of the CalPERS Public Safety Risk Pool's net pension liability. 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 Safety pension plan relative to the projected contributions of all participating employers, actually determined. The Authority's net pension liability for each plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures.

NOTE 10 –PENSION PLANS – DEFINED BENEFIT (Continued)

Actuarial Assumptions - The total pension liability was determined using the following actuarial assumptions:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Measurement period	July 1, 2015 to June 30, 2016
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Projected salary increases	Varies by entry age and service
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power allowance floor on purchasing power applies, 2.75% thereafter.
Mortality	Derived using CalPERS membership data for all funds*

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

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change in Assumptions – There were no changes of assumptions.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called the "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

The long-term expected rate of return on pension plan investments was determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. The discount rate of 7.65 percent used for the June 30, 2016 measurement date is without a reduction for pension plan administrative expense.

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

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

NOTE 10 –PENSION PLANS – DEFINED BENEFIT (Continued)

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

The table below reflects the long-term expected real rate of return by asset class. The rate of returns were calculated using the capital market assumptions applied to determine the discount rates and asset allocation. The target allocation for the June 30, 2016 measurement date was as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 [(a)]	Real Return Years 11+ [(b)]
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

(c) Changes in the Net Pension Liability

The changes in the net pension liability for the Miscellaneous Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2015	$ 104,058,254	$ 103,770,654	$ 287,600
Changes recognized for the measurement period:			
Service cost	3,310,145	-	3,310,145
Interest on the total pension liability	7,816,926	-	7,816,926
Differences between expected and actual experience	(1,268,669)	-	(1,268,669)
Contributions from the employer	-	2,131,199	(2,131,199)
Contributions from the employees	-	1,418,382	(1,418,382)
Investment income	-	552,372	(552,372)
Administrative expenses	-	(63,244)	63,244
Benefit payments, including refunds of employee contributions	(4,525,216)	(4,525,216)	-
Net changes during the measurement period	5,333,186	(486,507)	5,819,693
Balance at June 30, 2016 (measurement date)	$ 109,391,440	$ 103,284,147	$ 6,107,293

The Authority's proportionate share of the net pension liability for the Safety Plan was 0.01011% as of June 30, 2016, an increase of 0.00858% from June 30, 2015.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Miscellaneous Plan and the Authority's proportionate share of the net pension liability of the CalPERS Safety Risk Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate		
	-1% (6.65%)	Current (7.65%)	+1% (6.65%)
Miscellaneous Plan	$ 20,298,404	$ 6,107,293	$ (5,699,630)
Safety Plan	2,595,446	874,556	(538,120)
Net Pension Liability (Asset)	$ 22,893,850	$ 6,981,849	$ (6,237,750)

Pension Plans' Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

(d) Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the Authority recognized $2,808,519 in total pension expense including amortization of deferred outflows/inflows related to pensions. At June 30, 2017, the Authority's reported deferred outflows of resources and deferred of resources related to the pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Miscellaneous	Safety	Total	Miscellaneous	Safety	Total
Pension contributions subsequent to measurement date	$ 2,894,523	$ 782,591	$ 3,677,114	$ -	$ -	$ -
Changes in assumptions	-	-	-	(784,844)	(155,677)	(940,521)
Differences between expected and actual experiences	-	-	-	(1,103,797)	(35,706)	(1,139,503)
Net differences between projected and actual earnings on plans' investments	5,946,844	764,834	6,711,678	-	-	-
Adjustment due to differences in proportions	-	-	-	-	(732,373)	(732,373)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	436,471	436,471	-	-	-
	$ 8,841,367	$ 1,983,896	$ 10,825,263	$ (1,888,641)	$ (923,756)	$ (2,812,397)

The pension contributions made subsequent to the measurement date totaling $3,677,114 will be recognized as a reduction of the net pension liability in 2018 and the other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30,	Deferred Outflows/Inflows
2018	$ (186,392)
2019	166,237
2020	2,689,842
2021	1,666,065
	$ 4,335,752

NOTE 10 – PENSION PLANS – DEFINED BENEFIT (Continued)

(e) Payable to the Pension Plan

At June 30, 2017, the Authority did not have a payable for the outstanding amount of contributions to the pension plans required for the year.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The Authority provides certain medical benefits for its retired employees, their dependents, and surviving spouses through the CalPERS medical benefit program. To be eligible, employees must have retired under the CalPERS retirement plan. The Authority participates in the CalPERS medical program. Employees who retire from the Authority at age 50 or older with 5 or more years of service are eligible for lifetime postemployment healthcare benefits. Benefits are provided to retirees, spouses and surviving spouses. For employees hired prior to January 1, 2017, the Authority contributes up to 100% of the lowest cost family plan available (referred to herein as the "cap"). After a retiree reaches Medicare age, the cap is based on post-Medicare premium rates. Effective January 1, 2017, the Authority revised the program. Employees hired on or after that date must have at least 10 years of service at retirement in order to receive any employer paid benefits. With 10 years of service, the employer pays 50% of capped premium costs. This percentage increase by 5% in each year after the 10th year of service. After the 20th year of service, the employer pays 100% of capped premium costs.

In 2011, the Authority entered into an agreement with CalPERS whereby the Authority participates in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent-multiple employer postemployment health plan, to prefund other postemployment benefits through CalPERS. The financial statements for CERBT may be obtained by writing the California Public Employees' Retirement System, Constituent Relations Office, CERBT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709 or by calling 888-225-7377.

Funding Policy - Prior to July 1, 2010, the Authority financed the Retiree Health Plan on a pay-as-you-go basis. For the year ended June 30, 2011, the Board authorized the Authority to fund the CERBT its OPEB liability at June 30, 2010 in the amount of $9,214,450 and to make annual payments over the following five years towards reducing the unfunded actuarial accrued liability. In February 2016, the Board authorized the Authority to make three annual payments of $6,851,860. The Authority made payments of $6,851,860 on April 14, 2016, July 14, 2016, and June 16, 2017.

Annual OPEB Cost - The Authority's annual other postemployment benefits (OPEB) cost consists of (a) the Annual Required Contributions (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, (b) one year's interest on the beginning balance of the net OPEB obligation, and (c) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a closed 30 years. The Authority's OPEB valuation was performed as of July 1, 2015.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following table shows the components of the Authority's annual OPEB cost for the year, the amount contributed, and changes in the Authority's net OPEB obligation (asset):

Annual required contributions	$ 5,938,592
Interest on net OPEB asset	123,398
Adjustment to the annual required contribution	(153,498)
Annual OPEB cost (expense)	5,908,492
Contributions made	(15,176,905)
Change in net OPEB obligation (asset)	(9,268,413)
Net OPEB (asset), beginning of year	(3,560,836)
Net OPEB (asset), end of year	$ (12,829,249)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2017	$ 5,908,492	257%	$ (12,829,249)
6/30/2016	5,517,121	151%	(3,560,836)
6/30/2015	3,175,875	44%	(758,276)

Funded Status and Funding Progress - The table below indicates the funded status of the OPEB plan as of July 1, 2015.

Actuarial accrued liability (AAL)	$ 72,916,180
Actuarial value of plan assets	29,867,109
Unfunded actuarial accrued liability (UAAL)	$ 43,049,071
Funded ratio (actuarial value of plan assets)/AAL	41.0%
Approximate annual covered payroll (active plan members)	$ 24,336,316
UAAL as a percentage of annual covered payroll	176.9%

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. Under the entry age normal cost method the actuarial present value of projected benefits is allocated on a level basis over the earnings or service of individuals between entry age and the assumed exit age. The actuarial assumptions included (a) 4.50% investment rate of return, which approximates the amount the Authority expects to earn on its internal investments, (b) inflation rate of 3.00%, (c) payroll increases of 3.25%, and (d) an annual pre-Medicare healthcare cost trend rate of 8.5% in January 1, 2017, reduced by level decrements to an ultimate rate of 5.0% for the year beginning January 1, 2029 and thereafter. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed period over 30 years.

NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES

Low Income Tax Credits – The Authority's low-income tax credit partnerships are contingent on its ability to maintain compliance with applicable sections of Section 42 of the Internal Revenue Code. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

Concentrations - For the year ended June 30, 2017, approximately 93% of operating revenues and 64% of accounts receivables reflected in the financial statements are from HUD. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

General Partner Operating Deficit Guarantees - In relation to the performance of the tax credit partnerships for which the Authority is the general partner, the Authority has agreed to provide certain levels of funding in the event of partnership operating deficits that exceed operating reserves (see Note 13). As of June 30, 2017, no additional liability existed relating to excess operating deficits for any of the partnerships based on the Authority's analysis.

Conduit Debt – From time to time, the Authority issued Multi-family Housing Revenue Bonds to provide funds to developers for the construction of multi-family housing projects. The bonds are payable solely from the revenues collected by the developers of the projects. The Authority is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the Authority's basic financial statements.

NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

In June 2012, the Authority participated in the issuance of $21,000,000 of Multi-family Housing Revenue Bonds (Cathedral Gardens Project) Series 2012A-1 and 2012A-2 in the original principal amount of $21.0 million for the purpose of providing funding necessary for the construction and development of a multi-family rental housing project known as the Cathedral Gardens Apartments, located at 668 21st Street, Oakland, California. At June 30, 2017, the principal amount payable for these bonds was approximately $9.1 million.

In addition, conduit debt issued for entities not related to the Authority, the Authority has also issued other conduit debt for related entities (see Note 13).

NOTE 13 – RELATED PARTY TRANSACTIONS

(a) Chestnut Linden Associates

Ground Lease - CLA's lease of the land from the Authority on which Chestnut Court Apartments is built resulted in a one-time lease cost paid to the Authority of $1 upon the closing of one or more CLA construction loans, and the term of the lease will expire in February 2082. CLA has granted the Authority and Chestnut Linden, Inc., if such rights are not exercised by the Authority, an option to purchase partnership property during 2018 at a price which would facilitate the purchase while protecting the Partnership's tax benefits from the Chestnut Linden Court Project.

(b) Mandela Gateway Associates

Ground Lease - MGA's lease of the land from the Authority on which the Mandela Gateway Project is built resulted in an annual lease cost of $1 to be paid to the Authority over the life of the lease, which expires in February 2078. MGA has provided an option to acquire the Mandela Gateway Project to the Authority during the period from January 1, 2015 to June 30, 2020. The option price is the greater of the Project's fair market value, or the assumption of all outstanding debt and taxes. If such right is not exercised by the Authority, Chestnut Linden, Inc.'s option to acquire the Project will begin on July 1, 2020 and will expire on December 31, 2023.

(c) Oakland Coliseum Housing Partners

Ground Lease - OCHP's lease of the land from the Authority on which Lion Creek Crossings – Phase I is built resulted in lease payments to be paid to the Authority in installments. The ground rent consisted of a payment in the amount of $635,000 by OCHP to the Authority upon certain conditions specified in the ground lease agreement, and the term of the lease is for 75 years from the recording of the OCHP and the California Tax Credit Allocation Committee's tax credit restrictive covenant agreement.

(d) Lion Way Housing Partners

Ground Lease - LWHP's lease of the land from the Authority on which Lion Creek Crossings – Phase II is built resulted in lease payments to be paid to the Authority in installments. Total payments of $1,080,000 by LWHP were paid as of December 31, 2009 and the term of the lease is for 89 years.

NOTE 13 – RELATED PARTY TRANSACTIONS (Continued)

(e) Creekside Housing Partners

Ground Lease - CHP's lease of the land from the Authority on which Lion Creek Crossings – Phase III is built resulted in lease payments to be paid to the Authority in installments. Total payments of $1,145,200 by CHP were paid as of December 31, 2009 and the term of the lease is for 89 years.

(f) Foothill Family Apartments

Ground Lease - FFA's lease of the land from the Authority on which the Foothill Family Apartments is built resulted in annual rent payments to be paid to the Authority of $7,972 commencing on April 1, 2006. The annual lease payments are to be made from, and to the extent of, 90 percent of residual receipts, which amount shall not accrue. Unless sooner terminated pursuant to the provisions of the lease agreement, the lease shall continue in full and expire in July 2065. For the year ended June 30, 2017, the Authority did not receive lease income.

(g) Tassafaronga Partners

Operating Deficit Guarantee - The Authority has agreed to guarantee obligations of Tassafaronga Housing Corporation (THC), an affiliated entity, who is the general partner in Tassafaronga Partners, L.P. (TP), an affordable housing limited partnership. These obligations may include operating deficits, development and low income housing tax credit guarantees. Under TP's amended and restated limited partnership agreement dated October 23, 2008, THC is obligated to provide any funds needed by TP, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits up to $1,446,921 during the Operating Deficit Guaranty Period, as defined in the agreement. As of June 30, 2017, there have been no operating deficit loans made to TP.

Conduit Debt - From time to time, the Authority has issued Multi-family Housing Revenue Bonds to provide funds to developers for the construction of multi-family housing projects. The bonds are payable solely from the revenues collected by the developers of the projects. The Authority is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the primary government's basic financial statements.

On February 11, 2011, the conduit debt on the $31,305,000 of Multi-family Housing Revenue Bonds Series 2008A and 2008B were paid off and the TP received permanent financing with two tranches. One (Series A) is in the amount of $3,910,000, bears interest at 5.65%, matures May 1, 2046 and is payable in monthly installments of $21,383 until maturity and the other (Series B) is in the amount of $5,580,000, bears interest at 5.45% and matures on May 1, 2026, and is payable in monthly installments of $46,993, until maturity. These bonds have a principal balance of $7,435,000 as of December 31, 2016 as summarized in Note 14.

(h) Tassafaronga Partners II

Operating Deficit Guarantee - The Authority has agreed to guarantee obligations of THC, who is the general partner in Tassafaronga Partners II, L.P. (TP II), an affordable housing limited partnership. These obligations may include operating deficits, development and low income housing tax credit guarantees. Under TP II's amended and restated limited partnership agreement dated August 20, 2009, THC is obligated to provide any funds needed by the TP II, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits up to $121,900. As of June 30, 2017, there have been no operating deficit loans made to TP II.

NOTE 13 – RELATED PARTY TRANSACTIONS (Continued)

(i) Village-Side Housing Partners

Ground Lease - On November 1, 2010, VSHP entered into a ground lease agreement with the Authority to lease the land upon the 72-unit project is located. The lease term is for a period of 89 years. Upon expiration of the lease, the buildings and improvements become the property of the Authority. The ground lease consists of required payments totaling $1,950,000, which was fully paid in as of December 31, 2013. As of December 31, 2016, accumulated amortization was $138,298.

Operating Assistance - VSHP operates and maintains all of the 72-units in the project, other than a manager's unit, as qualified low-income tax credit units. Of these qualified low income units, 21 have been set aside as "ACC units", whose rents are restricted and may be less than the operating costs of the project units. The Authority has agreed to subsidize the operation of these units through the provisions of operating assistance provided to it by the HUD subject to annual appropriations.

Conduit Debt - On November 1, 2010, the Authority also participated in the issuance of $17,310,000 of Multi-family Housing Revenue Bonds (Lion Creek Crossings, Phase IV) Series 2010A. These bonds were issued to provide financing for the construction and development by VSHP for the Phase IV project.

(j) Lion Creek Senior Housing Partners, L.P.

Ground Lease - LCSHP entered into a ground lease agreement with the Authority to lease the land upon the 128-unit project is located. The lease term is for a period of 90 years. Upon expiration of the lease, the buildings and improvements become the property of the Authority. In addition, LCSHP is obligated to pay all costs, expenses and obligations with respect to the project including real property taxes, insurance, utilities, operating costs and costs of maintenance. The ground lease consists of required payments totaling $90.

(k) AveVista Associates, L.P.

Ground Lease – AveVista entered into a ground lease agreement with the Authority to lease the land upon the 68-unit project is located. The lease term is for a period of 90 years, which expires in 2102. Upon termination of the lease, the buildings and improvements become the property of the Authority. The ground lease consists of required payments totaling $90, equivalent to $1 annual rent.

Developer Fee – AveVista agreed to pay a developer fee to the Authority and BRIDGE Housing Corporation (BRIDGE) in the amount not to exceed $2,500,000. Per the administrative fee and option indemnity agreement, the fee is to be split evenly between the Authority and BRIDGE. Proceeds for this fee should be paid from available debt and equity proceeds of the Partnership. The remainder of the developer fee shall constitute a non-interest bearing note payable to the developer from cash flow and or net proceeds or at maturity of the loan on October 1, 2025. To the extent that cash flows and or net proceeds have not covered the entirety of the loan the general partner shall make a capital contribution to the Partnership in the amount necessary to pay the developer loan. As of December 31, 2016, $1,486,789 remains payable, of which $743,392 is payable to the Authority and $743,397 is payable to BRIDGE.

Conduit Debt - The Authority also participated in the issuance of $16,532,000 of Multi-family Housing Revenue Bonds (AveVista Apartments Project) Series 2013A-1 and Series 2013A-2. These bonds were issued to provide financing for the construction and development by AveVista. These bonds have a principal balance of $5,247,386 as of December 31, 2016 as summarized in Note 14.

NOTE 14 – SUMMARIZED FINANICIAL INFORMATION OF DISCRETELY PRESENTED COMPONENT UNITS

	Chestnut Linden Associates (1)	Mandela Gateway Associates (1)	Oakland Coliseum Housing Partners (1)	Lion Way Housing Partners (1)	Creekside Housing Partners (1)	Foothill Family Apartments (1)	Tassafaronga Partners (1)	Tassafaronga Partners II (1)	Lion Creek Senior Housing Partners (1)	Village-Side Housing Partners (1)	Ave Vista Associates (1)	Total
Assets												
Unrestricted cash and cash equivalents	$ 255,479	$ 598,546	$ 152,647	$ 144,881	$ 281,189	$ 176,259	$ 391,628	$ 81,268	$ 347,327	$ 171,546	$ 330,169	$ 2,930,939
Restricted cash and cash equivalents	1,610,405	977,025	1,033,922	960,968	973,180	431,071	2,125,353	488,330	461,267	566,944	323,470	9,951,935
Accounts receivable and other current assets	33,756	127,454	183,421	237,336	197,802	39,285	67,496	12,595	155,541	147,427	111,066	1,313,179
Other noncurrent assets	12,944	-	549,647	964,394	1,060,603	7,125	46,016	7,358	57,090	1,846,605	35,784	4,587,566
Capital assets, net	23,100,756	27,605,767	24,658,244	28,346,253	30,172,637	7,735,637	41,984,968	5,923,658	31,232,598	25,632,489	26,882,863	273,275,870
Total assets	25,013,340	29,308,792	26,577,881	30,653,832	32,685,411	8,389,377	44,615,461	6,513,209	32,253,823	28,365,011	27,683,352	292,059,489
Liabilities												
Current liabilities	245,415	706,101	155,820	268,019	196,570	227,188	397,034	37,791	674,044	121,409	199,985	3,229,376
Other noncurrent liabilities	-	2,977,824	2,164,942	2,558,508	1,878,823	2,473,523	2,517,263	1,143,453	-	761,196	2,078,211	18,553,743
Loans from the Authority (Note 5)	10,706,580	3,418,581	5,451,122	9,032,431	3,330,533	2,400,000	14,313,793	1,819,688	11,958,973	8,733,338	8,734,715	79,899,754
Long-term obligations (other than loans from the Authority)	5,288,325	6,051,260	14,780,675	15,184,251	18,256,398	3,343,710	20,091,839	3,743,026	6,526,543	14,403,058	6,744,185	114,413,270
Total liabilities	16,240,320	13,153,766	22,552,559	27,043,209	23,662,324	8,444,421	37,319,929	6,743,958	19,159,560	24,019,001	17,757,096	216,096,143
Net position	$ 8,773,020	$ 16,155,026	$ 4,025,322	$ 3,610,623	$ 9,023,087	$ (55,044)	$ 7,295,532	$ (230,749)	$ 13,094,263	$ 4,346,010	$ 9,926,256	$ 75,963,346
Operating revenues	1,853,672	2,358,302	1,489,846	1,861,168	1,354,573	877,524	2,399,492	292,207	1,666,049	897,452	921,209	15,971,494
Operating expenses	(2,600,089)	(2,992,557)	(1,974,663)	(2,876,088)	(1,877,035)	(925,979)	(3,514,020)	(531,054)	(1,997,630)	(2,093,442)	(2,182,967)	(23,565,524)
Operating loss	(746,417)	(634,255)	(484,817)	(1,014,920)	(522,462)	(48,455)	(1,114,528)	(238,847)	(331,581)	(1,195,990)	(1,261,758)	(7,594,030)
Nonoperating revenues	3,833	4,943	154	2,202	2,369	1,205	3,569	-	580	132	68	19,055
Nonoperating expenses	(1,492)	(354,728)	(422,290)	(562,968)	(525,423)	(339,867)	(810,489)	(114,210)	(317,999)	(293,747)	(672,085)	(4,415,298)
Loss before capital contributions	(744,076)	(984,040)	(906,953)	(1,575,686)	(1,045,516)	(387,117)	(1,921,448)	(353,057)	(649,000)	(1,489,605)	(1,933,775)	(11,990,273)
Capital contributions	-	-	-	-	-	-	-	-	245,482	-	11,860,031	12,105,513
Change in net position	(744,076)	(984,040)	(906,953)	(1,575,686)	(1,045,516)	(387,117)	(1,921,448)	(353,057)	(403,518)	(1,489,605)	9,926,256	115,240
Net position, beginning of year	9,517,096	17,139,066	4,932,275	5,186,309	10,068,603	332,073	9,216,980	122,308	13,497,781	5,835,615	-	75,848,106
Net position, end of year	$ 8,773,020	$ 16,155,026	$ 4,025,322	$ 3,610,623	$ 9,023,087	$ (55,044)	$ 7,295,532	$ (230,749)	$ 13,094,263	$ 4,346,010	$ 9,926,256	$ 75,963,346

(1) Component unit was audited by other auditors.

NOTE 14 – SUMMARIZED FINANICIAL INFORMATION OF DISCRETELY PRESENTED COMPONENT UNITS (Continued)

***Custodial Credit Risk – Deposits* -** The Authority's discrete component units maintain cash and cash equivalents with various financial institutions. At times, these balances may exceed federal insurance limits; however, the discrete component units have not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2016.

***Restricted Cash and Cash Equivalents* -** The Authority's component units are required to maintain the following types of restricted cash and cash equivalents:

- **Replacement Reserves** – The partnerships are required to maintain reserves for replacement and repair of property and equipment in accordance with the partnership agreements and the lenders' regulatory agreements.
- **Operating Reserves** – The partnerships are required to maintain operating reserves in accordance with the partnership agreements and the lenders' regulatory agreements.
- **Affordability Reserves** – The partnerships under various agreements are required to establish an affordability reserve to be used as provided in the Authority's regulatory agreements for the benefit of the project units.
- **Priority Distribution Reserves** – The partnerships are required to establish a reserve from designated proceeds as defined in the partnership agreements. Funds shall be used to distribute to the investor limited partner upon sale by the investor limited partner of its interest, the withdrawal of investor limited partner or the dissolution of the partnership.
- **Security Reserves** – The partnerships are required to establish a reserve from designated proceeds as defined in the partnership agreements. Funds shall be used to provide for security services during lease up period.
- **Asset Management Fee Reserves** – The partnerships are required to establish a reserve from designated proceeds as defined in the partnership agreements. Funds shall be released annually to pay the cumulative asset management fee to the investor limited partner. Any funds remaining after the end of the compliance period shall be distributed as cash flow at the time of withdrawal of the investor limited partner or dissolution of the partnerships.
- **Section 8 Reserves –** The partnerships are required to establish a Section 8 Reserve to secure a HAP Contract. Funds shall be available to cover operating shortfalls in the event Section 8 funds to the project are reduced or eliminated, subject to the consent of the limited partner, and any requisite approvals.
- **Debt Service Reserves** – The partnership received funds from the loan servicer for the next scheduled monthly debt service payment, which are held by the trustee until the due date.
- **Revenue Deficit Reserves** – The partnership is required to establish a revenue deficit reserve to fund the operating deficits in case the HUD rental assistance contract is not renewed or is reduced.
- **Escrow Deposits** – The partnerships hold escrow deposits for monthly impound deposits.
- **Tenant Security Deposits** – The partnerships are required to hold security deposits in separate bank accounts in the name of the housing project.

NOTE 14 – SUMMARIZED FINANICIAL INFORMATION OF DISCRETELY PRESENTED COMPONENT UNITS (Continued)

At December 31, 2016, these component units' restricted cash and cash equivalents are as follows:

	CLA	MGA	OCHP	LWHP	CHP	FFA	TP	TP II	VSHP	LCS	AV	Total
Restricted deposits for:												
Replacement reserves	$ 886,538	$ 533,869	$ 418,737	$ 372,819	$ 421,981	$ 145,030	$ 484,278	$ 65,807	$ 168,430	$ 79,873	$ 14,378	$ 3,591,740
Operating reserves	398,570	234,320	328,565	386,436	297,678	248,722	474,018	160,345	225,058	350,746	225,066	3,329,524
Affordability reserves	231,066	-	34,501		-	-	-	-	-	-		265,567
Priority distribution reserves	-	-	43,500	-	-	-	-	-	-	-		43,500
Security reserves	-	-	119,241	-	-	-	-	-	-	-		119,241
Asset management fee reserves	-	-	-	-	57,816	-	-	-	-	-		57,816
Section 8 reserves	-	-	-	87,507	116,774	-	-	-	142,416	-		346,697
Debt service reserves	-	-	-	-	-	-	71,165	-	-	-		71,165
Revenue deficit reserves	-	-	-	-	-	-	975,595	258,329	-	-		1,233,924
Escrow deposits	-	93,287	23,464	35,032	26,974	-	44,173	-	-	-	56,954	279,884
Tenant security deposits	94,231	115,549	65,914	79,174	51,957	37,319	76,124	3,849	31,040	30,648	27,072	612,877
Total restricted deposits	$ 1,610,405	$ 977,025	$1,033,922	$ 960,968	$ 973,180	$ 431,071	$ 2,125,353	$ 488,330	$ 566,944	$ 461,267	$ 323,470	$ 9,951,935

Capital Assets **-** The Authority component units' capital assets activity for the year ended December 31, 2016 was as follows:

	January 1, 2016	**Additions**	**December 31, 2016**
Capital assets, not being depreciated:			
Land	$ 16,370,629	$ 193,074	$ 16,563,703
Construction in progress	699,131	135,468	834,599
Total capital assets, not being depreciated	17,069,760	328,542	17,398,302
Capital assets, being depreciated:			
Buildings and improvements	314,717,193	27,436,615	342,153,808
Equipment and vehicles	10,649,974	100,379	10,750,353
Total capital assets, being depreciated	325,367,167	27,536,994	352,904,161
Less accumulated depreciation	(85,274,248)	(11,752,345)	(97,026,593)
Total capital assets, being depreciated, net	240,092,919	15,784,649	255,877,568
Component units capital assets, net	$ 257,162,679	$ 16,113,191	$ 273,275,870

NOTE 14 – SUMMARIZED FINANICIAL INFORMATION OF DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Long-Term Obligations (Other than Loans from the Authority)

Outstanding component units' long-term debt as of December 31, 2016 consisted of the following:

Type of indebtedness (purpose)	Maturity	Interest Rates	Principal Installments	Balance December 31, 2016
Chestnut Linden Associates				
City of Oakland (Successor Agency)	2057	0.0%	Excess/distributable cash	$ 4,746,307
World Savings Bank Affordable Housing Program	2058	0.0%	At maturity	604,000
Total Chestnut Linden Associates				5,350,307
AveVista Associates LP				
JP Morgan Chase I	2051	5.3%	$27,755 monthly payment	5,247,386
JP Morgan Chase II	2051	3.6%	$3,564 monthly payment	836,524
Federal Home Loan Bank of San Francisco	2030	0.0%	At maturity	670,000
Total AveVista Associates L.P.				6,753,910
Mandela Gateway Associates			$38,547 monthly payments	
California Housing Finance Agency Note #1	2020	6.5%	of principal and interest	
California Housing Finance Agency Note #3	2035	3.0%	Sufficient residual receipts	
Subtotal California Housing Finance Agency				1,609,917
City of Oakland (Successor Agency)	2059	3.0%	Sufficient residual receipts	2,500,000
City of Oakland	2058	3.0%	Sufficient residual receipts	1,000,000
World Savings Bank Affordable Housing Program	2060	0.0%	At maturity	1,000,000
Total Mandela Gateway Associates				6,109,917
Oakland Coliseum Housing Partners			$18,366 monthly payments	
California Housing Finance Agency Note #A	2042	5.5%	of principal and interest	3,004,854
California Housing Finance Agency Note #B	2042	3.0%	$2,213 monthly payments	469,769
Department of Housing and Community Development	2061	3.0%	0.42% of unpaid principal annually	7,965,000
City of Oakland	2059	0.0%	9.5% of cash flow	1,485,781
City of Oakland (Successor Agency)	2059	0.0%	9.5% of cash flow	1,485,781
Affinity Bank	2042	0.0%	At maturity	460,000
Total Oakland Coliseum Housing Partners				14,871,185
Lion Way Housing Partners			$21,948 monthly payments	
California Housing Finance Agency Note #1	2047	5.9%	of principal and interest	3,740,378
California Housing Finance Agency Note #2	2047	3.0%	$2,613 monthly payments	631,370
California Housing Finance Agency Note #3	2017	5.3%	$6,652 monthly payments	71,287
Department of Housing and Community Development	2062	3.0%	0.42% of unpaid principal annually	10,315,000
Affinity Bank	2042	0.0%	At maturity	645,000
Total Lion Way Housing Partners				15,403,035
Creekside Housing Partners			$21,601 monthly payments	
California Housing Finance Agency Note #A	2047	5.7%	of principal and interest	3,817,866
California Housing Finance Agency Note #B	2017	5.5%	$5,155 monthly payments	126,080
California Housing Finance Agency Note #C	2047	3.0%	$1,897 monthly payments	469,440
Department of Housing and Community Development	2064	3.0%	0.42% of unpaid principal annually	9,028,478
City of Oakland	2061	0.0%	9% of cash flow	4,573,496
Far East National Bank	2067	0.0%	At maturity	525,000
Total Creekside Housing Partners				18,540,360
Foothill Family Apartments	May be forgiven at			
Hanmi Bank, Federal Savings Bank	end of 15 years	0.0%	At maturity	575,000
Hanmi Bank, Federal Savings Bank	2035	7.5%	$12,375 monthly payments	1,489,838
Limited Partner Advance	n/a	8.0%	n/a	1,294,381
Total Foothill Family Apartments				3,359,219

(To be continued)

NOTE 14 – SUMMARIZED FINANICIAL INFORMATION OF DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Long-Term Obligations (Other than Loans from the Authority)

Outstanding component units' long-term debt as of December 31, 2016 consisted of the following (continued):

Type of indebtedness (purpose)	Maturity	Interest Rates	Principal Installments	Balance December 31, 2016
(Continued from previous page)				
Tassafaronga Partners, L.P.				
Wells Fargo Bank, N.A. Series A and Series B	2026	5.45% - 5.65%	$68,376 monthly payments	7,435,000
Redevelopment Agency of the City of Oakland	2063	0.0%	14.88% of cash flow	3,000,000
Department of Housing and Community Development	2065	3.0%	0.42% of unpaid principal annually	10,000,000
Total Tassafaronga Partners				20,435,000
Tassafaronga Partners II, L.P.				
Department of Housing and Community Development	2066	3.0%	0.42% of unpaid principal annually	2,725,055
Citibank, N.A. - Affordable Housing Program	2065	0.0%	At maturity	200,000
County of Alameda - HOPWA Loan	2065	3.0%	At maturity	500,000
California Tax Credit Allocation Committee (TCAC)	2065	0.0%	At maturity	388,241
Total Tassafaronga Partners II				3,813,296
Village-Side Housing Partners, L.P.				
California Community Reinvestment Corporation	2022 and 2042	6.3%	$3,817 and $3,739 monthly payments	815,329
City of Oakland	2065	0.0%	50% of cash flow	3,492,345
Department of Housing and Community Development	2067	3.0%	0.42% of unpaid principal annually	7,527,592
Redevelopment Agency of the City of Oakland	2065	0.0%	50% of cash flow	2,974,486
Total Village-Side Housing Partners, L.P.				14,809,752
Lion Creek Senior Housing Partners L.P.				
Union Bank of California Tranche A-1	2030	65% of LIBOR + 2.25%	Payment based on 30 year	4,866,695
Union Bank of California Tranche A-2	2030	65% of LIBOR + 2.25%	amortization with all unpaid principal	863,312
Union Bank of California	2070	0.0%	and interest due at maturity	1,270,000
Total Lion Creek Senior Housing Partners. L.P.				7,000,007
Total Component Units				$ 116,445,988

Changes to the component units' long-term obligations for the year ended December 31, 2016 were as follows:

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Amounts Due Within One Year
Component Units:					
Chestnut Linden Associates	$ 5,400,153	$ -	$ (49,846)	$ 5,350,307	$ 104,539
AveVista Associates, L.P.	-	6,753,910	-	6,753,910	65,562
Mandela Gateway Associates	6,279,847	-	(169,930)	6,109,917	181,312
Oakland Coliseum Housing Partners	14,949,278	-	(78,093)	14,871,185	69,183
Lion Way Housing Partners	15,530,573	-	(127,538)	15,403,035	127,741
Creekside Housing Partners	18,658,324	-	(117,964)	18,540,360	107,859
Foothill Family Apartments	3,394,192	-	(34,973)	3,359,219	38,090
Tassafaronga Partners	20,830,000	-	(395,000)	20,435,000	425,441
Tassafaronga Partners II	3,813,296	-	-	3,813,296	-
Village-Side Housing Partners, L.P.	14,861,327	-	(51,575)	14,809,752	40,876
Lion Creek Senior Housing Partners, L.P.	7,288,670	-	(288,663)	7,000,007	302,678
Total	$ 111,005,660	$ 6,753,910	$ (1,313,582)	116,445,988	$ 1,463,281
			Less unamortized debt issuance costs	(2,032,718)	
			Long-term obligations, net	$ 114,413,270	

NOTE 15 – SUMMARIZED FINANICIAL INFORMATION OF BLENDED COMPONENT UNITS

The statement of net position of CAHI and OAHPI are as follows at June 30, 2017:

	California Affordable Housing Initiatives, Inc.	Oakland Affordable Housing Preservation Initiatives
Assets		
Unrestricted cash and cash equivalents	$ 36,484,271	$ 65,542,286
Restricted cash and cash equivalents	245	347,475
Accounts receivable and other current assets	162,993	2,612,684
Other noncurrent assets	10,515	729,992
Capital assets	14,546,647	23,726,695
Total assets	51,204,671	92,959,132
Deferred outflows of resources		
Pension items	70,825	1,242,141
Liabilities		
Current liabilities	13,079	1,339,473
Due to the Authority	82,649	100,438,567
Other noncurrent liabilities	55,735	936,340
Total liabilities	151,463	102,714,380
Deferred inflows of resources		
Pension items	13,399	191,281
Net position		
Net investment in capital assets	14,546,647	23,726,695
Restricted	10,760	729,992
Unrestricted	36,553,227	(33,161,075)
Total net position	$ 51,110,634	$ (8,704,388)

NOTE 15 – SUMMARIZED FINANICIAL INFORMATION OF BLENDED COMPONENT UNITS (Continued)

The statement of revenues, expenses and changes in net position of CAHI and OAHPI are as follows for the year ended June 30, 2017:

	California Affordable Housing Initiatives, Inc.	Oakland Affordable Housing Preservation Initiatives
Operating revenues:		
Rental income	$ -	$ 26,468,270
Housing assistance payment revenues	546,887,003	-
Miscellaneous and other revenues	20,236,668	17,456
Total operating revenues	567,123,671	26,485,726
Operating expenses		
Program services	546,887,003	-
Management and general	12,550,792	25,567,534
Depreciation and amortization	388,376	5,641,696
Total operating expenses	559,826,171	31,209,230
Operating income (loss)	7,297,500	(4,723,504)
Nonoperating revenues (expenses)		
Investment income	14,713	-
Other nonoperating expense	(10,615)	(23,126)
Total nonoperating revenues (expenses), net	4,098	(23,126)
Income (loss) before contributions	7,301,598	(4,746,630)
Contributions from the Authority	96	4,975,140
Change in net position	7,301,694	228,510
Net position, beginning of year	43,808,940	(8,932,898)
Net position, end of year	$ 51,110,634	$ (8,704,388)

NOTE 15 – SUMMARIZED FINANICIAL INFORMATION OF BLENDED COMPONENT UNITS (Continued)

The statement of cash flows of CAHI and OAHPI are as follows for the year ended June 30, 2017:

	California Affordable Housing Initiatives, Inc.	Oakland Affordable Housing Preservation Initiatives
Cash flows from operating activities:		
Receipts from tenants	$ -	$ 26,377,306
Receipts from customers and others	20,260,993	(164,165)
Receipts from housing assistance programs	548,317,491	238,792
Payments to suppliers for goods and services	(14,465,517)	(25,721,813)
Housing assistance payments on behalf of tenants	(546,944,022)	-
Payments to employees for services	(2,178)	(140,741)
Total cash flows from operating activities	7,166,767	589,379
Cash flows from noncapital financing activities:		
Cash contributions received from the Authority	96	24,504,353
Proceeds from loans from the Authority	(931,185)	-
Total cash flows from noncapital financing activities	(931,089)	24,504,353
Cash flows from capital and related financing activities		
Acquisition of capital assets	(43,505)	(5,032,847)
Cash flows from investing activities		
Interest income	14,713	-
Net change in cash and cash equivalents	6,206,886	20,060,885
Cash and cash equivalents, beginning of year	30,277,630	45,828,876
Cash and cash equivalents, end of year	$ 36,484,516	$ 65,889,761
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 7,297,500	$ (4,723,504)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	388,376	5,641,696
Other nonoperating revenue (expense), net	(10,615)	(23,126)
Change in net pension liability and pension related deferred outflows and inflows of resources	(1,023)	(13,135)
(Increase) decrease in:		
Accounts receivables	1,454,813	(286,724)
Prepaids and other assets	(4,916)	(146,794)
Decrease (increase) in:		
Accounts payable and other accrued liabilities	(1,957,368)	(111,965)
Tenant security deposits and unearned revenues	-	252,931
Net cash provided by (used in) operating activities	$ 7,166,767	$ 589,379
Supplementary information		
Noncash capital and related financing activities:		
Capital assets transferred from the Housing Authority of the City of Oakland	$ -	$ 4,998,757
Capital assets transferred to the Housing Authority of the City of Oakland	$ -	$ (23,617)

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios
Miscellaneous Plan
Last 10 Years*

	2017	2016	2015
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability			
Service cost	$ 3,310,145	$ 3,292,478	$ 3,364,122
Interest on the total pension liability	7,816,926	7,426,882	6,975,906
Differences between expected and actual experience	(1,268,669)	(1,765,900)	-
Effect of economic/ demographic gains or losses	-	(421,954)	-
Benefit payments, including refunds of employee contributions	(4,525,216)	(4,196,558)	(3,893,482)
Net change in total pension liability during measurement period	5,333,186	4,334,948	6,446,546
Total pension liability, beginning	104,058,254	99,723,306	93,276,760
Total pension liability, ending	**$ 109,391,440**	**$ 104,058,254**	**$ 99,723,306**
Plan Fiduciary Net Position			
Contributions from the employer	$ 2,131,199	$ 7,801,695	$ 6,509,930
Contributions from the employees	1,418,382	1,403,565	1,491,558
Net investment income	552,372	2,225,891	13,852,443
Administrative expenses	(63,244)	(116,826)	-
Benefit payments, including refunds of employee contributions	(4,525,216)	(4,196,558)	(3,893,482)
Net change in plan fiduciary net position	(486,507)	7,117,767	17,960,449
Plan fiduciary net position, beginning	103,770,654	96,652,887	78,692,438
Plan fiduciary net position, ending	**$ 103,284,147**	**$ 103,770,654**	**$ 96,652,887**
Plan Net Pension Liability, ending	**$ 6,107,293**	**$ 287,600**	**$ 3,070,419**
Plan fiduciary Net Position as a Percentage of the Total Pension Liability	94.42%	99.72%	96.92%
Covered Payroll	$ 20,060,344	$ 21,885,064	$ 20,393,561
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	30.44%	1.31%	15.06%

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

See accompanying notes to the required supplementary information.

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Safety Plan
Last 10 Years*

	2017	2016	2015
Plan's proportion of the net pension liability	0.01011%	0.00153%	0.03091%
Plan's proportionate share of the net pension liability	$ 874,556	$ 104,748	$ 1,923,489
Plan's covered payroll	$ 2,968,499	$ 3,068,536	$ 2,814,791
Plan's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.46%	3.41%	68.34%
Plan's proportionate share of the fiduciary net pension as a percentage of the plan's total pension liability	74.06%	78.40%	81.42%

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

See accompanying notes to the required supplementary information.

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Required Supplementary Information (Unaudited)
Schedule of Pension Contributions
Last 10 Years*

	2016-17	2015-16	2014-15	2013-14
Miscellaneous Plan				
Actuarially determined contribution	$ 2,894,523	$ 3,113,392	$ 1,980,747	$ 1,940,192
Contributions in relation to the actuarially determined contribution	(2,894,523)	(3,113,392)	(7,801,695)	(6,509,930)
Contribution deficiency (excess)	**$ -**	**$ -**	$ (5,820,948)	$ (4,569,738)
Covered Payroll	$ 20,060,344	$ 21,885,064	$ 18,952,179	$ 20,393,561
Contributions as a Percentage of Covered Payroll	14.43%	14.23%	41.17%	31.92%
Safety Plan				
Actuarially determined contribution	$ 782,591	$ 735,732	$ 609,327	$ 238,613
Contributions in relation to the actuarially determined contribution	(782,591)	(735,732)	(804,888)	(238,613)
Contribution deficiency (excess)	**$ -**	**$ -**	$ (195,561)	$ -
Covered Payroll	$ 2,192,131	$ 3,068,536	$ 3,347,620	$ 2,814,791
Contributions as a Percentage of Covered Payroll	35.70%	23.98%	24.04%	8.48%

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

Valuation date	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Actuarial cost method	Entry-age normal cost method			
Amortization method	Level percent of payroll			
Asset valuation method	Actuarial value of assets 15 year smoothed market			
Inflation	2.75%			
Payroll growth	3.00%			
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment			
Investment rate of return	7.50%**	7.65%	7.50%**	7.50%**
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.			
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.			

* Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, therefore only four years of information is shown.
** Net of pension plans' investment and administrative expenses, including inflation

See accompanying notes to the required supplementary information.

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Required Supplementary Information (Unaudited)
Schedule of Funding Progress
Postemployment Healthcare Benefits (Dollars in Thousands)
Last Three Valuations

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) - Entry Age	(C) Unfunded AAL (UAAL) [(B) - (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	(F) UAAL as a Percentage of Covered Payroll [(C) / (E)]
7/1/2015	$ 29,867	$ 72,916	$ 43,049	41.0%	$ 24,336	176.9%
7/1/2013	23,678	47,558	23,880	49.8%	23,989	99.5%
7/1/2011	12,750	49,604	36,854	25.7%	17,400	211.8%

See accompanying notes to the required supplementary information.

NOTE 1 – BENEFIT CHANGES

The Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan and the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – Safety Plan do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

NOTE 2 – CHANGES IN ASSUMPTIONS

In 2016, there were no changes of assumptions. In 2015, amounts reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administration expense). In 2014, amounts were based on the 7.5 percent discount rate.

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HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Combining Schedule of Net Position
Federal, Other Housing and General Programs
June 30, 2017

	Federal Programs	Other Housing Programs	General Programs	Eliminations	Total
Assets:					
Current assets:					
Unrestricted cash and cash equivalents	$ 17,569,757	$ 112,075,615	$ 2,000	$ -	$ 129,647,372
Accounts receivable, net:					
U.S. Department of Housing and Urban Development	18,280,793	-	-	-	18,280,793
Tenants	157,051	1,327,567	3,325	-	1,487,943
Other	6,384,387	2,348,009	251,937	-	8,984,333
Due from other funds	11,526,917	-	1,257,088	(12,784,005)	-
Due from OAHPI					
Prepaid expenses	257,855	268,117	77,985	-	603,957
Restricted cash and cash equivalents	2,923,955	401,995	1,856	-	3,327,806
Total current assets	57,100,715	116,421,303	1,594,191	(12,784,005)	162,332,204
Noncurrent assets:					
Noncurrent interest receivable	4,630,853	691,441	-	-	5,322,294
Advance to other funds	100,438,567	-	-	(100,438,567)	-
Notes receivable from component units	71,975,999	10,398,572	-	-	82,374,571
Notes receivable from others	-	13,206,400	-	-	13,206,400
Net OPEB assets	7,893,709	740,507	4,195,033	-	12,829,249
Other noncurrent assets	-	10,789,660	1,600	-	10,791,260
Capital assets:					
Nondepreciable	33,378,072	37,068,835	521,426	-	70,968,333
Depreciable, net	10,040,190	32,062,408	2,238,134	-	44,340,732
Total capital assets	43,418,262	69,131,243	2,759,560	-	115,309,065
Total noncurrent assets	228,357,390	104,957,823	6,956,193	(100,438,567)	239,832,839
Total assets	285,458,105	221,379,126	8,550,384	(113,222,572)	402,165,043
Deferred outflows of resources:					
Pension items	6,185,760	1,312,966	3,326,537	-	10,825,263
Liabilities:					
Current liabilities:					
Accounts payable	1,014,799	298,598	603,276	-	1,916,673
Accrued payroll	1,016,255	-	205,707	-	1,221,962
Due to the U.S. Department of Housing and Urban Development	111,608	245	-	-	111,853
Due to other funds	1,310,749	11,473,256	-	(12,784,005)	-
Unearned revenues	240,581	461,090	-	-	701,671
Other accrued liabilities	2,337,857	211,694	308,102	-	2,857,653
Tenant security deposits	322,355	347,475	-	-	669,830
Current portion of compensated absences	172,586	33,450	118,405	-	324,441
Total current liabilities	6,526,790	12,825,808	1,235,490	(12,784,005)	7,804,083
Noncurrent liabilities:					
Compensated absences, net of current portion	632,857	126,073	462,063	-	1,220,993
Advance from other funds	-	100,438,567	-	(100,438,567)	-
Net pension liability	3,692,679	866,002	2,423,168	-	6,981,849
Family Self Sufficiency deposits	766,557	-	-	-	766,557
Total noncurrent liabilities	5,092,093	101,430,642	2,885,231	(100,438,567)	8,969,399
Total liabilities	11,618,883	114,256,450	4,120,721	(113,222,572)	16,773,482
Deferred inflows of resources:					
Pension items	1,719,224	204,680	888,493	-	2,812,397
Net position:					
Net investment in capital assets	43,418,262	69,131,243	2,759,560	-	115,309,065
Restricted for:					
Housing programs	1,835,043	54,520	1,856	-	1,891,419
OPEB assets held in trust with CERBT	7,893,709	740,507	4,195,033	-	12,829,249
Unrestricted	225,131,548	38,304,692	(61,546)	-	263,374,694
Total net position	$ 278,278,562	$ 108,230,962	$ 6,894,903	$ -	$ 393,404,427

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HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Combining Schedule of Revenues, Expenses and Changes in Fund Net Positior
Federal, Other Housing and General Programs
For the Year Ended June 30, 2017

	Federal Programs	Other Housing Programs	General Programs	Eliminations	Total
Operating revenues:					
Rental income	$ 4,439,512	$ 26,468,270	$ 1,350	$ -	$ 30,909,132
Housing assistance payment revenues	192,598,706	546,887,003	-	-	739,485,709
Other operating grants	11,825,103	-	-	-	11,825,103
Miscellaneous and other revenues	10,594,817	23,897,752	19,615,781	(29,042,406)	25,065,944
Total operating revenues	219,458,138	597,253,025	19,617,131	(29,042,406)	807,285,888
Operating expenses:					
Housing assistance payments	159,102,783	546,887,003	-	-	705,989,786
Administrative	20,759,410	2,601,344	13,538,801	-	36,899,555
Tenant services	1,195,320	130,666	42,019	-	1,368,005
Utilities	1,376,675	2,098,813	299,911	-	3,775,399
Maintenance and operations	5,381,523	7,578,764	2,904,228	-	15,864,515
General expenses	8,580,448	13,640,549	823,140	-	23,044,137
Depreciation and amortization	2,583,204	6,150,485	603,582	-	9,337,271
Overhead allocation	15,193,470	12,269,560	1,579,376	(29,042,406)	-
Total operating expenses	214,172,833	591,357,184	19,791,057	(29,042,406)	796,278,668
Operating income (loss)	5,285,305	5,895,841	(173,926)	-	11,007,220
Nonoperating revenues (expenses):					
Gain on disposal of capital assets	4,219,433	184,778	534	-	4,404,745
Investment income	458,326	238,383	-	-	696,709
Other nonoperating expenses	(32,808)	(33,741)	(17,972)	-	(84,521)
Total nonoperating revenues, net	4,644,951	389,420	(17,438)	-	5,016,933
Income (loss) before transfers	9,930,256	6,285,261	(191,364)	-	16,024,153
Transfers in	237,479,285	4,975,236	4,112,096	(246,566,617)	-
Transfers out	(246,566,617)	-	-	246,566,617	-
Change in net position	842,924	11,260,497	3,920,732	-	16,024,153
Net position, beginning of year	277,435,638	96,970,465	2,974,171	-	377,380,274
Net position, end of year	$ 278,278,562	$ 108,230,962	$ 6,894,903	$ -	$ 393,404,427

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Combining Schedule of Cash Flows
Federal, Other Housing and General Programs
For the Year Ended June 30, 2017

	Federal Programs	Other Housing Programs	General Programs	Eliminations	Total
Cash flows from operating activities:					
Receipts from tenants	$ 4,845,068	$ 26,377,306	$ 1,350	$ -	$ 31,223,724
Receipts from customers and others	9,044,452	23,740,456	19,587,942	(29,042,406)	23,330,444
Receipts from housing assistance programs	183,593,867	548,556,283	-	-	732,150,150
Payments for interfund services used	(15,193,470)	(12,269,560)	(1,579,376)	29,042,406	-
Payments to suppliers for goods and services	(36,841,181)	(30,993,616)	(17,471,901)	-	(85,306,698)
Housing assistance payments on behalf of tenants	(159,102,783)	(546,944,022)	-	-	(706,046,805)
Operating grants received	11,825,103	-	-	-	11,825,103
Payments to employees for services	(5,952,865)	(142,921)	(4,008,780)	-	(10,104,566)
Net cash provided by (used in) operating activities	(7,781,809)	8,323,926	(3,470,765)	-	(2,928,648)
Cash flows from noncapital financing activities:					
Transfers received	237,479,285	4,975,236	4,112,096	(246,566,617)	-
Transfers paid	(246,566,617)	-	-	246,566,617	-
Net disbursement of loans to other programs	(18,107,461)	-	-	18,107,461	-
Net receipts of loans from other programs	-	17,947,670	159,791	(18,107,461)	-
Net receipts (disbursements) of loans to related parties and component units	(3,909,312)	313,239	-	-	(3,596,073)
Net cash provided by (used in) noncapital financing activities	(31,104,105)	23,236,145	4,271,887	-	(3,596,073)
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	4,373,344	189,821	534	-	4,563,699
Acquisition of capital assets	(643,756)	(5,319,436)	(774,471)	-	(6,737,663)
Net cash used in capital and related financing activities	3,729,588	(5,129,615)	(773,937)	-	(2,173,964)
Cash flows from investing activities:					
Interest received	7,854	16,011	-	-	23,865
Net cash provided by investing activities	7,854	16,011	-	-	23,865
Net change in cash and cash equivalents	(35,148,472)	26,446,467	27,185	-	(8,674,820)
Cash and cash equivalents, beginning of year	55,614,988	86,031,143	3,867	-	141,649,998
Cash and cash equivalents, end of year	$ 20,466,516	$ 112,477,610	$ 31,052	$ -	$ 132,975,178

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Combining Schedule of Cash Flows (Continued)
Federal, Non-Federal and General Programs
For the Year Ended June 30, 2017

	Federal Programs	Non-Federal Programs	General Programs	Eliminations	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 5,285,305	$ 5,895,841	$ (173,926)	$ -	$ 11,007,220
Adjustment to reconcile operating income (loss) to net cash provided (used in) by operating activities:					
Depreciation and amortization	2,583,204	6,150,485	603,582	-	9,337,271
Other expenses	(32,808)	(33,741)	(17,972)	-	(84,521)
Change in net pension liability and pension related deferred outflows and inflows of resources	(918,265)	(14,158)	44,433	-	(887,990)
Decrease (increase) in:					
Receivables	(9,485,994)	1,168,089	(27,839)	-	(8,345,744)
Prepaid expenses	38,170	(2,131)	192,026	-	228,065
Net OPEB assets	(6,136,633)	(149,579)	(2,982,201)	-	(9,268,413)
Other noncurrent assets	-	(2,874,478)	-	-	(2,874,478)
Increase (decrease) in:					
Accounts payable	(1,229,740)	(2,231,033)	(143,392)	-	(3,604,165)
Accrued payroll	1,007,423	-	(1,136,840)	-	(129,417)
Due to the U.S. Department of Housing and Urban Development	-	(57,019)	-	-	(57,019)
Tenant security deposits	316,207	14,139	-	-	330,346
Unearned revenues	(979,861)	238,792	-	-	(741,069)
Compensated absences	94,610	20,816	65,828	-	181,254
Other liabilities	1,676,573	197,903	105,536	-	1,980,012
Net cash provided by (used in) operating activities	$ (7,781,809)	$ 8,323,926	$ (3,470,765)	$ -	$ (2,928,648)
Cash and cash equivalents:					
Unrestricted cash and cash equivalents	$ 17,569,757	$ 112,075,615	$ 2,000	$ -	$ 129,647,372
Restricted cash and cash equivalents	2,923,955	401,995	1,856	-	3,327,806
Total cash and cash equivalents	$ 20,493,712	$ 112,477,610	$ 3,856	$ -	$ 132,975,178

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Combining Schedule of Net Position
Federal Programs
June 30, 2017

		Section 8			
	Low Rent Housing Program	Substantial and Moderate Rehabilitation	Housing Choice Voucher	Moving To Work	Mainstream Voucher
Assets:					
Current assets:					
Unrestricted cash and cash equivalents	$ 10,381,386	$ 751,440	$ 377,707	$ 2,696,489	$ 108,258
Accounts receivable:					
U.S. Department of Housing and Urban Development	-	173,281	-	18,107,512	-
Tenants	157,051	-	-	-	-
Other	74,164	4,521	4,249,470	477,166	8,342
Due from other funds	7,328	-	555,596	10,956,628	2,769
Prepaid expenses	161,281	-	10,894	85,399	281
Restricted cash and cash equivalents	2,182,800	-	738,791	-	2,364
Total current assets	12,964,010	929,242	5,932,458	32,323,194	122,014
Noncurrent assets:					
Noncurrent interest receivable	3,019,781	-	-	33,509	-
Advance to other funds	-	-	-	100,438,567	-
Notes receivable from component units	28,762,342	-	-	4,141,851	-
Net OPEB assets	571,528	-	3,742,060	3,580,121	-
Capital assets:					
Nondepreciable	31,956,081	-	-	1,421,991	-
Depreciable, net	6,942,803	-	2,563,295	534,092	-
Total capital assets	38,898,884	-	2,563,295	1,956,083	-
Total noncurrent assets	71,252,535	-	6,305,355	110,150,131	-
Total assets	84,216,545	929,242	12,237,813	142,473,325	122,014
Deferred outflows of resources:					
Deferred pension contributions	759,666	-	3,052,354	2,373,740	-
Liabilities:					
Current liabilities:					
Accounts payable	236,884	56,048	377,604	232,635	94,221
Accrued payroll	84,374	-	516,016	404,744	11,121
Due to the U.S. Department of Housing and Urban Development	-	32,206	-	-	79,402
Due to other funds	-	313,945	4,596	264,310	3,178
Unearned revenues	184,435	100	55,782	-	264
Other accrued liabilities	530,428	-	1,590,909	163,618	2,677
Tenant security deposits	322,355	-	-	-	-
Current portion of compensated absence	24,637	-	83,051	64,520	378
Total current liabilities	1,383,113	402,299	2,627,958	1,129,827	191,241
Noncurrent liabilities:					
Net pension liability	514,717	-	1,973,404	1,191,571	12,987
Compensated absence, net of current portion	89,562	-	300,707	240,439	2,149
Family Self Sufficiency deposits	40,660	-	723,533	-	2,364
Total noncurrent liabilities	644,939	-	2,997,644	1,432,010	17,500
Total liabilities	2,028,052	402,299	5,625,602	2,561,837	208,741
Deferred inflows of resources:					
Pension related	140,389	-	458,827	1,093,574	26,434
Net position:					
Net investment in capital assets	38,898,884	-	2,563,295	1,956,083	-
Restricted for:					
Housing programs	1,819,785	-	15,258	-	-
OPEB assets held in trust with CERBT	571,528	-	3,742,060	3,580,121	-
Unrestricted	41,517,573	526,943	2,885,125	135,628,254	(113,161)
Total net position	$ 82,807,770	$ 526,943	$ 9,205,738	$ 141,164,458	$ (113,161)

HOPE VI	Family Self Sufficiency	Shelter Plus Care	Total
$ 3,204,252	$ 50,225	$ -	$ 17,569,757
-	-	-	18,280,793
-	-	-	157,051
-	330,552	1,240,172	6,384,387
-	4,596	-	11,526,917
-	-	-	257,855
-	-	-	2,923,955
3,204,252	385,373	1,240,172	57,100,715
1,577,563	-	-	4,630,853
-	-	-	100,438,567
39,071,806	-	-	71,975,999
-	-	-	7,893,709
-	-	-	33,378,072
-	-	-	10,040,190
-	-	-	43,418,262
40,649,369	-	-	228,357,390
43,853,621	385,373	1,240,172	285,458,105
-	-	-	6,185,760
-	414	16,993	1,014,799
-	-	-	1,016,255
-	-	-	111,608
16,493	334,734	373,493	1,310,749
-	-	-	240,581
-	50,225	-	2,337,857
-	-	-	322,355
-	-	-	172,586
16,493	385,373	390,486	6,526,790
-	-	-	3,692,679
-	-	-	632,857
-	-	-	766,557
-	-	-	5,092,093
16,493	385,373	390,486	11,618,883
-	-	-	1,719,224
-	-	-	43,418,262
-	-	-	1,835,043
-	-	-	7,893,709
43,837,128	-	849,686	225,131,548
$ 43,837,128	$ -	$ 849,686	$ 278,278,562

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
Federal Programs
For the Year Ended June 30, 2017

		Section 8			
	Low Rent Housing Program	Substantial and Moderate Rehabilitation	Housing Choice Voucher	Moving To Work	Mainstream Voucher
Operating revenues:					
Rental income	$ 4,433,234	$ -	$ 6,243	$ 35	$ -
Housing assistance payment revenues	-	2,269,600	3,120,183	185,685,052	1,523,871
Other operating grants	750	-	615,962	6,803,941	-
Miscellaneous and other revenues	102,221	-	1,188,681	9,303,838	77
Total operating revenues	4,536,205	2,269,600	4,931,069	201,792,866	1,523,948
Operating expenses:					
Housing assistance payments	24,484	1,936,068	152,173,166	-	1,524,787
Administrative	2,227,643	-	14,014,695	3,653,268	-
Tenant services	323,279	-	699,508	54,852	-
Utilities	1,373,134	-	-	3,541	-
Maintenance and operations	4,711,988	-	669,535	-	-
General expenses	2,537,427	-	481,034	5,533,362	-
Depreciation and amortization	2,169,656	-	231,315	182,233	-
Overhead allocation	10,017,024	235,203	2,829,844	1,613,234	115,047
Total operating expenses	23,384,635	2,171,271	171,099,097	11,040,490	1,639,834
Operating income (loss)	(18,848,430)	98,329	(166,168,028)	190,752,376	(115,886)
Nonoperating revenues (expenses):					
Gain on disposal of capital assets	4,193,220	-	1,103	25,110	-
Investment income	252,900	-	-	40,346	-
Other nonoperating expenses	(27,055)	-	(5,753)	-	-
Total nonoperating revenues, net	4,419,065	-	(4,650)	65,456	-
Income (loss) before transfers	(14,429,365)	98,329	(166,172,678)	190,817,832	(115,886)
Transfers in	22,164,767	-	169,460,810	45,473,835	-
Transfers out	-	-	-	(246,566,617)	-
Change in net position	7,735,402	98,329	3,288,132	(10,274,950)	(115,886)
Net position, beginning of year	75,072,368	428,614	5,917,606	151,439,408	2,725
Net position, end of year	$ 82,807,770	$ 526,943	$ 9,205,738	$ 141,164,458	$ (113,161)

HOPE VI	Family Self Sufficiency	Shelter Plus Care	Total
$ -	$ -	$ -	$ 4,439,512
-	-	-	192,598,706
-	786,237	3,618,213	11,825,103
-	-	-	10,594,817
-	786,237	3,618,213	219,458,138
-	-	3,444,278	159,102,783
-	863,804	-	20,759,410
-	117,681	-	1,195,320
-	-	-	1,376,675
-	-	-	5,381,523
-	28,625	-	8,580,448
-	-	-	2,583,204
-	156,000	227,118	15,193,470
-	1,166,110	3,671,396	214,172,833
-	(379,873)	(53,183)	5,285,305
-	-	-	4,219,433
165,080	-	-	458,326
-	-	-	(32,808)
165,080	-	-	4,644,951
165,080	(379,873)	(53,183)	9,930,256
-	379,873	-	237,479,285
-	-	-	(246,566,617)
165,080	-	(53,183)	842,924
43,672,048	-	902,869	277,435,638
$ 43,837,128	$ -	$ 849,686	$ 278,278,562

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Combining Schedule of Net Position
Other Housing Programs
June 30, 2017

	OHA Other	CAHI	OAHPI	Total
Assets:				
Current assets:				
Unrestricted cash amd cash equivalents	$ 10,049,058	$ 36,484,271	$ 65,542,286	$ 112,075,615
Accounts receivable, net:				
Tenants	-	-	1,327,567	1,327,567
Other	1,168,016	106,911	1,073,082	2,348,009
Prepaid expenses	-	56,082	212,035	268,117
Restricted cash and cash equivalents	54,275	245	347,475	401,995
Total current assets	11,271,349	36,647,509	68,502,445	116,421,303
Noncurrent assets:				
Noncurrent interest receivable	691,441	-	-	691,441
Notes receivable from component units	10,398,572	-	-	10,398,572
Notes receivable from others	13,206,400	-	-	13,206,400
Net OPEB assets	-	10,515	729,992	740,507
Other noncurrent assets	10,789,660	-	-	10,789,660
Capital assets:				
Nondepreciable	29,840,369	4,765,587	2,462,879	37,068,835
Depreciable, net	1,017,532	9,781,060	21,263,816	32,062,408
Total capital assets	30,857,901	14,546,647	23,726,695	69,131,243
Total noncurrent assets	65,943,974	14,557,162	24,456,687	104,957,823
Total assets	77,215,323	51,204,671	92,959,132	221,379,126
Deferred outflows of resources:				
Pension items	-	70,825	1,242,141	1,312,966
Liabilities:				
Current liabilities:				
Accounts payable	-	10,973	287,625	298,598
Due to the U.S. Department of Housing and Urban Development	-	245	-	245
Due to other funds	11,390,607	82,649	-	11,473,256
Unearned revenues	-	-	461,090	461,090
Other accrued liabilities	-	-	211,694	211,694
Tenant security deposits	-	-	347,475	347,475
Current portion of compensated absences	-	1,861	31,589	33,450
Total current liabilities	11,390,607	95,728	1,339,473	12,825,808
Noncurrent liabilities:				
Compensated absences, net of current portion	-	8,015	118,058	126,073
Advance from other funds	-	-	100,438,567	100,438,567
Net pension liability	-	47,720	818,282	866,002
Total noncurrent liabilities	-	55,735	101,374,907	101,430,642
Total liabilities	11,390,607	151,463	102,714,380	114,256,450
Deferred inflows of resources:				
Pension items	-	13,399	191,281	204,680
Net position:				
Net investment in capital assets	30,857,901	14,546,647	23,726,695	69,131,243
Restricted for:				
Housing programs	54,275	245	-	54,520
OPEB assets held in trust with CERBT	-	10,515	729,992	740,507
Unrestricted	34,912,540	36,553,227	(33,161,075)	38,304,692
Total net position	$ 65,824,716	$ 51,110,634	$ (8,704,388)	$ 108,230,962

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Combining Schedule of Revenues, Expenses and Changes in Fund Net Positior
Other Housing Programs
For the Year Ended June 30, 2017

	OHA Other	CAHI	OAHPI	Total
Operating revenues:				
Rental income	$ -	$ -	$ 26,468,270	$ 26,468,270
Housing assistance payment revenues	-	546,887,003	-	546,887,003
Miscellaneous and other revenues	3,643,628	20,236,668	17,456	23,897,752
Total operating revenues	3,643,628	567,123,671	26,485,726	597,253,025
Operating expenses:				
Housing assistance payments	-	546,887,003	-	546,887,003
Administrative	77,179	344,033	2,180,132	2,601,344
Tenant services	57,278	-	73,388	130,666
Utilities	1,129	-	2,097,684	2,098,813
Maintenance and operations	36,430	13,413	7,528,921	7,578,764
General expenses	-	12,075,218	1,565,331	13,640,549
Depreciation and amortization	120,413	388,376	5,641,696	6,150,485
Overhead allocation	29,354	118,128	12,122,078	12,269,560
Total operating expenses	321,783	559,826,171	31,209,230	591,357,184
Operating income (loss)	3,321,845	7,297,500	(4,723,504)	5,895,841
Nonoperating revenues (expenses):				
Gain on disposal of capital assets	184,778	-	-	184,778
Investment income	223,670	14,713	-	238,383
Other nonoperating expenses	-	(10,615)	(23,126)	(33,741)
Total nonoperating revenues (expenses)	408,448	4,098	(23,126)	389,420
Income (loss) before transfers	3,730,293	7,301,598	(4,746,630)	6,285,261
Transfers in	-	96	4,975,140	4,975,236
Change in net position	3,730,293	7,301,694	228,510	11,260,497
Net position, beginning of year	62,094,423	43,808,940	(8,932,898)	96,970,465
Net position, end of year	$ 65,824,716	$ 51,110,634	$ (8,704,388)	$ 108,230,962

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This section of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Financial Trend

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Authority's significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA

Net Position by Component - Last Ten Years (Unaudited)

($ in Thousands)

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total
2017	$ 115,309	$ 14,720	$ 263,375	$ 393,404
2016	118,068	5,538	253,774	377,380
2015	115,383	2,645	253,097	371,125
2014	110,737	20,037	227,114	357,888
2013	110,590	11,613	196,857	319,060
2012	109,101	1,649	179,923	290,673
2011	83,574	1,649	170,435	255,658
2010	67,564	1,700	140,977	210,241
2009	101,391	1,001	114,218	216,610
2008	78,087	1,582	113,548	193,217

Note: Effective with the implementation of GASB Statement No. 63, in 2013, net assets was renamed net position.

Source: Department of Finance

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Change in Net Position - Last Ten Years (Unaudited)
($ in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating revenues:										
Rental income	$ 9,333	$ 9,794	$ 8,424	$ 2,371	$ 17,421	$ 20,164	$ 22,592	$ 25,023	$ 25,831	$ 30,909
Housing assistance payment revenues and fees	494,296	501,021	552,439	586,826	604,956	613,081	618,216	663,162	674,038	739,486
Operating grants	7,779	7,146	3,486	2,760	2,719	2,801	3,262	8,645	3,935	11,825
Miscellaneous and other	2,050	1,700	23,950	20,168	12,983	17,119	12,133	20,257	16,629	25,066
Total operating revenues	513,458	519,661	588,299	612,125	638,079	653,165	656,203	717,087	720,433	807,286
Operating expenses:										
Housing assistance payments	414,688	427,898	481,420	508,431	528,705	544,072	568,064	598,650	630,173	705,990
Administrative	33,778	36,757	35,913	37,381	43,591	41,516	28,043	40,680	45,168	36,900
Tenant services	451	247	1,873	2,281	2,205	780	1,152	1,303	1,687	1,368
Utilities	2,680	2,708	2,289	1,140	2,516	2,826	3,161	3,379	3,491	3,776
Maintenance and operations	21,182	13,308	22,329	13,452	32,766	24,748	15,855	15,443	15,362	15,864
General expenses	14,204	12,602	9,692	12,565	11,663	11,506	12,401	11,212	12,525	23,044
Depreciation and amortization	10,417	12,410	13,299	6,503	12,158	9,691	8,449	8,271	9,325	9,337
Total operating expenses	497,400	505,930	566,815	581,753	633,604	635,139	637,125	678,938	717,731	796,279
Operating income (loss)	16,058	13,731	21,484	30,372	4,475	18,026	19,078	38,149	2,702	11,007
Nonoperating revenues (expenses):										
Investment income	3,227	2,832	916	1,090	506	446	453	625	642	697
Interest expense	(31)	(74)	(45)	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	(975)	(3)	(1,532)	22	-	2,854	(3)	576	2,931	4,405
Other nonoperating revenues	-	-	-	-	4,722	-	24	-	11	-
Other nonoperating expenses	-	(62)	(28)	(8)	-	(93)	(587)	(122)	(31)	(85)
Total nonoperating revenues (expenses)	2,221	2,693	(689)	1,104	5,228	3,207	(113)	1,079	3,553	5,017
Income (loss) before capital contributions and special items	18,279	16,424	20,795	31,476	9,703	21,233	18,965	39,228	6,255	16,024
Capital contributions	7,143	-	9,269	13,941	5,282	7,154	19,863	-	-	-
Special item	-	-	(36,433)	-	20,030	-	-	-	-	-
Change in net position	25,422	16,424	(6,369)	45,417	35,015	28,387	38,828	39,228	6,255	16,024
Net position, beginning of year, as previously reported	167,794	193,216	216,610	210,241	255,658	290,673	319,060	357,888	371,125	377,380
Prior period adjustments	-	6,970	-	-	-	-	-	(25,991)	-	-
Net position, beginning of year, as restated	167,794	200,186	216,610	210,241	255,658	290,673	319,060	331,897	371,125	377,380
Net position, end of year	$ 193,216	$ 216,610	$ 210,241	$ 255,658	$ 290,673	$ 319,060	$ 357,888	$ 371,125	$ 377,380	$ 393,404

Note: Effective with the implementation of GASB Statement No. 63, in 2013, net assets was renamed net position.
Source: Department of Finance

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA

Operating Revenues by Source - Last Ten Years (Unaudited)

($ in Thousands)

Fiscal	Rental Income		Housing Assistance Payment Revenues and Fees		Other Operating Grants		Miscellaneous and Other		Total	
Year	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
2017	$ 30,909	4%	$ 739,486	92%	$ 11,825	1%	$ 25,066	3%	$ 807,286	100%
2016	25,831	4%	674,038	94%	3,935	1%	16,629	2%	720,433	100%
2015	25,023	3%	663,162	92%	8,645	1%	20,257	3%	717,087	100%
2014	22,592	3%	618,216	94%	3,262	0%	12,133	2%	656,203	100%
2013	20,164	3%	613,081	94%	2,801	0%	17,119	3%	653,165	100%
2012	17,421	3%	604,956	95%	2,719	0%	12,983	2%	638,079	100%
2011	2,371	0%	586,826	96%	2,760	0%	20,168	3%	612,125	100%
2010	8,424	1%	552,439	94%	3,486	1%	23,950	4%	588,299	100%
2009	9,794	2%	501,021	96%	7,146	1%	1,700	0%	519,661	100%
2008	9,333	2%	494,296	96%	7,779	2%	2,050	0%	513,458	100%

Source: Department of Finance

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA

Nonoperating Revenues by Source - Last Ten Years (Unaudited)

($ in Thousands)

Fiscal	Investment Income		Other Nonoperating		Total	
Year	Amount	% of Total	Amount	% of Total	Amount	% of Total
2017	$ 697	14%	$ 4,405	86%	$ 5,102	100%
2016	642	18%	2,942	82%	3,584	100%
2015	625	52%	576	48%	1,201	100%
2014	453	95%	22	5%	475	100%
2013	446	14%	2,854	86%	3,300	100%
2012	506	10%	4,722	90%	5,228	100%
2011	1,090	98%	22	2%	1,112	100%
2010	916	100%	-	0%	916	100%
2009	2,832	100%	-	0%	2,832	100%
2008	3,227	100%	-	0%	3,227	100%

Source: Department of Finance

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Debt Service Coverage - Last Ten Years (Unaudited)
($ in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues [1]	$ 524,464	$ 529,639	$ 592,701	$ 615,975	$ 641,304	$ 656,412	$ 659,918	$ 717,712	$ 721,075	$ 807,983
Operating expenses (excluding depreciation)	486,983	493,520	553,516	575,250	621,446	625,448	628,676	670,667	708,406	786,942
Revenues available for debt service	37,481	36,119	39,185	40,725	19,858	30,964	31,242	47,045	12,669	21,041
Debt service requirements:										
Principal	176	185	194	204	214	29	-	-	-	-
Interest	31	74	45	-	-	-	-	-	-	-
Total debt service	207	259	239	204	214	29	-	-	-	-
Debt service coverage	181.07	139.46	163.95	199.63	92.79	1,067.72				

Note: (1) Revenues include operating revenues, operating grants and investment income.

Source: Department of Finance

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA

Outstanding Debt Related to Capital Assets - Last Ten Years (Unaudited)

($ in Thousands)

Fiscal Year	Long-Term Debt			Capital Assets, Net	Ratio of Total Debt to Capital Assets
	Current Portion	Noncurrent Portion	Total		
2017	$ -	$ -	$ -	$ 115,309	0.00%
2016	-	-	-	118,067	0.00%
2015	-	-	-	115,383	0.00%
2014	-	-	-	110,737	0.00%
2013	-	-	-	110,590	0.00%
2012	29	-	29	109,130	0.03%
2011	251	-	251	83,644	0.30%
2010	204	1,751	1,955	97,469	2.01%
2009	286	1,455	1,741	103,131	1.69%
2008	185	853	1,038	78,921	1.32%

Source: Department of Finance

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Demographic and Economic Statistics - Last Ten Years (Unaudited)

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2016	422,856	$ 14,625,320	$ 34,587	36.2	37,075	5.8%
2015	419,539	14,100,286	33,609	36.2	37,147	5.7%
2014	405,703	13,154,920	32,425	36.4	37,040	9.0%
2013	399,699	12,402,660	31,030	36.6	36,180	11.3%
2012	394,832	11,281,140	28,572	36.2	37,742	14.3%
2011	392,333	11,107,340	28,311	36.3	38,540	16.3%
2010	390,757	10,607,099	27,145	37.1	38,450	17.2%
2009	425,068	11,182,689	26,308	36.7	38,826	17.1%
2008	420,183	10,554,157	25,118	36.1	39,705	9.6%
2007	415,492	9,114,233	21,936	33.3	39,802	7.4%

Source: City of Oakland 2016 Comprehensive Annual Financial Report.

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Principal Employers in Oakland
Current Year and Eight Years Ago

	2015-2016			2007-2008		
Employer	**Number of Employees**	**Rank**	**% of Total Employment**	**Number of Employees**	**Rank**	**% of Total Employment**
Kaiser Permanente/Kaiser Foundation	12,287	1	6.1%	8,885	1	5.1%
Oakland Unified School District	5,080	2	2.5%	5,723	2	3.3%
County of Alameda	4,490	3	2.2%	N/A		
City of Oakland	3,500	4	1.8%	3,804	3	2.2%
Bay Area Rapid Transit	3,288	5	1.6%	3,166	4	1.8%
State of California	3,168	6	1.6%	N/A		
UCSF Children's Hospital Oakland	2,675	7	1.3%	2,526	5	1.5%
Alameda Health Systems (Highland Hospital)	2,300	8	1.2%	N/A		
Southwest Airlines	2,256	9	1.1%	2,328	7	1.3%
Sutter Hospitals, Medical Foundation, & Sup	2,257	10	1.1%	2,072	8	1.2%
U. S. Postal Service	N/A			2,413	6	1.4%
East Bay Municipal Utility District	N/A			1,596	9	0.9%
Federal Express	N/A			1,556	10	0.9%
	41,301			34,069		

Note: Data pertaining to principal employers for 2007 was not readily available. As such, we used 2008 data as the base year, which is the earliest information available.

Source: City of Oakland 2016 Comprehensive Annual Financial Report

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Capital Assets by Category (Unaudited)
($ in Thousands)

	2008	2009	2010 (2)	2011	2012 (1)	2013	2014	2015	2016	2017
Category:										
Land	$ 32,688	$ 34,750	$ 35,254	$ 45,143	$ 60,242	$ 65,679	$ 67,069	$ 67,319	$ 67,863	$ 67,748
Construction in progress	-	-	7,752	14,418	-	4,138	9,091	9,127	3,112	3,221
Buildings and improvements	204,252	238,650	151,406	154,886	256,369	256,964	258,761	269,564	284,319	289,128
Equipment and vehicles	7,201	7,565	4,387	4,820	5,244	5,473	5,700	7,478	9,769	10,240
Total capital assets, gross	244,141	280,965	227,075	219,267	321,855	332,254	340,621	353,488	365,063	370,337
Less accumulated depreciation	(165,220)	(177,834)	(129,606)	(135,623)	(212,725)	(221,664)	(229,884)	(238,105)	(246,996)	(255,028)
Total capital assets, net	78,921	103,131	97,469	83,644	109,130	110,590	110,737	115,383	118,067	115,309
Related debt	22,470	(35,567)	(13,895)	25,457	1,460	147	-	-	-	-
Net investment in capital assets	$ 101,391	$ 67,564	$ 83,574	$ 109,101	$ 110,590	$ 110,737	$ 115,383	$ 115,383	$ 118,067	$ 115,309

Notes: (1) Increase represents transfer in of OAHPI blended component unit capital assets upon change of board composition
(2) Decrease represents disposition of capital of assets to OAHPI nonprofit

Source: Department of Finance

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Full-time Equivalent Employees by Department – Last Ten Years (Unaudited)

Department	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Executive Office	9	6	5	6	7	7	9	10	9	8
Office of Program Administration	-	5	5	5	2	3	3	2	1	-
Family and Community Partnerships	-	-	-	11	12	14	15	17	14	18
Finance	18	16	17	18	20	20	21	20	20	20
Information Technology	9	9	9	10	11	11	11	11	11	11
Contract Compliance & General Services	9	10	9	9	10	8	9	8	8	9
Human Resources	7	7	7	7	8	8	8	8	8	8
California Affordable Housing Initiatives	1	1	1	1	1	1	1	1	1	1
Office of Real Estate Development	11	15	15	15	8	8	8	8	7	6
Leased Housing	73	66	82	84	87	90	90	87	90	90
Office of Property Operations	161	150	149	151	158	157	152	154	157	155
Police	30	31	38	43	45	45	45	45	45	45
TOTAL	328	316	337	360	369	372	372	371	371	371

Source: Department of Finance

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Unit Inventory by Program - Last Ten Years (Unaudited)

	Number of Units									
Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
PUBLIC HOUSING										
Large Family Sites										
Campbell Village	154	154	154	154	154	154	154	154	154	154
Lockwood Gardens	372	372	372	372	371	371	372	372	372	372
Peralta Villa	390	390	390	390	390	390	390	390	390	390
Tassafaronga	-	-	-	-	-	-	-	-	-	-
	916	916	916	916	915	915	916	916	916	916
Designated Senior Sites										
Harrison Tower	101	101	101	101	101	101	101	101	101	101
Adel Court	30	30	30	30	30	30	30	30	30	30
Oak Grove North	77	77	77	77	77	77	77	77	77	77
Oak Grove South	75	75	75	75	75	75	75	75	75	75
Palo Vista Gardens	100	100	100	100	100	100	100	100	100	100
	383	383	383	383	383	383	383	383	383	383
Scattered Sites	1,615	1,615	-	-	-	-	-	-	-	-
HOPE VI Sites (Public Housing Units Only)										
Foothill Family Apts.	21	21	21	21	21	21	21	21	21	21
Linden Court	38	38	38	38	38	38	38	38	38	38
Chestnut Court	45	45	45	45	45	45	45	45	45	45
Mandela Gateway	46	46	46	46	46	46	46	46	46	46
Lion Creek Crossings	157	157	157	157	157	157	157	157	157	157
	307	307	307	307	307	307	307	307	307	307
TOTAL PUBLIC HOUSING	**3,221**	**3,221**	**1,606**	**1,606**	**1,605**	**1,605**	**1,606**	**1,606**	**1,606**	**1,606**
HOUSING CHOICE VOUCHER PROGRAM										
Moving to Work (MTW)										
General MTW Housing Choice Vouchers (1)	10,717	11,232	11,228	12,518	12,433	12,687	12,805	12,814	12,858	12,866
Non-MTW										
Section 8 Mod Rehab	489	510	502	502	329	320	259	251	251	243
Section 8 Mainstream	172	166	175	175	175	175	175	175	175	175
Veterans Affairs Supportive Housing	-	-	105	105	205	265	265	326	326	326
Non-Elderly Disabled Vouchers	-	-	-	-	85	-	-	-	50	65
Tenant Protection Vouchers	-	-	1,258	-	169	118	9	-	-	-
	661	676	2,040	782	963	878	708	752	802	809
TOTAL HOUSING CHOICE VOUCHERS	**11,378**	**11,908**	**13,268**	**13,300**	**13,396**	**13,565**	**13,513**	**13,566**	**13,660**	**13,675**
SHELTER PLUS CARE PROGRAM	**208**	**242**	**242**	**242**	**242**	**237**	**296**	**333**	**330**	**331**
TOTAL INVENTORY	**14,807**	**15,371**	**15,116**	**15,148**	**15,243**	**15,407**	**15,415**	**15,505**	**15,596**	**15,612**

(1) Authorized vouchers not vouchers in use.

Source: MTW Annual Reports, 2008-2017

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Number of Households on Waiting Lists - Last Ten Years (Unaudited)

	Number of Households									
Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Public Housing	**6,616**	**4,499**	**3,672**	**2,791**	**1,609**	**3,236**	**4,288**	**11,612**	**12,441**	**3,203**
Section 8 Vouchers										
General, Mainsteam, and Mod Rehab	6,942	6,499	5,500	10,007	10,230	10,489	9,334	7,557	7,048	3,200
OAHPI Scattered Sites	**(1)**	**(1)**	2,099	6,235	5,647	6,253	3,071	2,997	2,031	4,050
Other Project Based Voucher Sites*	**(2)**	**(2)**	5,596	6,665	3,292	10,561	15,428	17,291	17,033	28,848
Shelter Plus Care	**(2)**	**(2)**	43	37	37	56	56	59	59	**(2)**
Subtotal - Section 8 Vouchers	**6,942**	**6,499**	**13,238**	**22,944**	**19,206**	**27,359**	**27,889**	**27,904**	**26,171**	**36,098**
HOPE VI Sites	**3,938**	**3,633**	**2,431**	**627**	**615**	**1,550**	**1,819**	**2,101**	**1,718**	**921**
Total	**17,496**	**14,631**	**19,341**	**26,362**	**21,430**	**32,145**	**33,996**	**41,617**	**40,330**	**40,222**

(1) Did not exist at that time
(2) Not available
* Combined waitlists for Project Based Voucher and other units at some sites.

Source: MTW Annual Reports, 2008-2017

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Completed Work Orders for Authority-Managed Housing - Last Ten Years (Unaudited)

					Number of Units					
Development	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Large Public Housing										
Lockwood Gardens	**(2)**	1,099	1,346	1,328	1,657	1,931	1,952	1,910	1,616	1,814
Peralta Village	**(2)**	1,154	2,025	1,922	2,353	2,444	2,721	1,195	1,497	2,978
Palo Vista Gardens*	**(2)**	169	304	163	132	130	*	*	*	*
Subtotal		**2,422**	**3,675**	**3,413**	**4,142**	**4,505**	**4,673**	**3,105**	**3,113**	**4,792**
Scattered Sites										
Deep East	**(2)**	1,183	1,503	1,810	1,578	1,167	1,670	1,666	1,278	1,473
East Oakland	**(2)**	985	1,511	1,483	1,348	1,282	1,458	1,697	1,344	1,416
Fruitvale	**(2)**	800	1,251	944	1,499	1,408	1,834	2,444	2,109	1,359
San Antonio	**(2)**	789	1,439	1,365	1,862	1,510	1,636	1,449	1,552	1,187
West Oakland	**(2)**	846	1,235	1,307	1,340	1,421	1,234	1,251	1,402	1,441
North Oakland	**(2)**	826	1,615	2,118	1,665	1,490	1,656	1,285	1,109	1,481
Subtotal		**5,429**	**8,554**	**9,027**	**9,292**	**8,278**	**9,488**	**9,792**	**8,794**	**8,357**
Total	**12,417**	**7,851**	**12,229**	**12,440**	**13,434**	**12,783**	**14,161**	**12,897**	**11,907**	**13,149**

***** Management of Palo Vista Gardens was taken over by a third-party management company on February 1, 2013. Only data for work orders completed under Authority management is included here.

Sources: MTW Annual Report and Authority Records

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Police Department Activities - Last Ten Years (Unaudited)

	Calendar Year								
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
OHA Police Department Calls for Service (1)									
Number of Incidents	8,479	10,193	14,095	17,482	15,979	16,870	20,725	21,330	18,310
OHA Police Department Reported UCR Part 1 Crimes (2)									
Number of Offenses	924	926	955	931	818	834	891	620	636
OHA Police Department Parking Enforcement Revenue									
Number of Citations	5,019	5,060	4,630	4,416	3,445	2,853	4,640	4,342	6,479
Revenue	$ 74,731	$ 54,756	$ 60,246	$ 59,088	$ 62,944	$ 45,115	$ 47,086	$ 234,382	$ 68,359
OHA Police Department Fraud Recovery Revenue									
Repayment Agreements	$ 146,433	$ 389,491	$ 239,327	$ 142,716	$ 517,436	$ 802,127	$ 399,500	$ 82,474	$ 65,926
Recovered Funds	$ 185,374	$ 291,143	$ 288,069	$ 349,644	$ 353,672	$ 317,489	$ 300,596	$ 234,382	$ 213,268

(1) Calls for service represents all communication incidents with the OHA PD Communications Center, including calls for service, communications from OHA PD officers in the field, 911 calls, etc.
(2) Uniform Crime Reporting (UCR) Part 1 Crimes include murder, rape, robbery, assault, burglary, larceny and auto theft.

Sources: OHA Police Department Annual Reports; OHA Police Records Management System; Indico Public Safety Records

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Property Characteristics and Dwelling Unit Composition (Unaudited)
June 30, 2017

Authority Public Housing Developments

Name of Development	Location	# of Units
Harrison Towers	1621 Harrison Street	101
Adel Court	2001 MacArthur Blvd.	30
Campbell Village	1657 10th Street	154
Lockwood Gardens	1263 65th Avenue	371
Oak Grove Plaza North	620 17th Street	77
Oak Grove Plaza South	570 16th Street	75
Palo Vista Gardens	1110 64th Avenue	100
Peralta Villa	906 Mandela Parkway	390
Total Public Housing Units		**1,298**

Source: Table 1, MTW Annual Report, 2013

OAHPI Project Based Voucher Sites

Name of Development	Location	# of Units
Deep East Scattered Sites	Various	278
East Oakland Scattered Sites	Various	256
Fruitvale Scattered Sites	Various	269
North Oakland Scattered Sites	Various	242
San Antonio Scattered Sites	Various	220
West Oakland Scattered Sites	Various	234
Total OAHPI Project Based Voucher Units		**1,499**

Source: Authority Internal Records

Mixed Finance Developments

Name of Development	Location	Public Housing Units	Project Based Voucher Units	Other Units	Total Units
Foothill Family Apts.	6946 Foothill Blvd	21	11	33	65
Linden Court	1060 W. Grand Ave	38	-	41	79
Chestnut Court	1060 West Grand Ave	45	-	27	72
Mandela Gateway	1350-1400 7th St	46	30	92	168
Lion Creek Crossings	6888 Lion Way	157	44	366	567
Tassafaronga Village	945 84th Ave	-	99	58	157
Harrison Street Senior	1633 Harrison St	-	11	62	73
Lakeside Senior	1507 2nd Ave	-	91	1	92
The Savoy Apts.	1424 Jefferson St	-	101	-	101
Cathedral Gardens	616 21nd St	-	43	57	100
Keller Housing Apts.	5301 Telegraph Ave	-	-	201	201
AveVista	460 Grand Ave	-	34	34	68
Prosperity Place	1110 Jackson St	-	35	36	71
Total Mixed Finance Developments		**307**	**499**	**1,008**	**1,814**

Source: Table 4, MTW Annual Report, 2015

Independent Auditor's 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*

Members of the Board of Commissioners of the
Housing Authority of the City of Oakland, California
Oakland, California

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 financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Oakland, California (Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 11, 2017. Our report includes a reference to other auditors who audited the financial statements of the Authority's discretely presented component units, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Chestnut Linden Associates, Lion Creek Senior Housing Partners, L.P., and AveVista Associates, L.P., discretely presented component units, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these discretely presented component units.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

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

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.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 11, 2017

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Members of the Board of Commissioners of the
Housing Authority of the City of Oakland, California
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Oakland, California's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2017. 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.

The Authority's basic financial statements include the operations of the California Affordable Housing Initiatives, Inc. (CAHI), which expended $566,396,783 in federal awards, which is not included in the Authority's schedule of expenditures of federal awards (SEFA) for the year ended June 30, 2017. Our audit, described below, did not include the operations of the CAHI because we audited and reported on CAHI in accordance with the Uniform Guidance as a separate engagement.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 2 U.S. *Code of Federal Regulations* 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 June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item numbers 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness. We also identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 11, 2017

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Grantor Identifying Number(s)	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:			
Direct:			
Section 8 Project Based Cluster:			
Section 8 New Construction and Substantial Rehabilitation	n/a	14.182	$ 1,692,931
Section 8 Moderate Rehabilitation	n/a	14.856	576,669
Subtotal Section 8 Project Based Cluster			2,269,600
Family Self-Sufficiency	n/a	14.896	786,237
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	n/a	14.871	3,120,183
Mainstream Vouchers	n/a	14.879	1,523,871
Subtotal Housing Voucher Cluster			4,644,054
Section 8 Moving To Work Demonstration Program	n/a	14.881	192,488,993
Total U.S. Department of Housing and Urban Development			200,188,884
Total Expenditures of Federal Awards			$ 200,188,884

See accompanying notes to the schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

NOTE 1 – GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Housing Authority of the City of Oakland, California (the Authority), except for expenditures reported for the California Affordable Housing Initiatives, Inc. (see Note 5). The Authority's reporting entity is defined in Note 1 of the Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 – BASIS OF ACCOUNTING

Amounts reported on the Schedule represent expenditures incurred for the Authority's federal programs, except for the Section 8 Moving To Work Demonstration (MTW) Program (CFDA No. 14.881), and are reported on the accrual basis of accounting and include capitalized expenditures. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Given the flexibility of the MTW Program, the housing assistance payment revenue earned from the Department of Housing and Urban Development (HUD) provides a better reflection of how HUD has funded the program and such amounts are reported as the Authority's MTW Program expenditures. The Authority did not elect to use the 10% de minimus cost rate as covered in §200.414 Indirect (F&A) costs.

NOTE 3 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule agree to or can be reconciled with the amounts reported in the related federal financial reports.

NOTE 4 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The Schedule agrees to or can be reconciled with the amounts reported in the Authority's basic financial statements.

NOTE 5 – CALIFORNIA AFFORDABLE HOUSING INITIATIVES, INC. (CAHI) FEDERAL EXPENDITURES

The California Affordable Housing Initiatives, Inc. (CAHI) federal expenditures are excluded from the Schedule because the CAHI's federal expenditures are separately audited. Expenditures for the program of the CAHI listed below are taken from the separately issued single audit report. The program of the CAHI is as follows:

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct:		
Section 8 Housing Assistance Payments Program - Special Allocations	14.195	$ 566,396,783

HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(cies) identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
♦ Material weakness(es) identified?	Yes
♦ Significant deficiency(cies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	Yes
Identification of major programs?	14.881 - Section 8 Moving To Work Demonstration Program 14.871 and 14.879 – Housing Voucher Cluster
Dollar threshold used to distinguish between type A and type B programs:	$3,000,000
Auditee qualified as a low-risk auditee?	No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

Reference Number:	**2017-001**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Federal Program Title:	**Section 8 Moving to Work Demonstration Program**
Federal Catalog Number:	**14.881**
Federal Grant Number:	**Not Applicable**
Category of Finding:	**Eligibility; Special Tests and Provisions**
Classification of Finding:	**Material Weakness in Internal Control over Compliance** **Instance of Noncompliance**

Criteria

Except for the elderly and disabled households on a fixed income in the specific Public Housing and Section 8 programs described in the Authority's Moving to Work (MTW) Plan for fiscal year 2017, pursuant to 24 CFR §982.516(a) and 24 CFR §960.259, the Public Housing Agency (PHA) must conduct a re-examination of family income and composition at least annually. The PHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available: (i) reported family annual income; (ii) the value of assets; (iii) expenses related to deduction from annual income; and (iv) other factors that affect the determination of adjusted income. The Authority implemented rent reform as part of its MTW initiatives approved by HUD, whereby elderly and disabled households on fixed income are re-examined every three years.

The PHA should also determine the amount of monthly housing assistance payment in accordance with HUD regulations and other requirements.

Pursuant to 24 CFR §982.405, the PHA must inspect the unit leased to family prior to the initial term of the lease, at least annually during assisted occupancy, and at other times as needed, to determine if the unit meets the Housing Quality Standards (HQS). As part of the HUD-approved MTW initiatives, the Authority established the following protocol of risk-based inspection for units assisted under the Section 8 HCV program:

> Biennial inspections will be conducted as scheduled. The results of the biennial inspections will result in one of the following outcomes:
>
> 1. If pass on first inspection, then the Authority will schedule the next inspection in within 24 months or
> 2. If pass on second inspection, then the Authority will schedule the next inspection within 24 months.
>
> - Properties that pass its first inspection and are deemed to be HQS compliant and would be scheduled to be inspected biennially.
> - Properties that fail on the first inspection and require a second inspection which has a life threatening fail item to meet HQS will require an annual inspection schedule to ensure compliance with the HQS.
> - Units that are have no or zero HAP payments will not be scheduled to be inspected.

Section III - Federal Award Findings and Questioned Costs (Continued)

Condition and Context
During our audit of the eligibility requirements of the Moving to Work's Section 8 Housing Choice Voucher (HCV) and Low Rent Public Housing (LRPH) Programs, we selected tenant cases from each program representing a population of 12,174 HCV tenant cases and 1,587 LRPH cases for testing.

For the HCV Program, out of a statistically valid sample of 40 tenant cases selected for testing, we noted the following:

- In one case, the HQS inspection due in FY2017 was not performed.
- In one case, tenant income used in the rent calculation was not properly calculated based on the third party income verification documentation, which resulted in overstatement of housing assistance payment paid.

For LRPH Program, out of a statistically valid sample of 40 tenant cases selected for testing, we noted that annual reexamination was not performed and HUD 50058 form was not completed for three cases.

Cause of Condition
For issues relating to incorrect documentation and/or calculation, the Authority has established quality control reviews on the completed eligibility determination for determination of adjusted income, timeliness of annual eligibility determination and tenant rent calculation on a monthly basis. In fiscal year 2017, the timeliness of its quality control reviews was compromised because of understaffing in the Property Management department. For issues relating to timeliness, conversion and business system programming shortfalls resulted in system reports and schedules not including some inspections or re-certifications in the proper period.

Effect
The Authority did not comply with the eligibility and HQS requirements.

Questioned Costs
The questioned costs totaled $10,896 for the HCV program. The questioned costs was computed by obtaining the total HAP paid to each participant when the Authority did not perform the required reexamination or HQS inspection timely, missing third party income verification or miscalculating the tenant rent or income. There were no questioned costs for the LRPH program.

Identification of Repeat Findings
This finding is similar to the finding number 2016-001 reported in the year ended June 30, 2016.

Recommendation
We recommend that the Authority evaluate its resources to ensure that staffing and processes are in place and are documented so that the re-determinations are performed timely and accurately.

Reference Number:	**2017-002**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Federal Program Title:	**Housing Voucher Cluster**
Federal Catalog Number:	**14.871 and 14.879**
Federal Grant Number:	**Not Applicable**
Category of Finding:	**Eligibility**
Classification of Finding:	**Significant Deficiency in Internal Control over Compliance** **Incident of Noncompliance**

Criteria
Pursuant to 24 CFR §982.516(a) and 24 CFR §960.259, the Public Housing Agency (PHA) must conduct a re-examination of family income and composition at least annually. The PHA must obtain and document in the tenant file third party verification of the following factors, or must document in the tenant file why third party verification was not available: (i) reported family annual income; (ii) the value of assets; (iii) expenses related to deduction from annual income; and (iv) other factors that affect the determination of adjusted income.

The PHA should also determine the amount of monthly housing assistance payment in accordance with HUD regulations and other requirements.

Condition and Context
During our audit of the eligibility requirements of the Housing Voucher Cluster, we selected tenants cases representing a population of 5,383 tenant cases. Out of a total a statistically valid sample of 25 tenant cases selected for testing, we following that in one case, initial eligibility documents, such as social security card, criminal background history check, and declaration of 214, were missing from the file.

Cause of Condition
In 2015, the Authority made significant improvements and changes in procedure in handling and document management of recertification packets through its upgrade to a new business system and change in the process of electronically storing is documentation. The Authority did not update its quality control review process to incorporate these changes, resulting in the ability of some documents to not be managed properly and not be noted during regular business routines.

Effect
The Authority did not comply with the eligibility requirements related to the re-examination.

Questioned Costs
There were no questioned costs noted.

Identification of Repeat Findings
This finding is not a repeat finding from the year ended June 30, 2016.

Recommendation
We recommend that the Authority evaluate its resources to ensure that staffing and processes are in place and are documented so that the re-determinations are performed timely and accurately.

Oakland Housing Authority

OAKLAND HOUSING AUTHORITY
Summary of Prior Year's Federal Award Findings
For the Fiscal Year Ending June 30, 2017

Reference:

#2016-001- (Material Weakness in Internal Control and Noncompliance) – Eligibility; Special Tests and Provisions (MTW 14.881)

Audit Finding:

During our audit of the eligibility requirements of the Moving to Work's Section 8 Housing Choice Voucher (HCV) and Low Rent Public Housing (LRPH) Programs, we selected tenants from each program representing a population of 13,103 HCV tenant cases and 1,633 LRPH cases for testing. The following were noted:

HCV Program (a total of 40 tenant cases selected for testing):

- In two cases, the HUD 50058 MTW Form that was due in FY2016 was not performed timely.
- In two cases, the HQS inspection that was due in FY2016 was not performed or was not performed timely.

LRPH (a total of 40 tenant cases selected for testing):

- In one case, a re-examination was performed five months after the due date.
- In one case, the tenant rent stated in the lease agreement did not agree to the HUD 50058 form and thus, considered not to be properly supported.
- In two cases, third party income verification documentation did not support reported income.
- In one case, the rent election form was missing from file.

Recommendation:

We recommend that the Authority evaluate its resources to ensure that staffing and processes are in place and is documented so that the re-detemrinations are performed timely and accurately.

Status of Corrective Action:

See finding 2017-001

Reference:

#2015-002- (Material Weakness in Internal Control and Noncompliance) – Eligibility; Special Tests and Provisions (SPC 14.238)

Audit Finding:

During our audit of the eligibility requirements of the Shelter Plus Care program, we selected 40 tenants from a population of 3,918 cases for testing. The following were noted:

HCV Program (a total of 40 tenant cases selected for testing):

- In one tenant case, income used in calculating the housing assistance payment was not properly supported.
- In five tenant cases, the annual Housing Quality Standards inspection was not performed timely during the fiscal year 2015. The inspections were performed subsequent to June 30, 2015.
- In one tenant case, housing assistance payment was disbursed for a month after the tenant had vacated the unit and the payment was not yet recouped.

Recommendation:

We recommend that the Authority evaluate its resources to ensure that staffing and processes are in place and is documented so that the re-determinations are performed timely and accurately.

Status of Corrective Action:

Not applicable. During the year ended June 30, 2016, the County of Alameda determined that the Authority is a vendor and is not a recipient of the Shelter Plus Care grant.

Oakland Housing Authority

OAKLAND HOUSING AUTHORITY
Corrective Action Plan
For the Fiscal Year Ending June 30, 2017

The following findings were reported in the Authority's Schedule of Findings and Questioned Costs for the Year Ended June 30, 2017.

Comment #2017-001- (Material Weakness in Internal Control over Compliance Instance of Noncompliance) – Eligibility; Special Tests and Provisions (MTW 14.881)

Comment #2017-002- (Material Weakness in Internal Control over Compliance Instance of Noncompliance) – Eligibility (Housing Voucher Cluster 14.871 and 14.879)

The Authority's Corrective Action for those findings are as follows:

In reviewing the instances of noncompliance in this finding, the Authority has determined that there were several different areas of the recertification and inspection processes that contributed to the finding:

- During the audit year the Authority continued to experience issues as in the previous year with staff absences and vacant positions. The changes that OHA sought at the previous fiscal year by reorganization and recruitment did not materialize. The OHA has opted to contract out this function for internally-managed LRPH to ensure that all recertifications are completed within the required timeframes. That contract period began in early fiscal year 2018.
- Some of the errors were due to improper application or processing. A strong system of quality control will indicate such errors, allowing the Authority an opportunity to address work quality and staff training. The Authority was successful in restarting the quality control review process in the Leased Housing Department. The recent finding in eligibility has indicated areas where we can better align the review process to address gaps in that review. Due to staffing shortfalls, the Authority also made the decision in early fiscal 2018 to outsource the quality control review function to an outside vendor the internally-managed LRPH populations. The Authority will strengthen its quality control review process by implementing an increased sampling of completed staff work used in the monthly quality control audits and ensuring all recertifications and

inspections are tracked and completed per Authority and HUD policy. Management will provide immediate feedback and training to staff on quality control audit findings.

- The Authority has started the design and implementation of an enhanced document management system that will upgrade the document management of the Leased Housing Department as well as incorporate new document management for the Property Management Department. This will allow for an electronic filing and review system that will help ensure the files are complete and accessible. Anticipated conversion of this upgraded document management systems in early fiscal year 2019.
- After implementation of the Authority's new business system in February 2015, it was discovered that a customization was needed to ensure the Authority's new business system aligned with its recertification and inspection processes and produced meaningful scheduling and exception reports for management use. The Authority worked with its vendor to design these customizations to its business system. Preliminary design changes have been drafted by the vendor and approved by the Authority. Due to extended negotiations for the contract on the business system as well as the program enhancements, these upgrades have not yet been finalized. The contract is expected to be approved in early 2018, and changes and conversions made to the system within a year after that.

If you have any further questions, please contact Tracy Stabler, Chief Financial Officer at (510) 874-1650 or Andres Manriquez, Chief Operating Officer at (510) 874-1513.

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