

Yolo County Housing Yolo County, California

December 18, 2019

MINUTES

The Yolo County Housing met on the 18th day of December, 2019, in regular session in its Chambers in the Erwin W. Meier Administration Building, 625 Court Street, Woodland, California at 3:00 p.m.

Present: Will Arnold; Richard Lansburgh; Pierre Neu; Gary Sandy; Karen Vanderford; Joe Walters

Absent: Babs Sandeen

Staff Present: Lisa Baker, CEO
Hope Welton, Agency Counsel
Janis Holt, General Director
Julie Dachtler, Clerk

CALL TO ORDER

1. Pledge of Allegiance.
2. Consider approval of the agenda.

Minute Order No. 19-47: Approved agenda as submitted.

MOTION: Neu. SECOND: Sandy. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.

3. Public Comment: Opportunity for members of the public to address the Housing Authority on subjects not otherwise on the agenda relating to Housing Authority business. The Board reserves the right to impose a reasonable limit on time afforded to any topic or to any individual speaker.

There was no public comment.

CONSENT AGENDA

Minute Order No. 19-48: Approved Consent Agenda Item Nos. 4-6.

MOTION: Lansburgh. SECOND: Neu. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.

4. Review and Approve the Minutes of October 23, 2019

Approved the minutes of October 23, 2019 on Consent.

5. Review, Approve and Authorize the Write-Off of Quarterly Uncollectible Debt in Accordance with the Adopted Accounts Receivable Charge Off Policy (Dogias, Holt)

Approved recommended action on Consent.

6. Review, Approve and Ratify Execution of Master Lease with Portale Properties for 12 apartment homes located at 1811 and 1815 Merkley Avenue, West Sacramento and the Memorandum of Understanding with Yolo County Health and Human Services (Holt, Baker)

Approved recommended action on Consent.

REGULAR AGENDA

7. Review and Approve Proposed Meeting Calendar for 2020 (Baker)

Minute Order No. 19-49: Approved the following Meeting Calendar for 2020, the third Wednesday of the month at 3:00 p.m.:

January 15, 2020
February 19, 2020
March 18, 2020
April 15, 2020
May 13, 2020
June 17, 2020
July 29, 2020
August 26, 2020
September 16, 2020
October 28, 2020
November - no meeting
December 16, 2020

MOTION: Sandy. SECOND: Neu. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.

8. Review, Discuss, Approve and Provide Input on Next Steps for Draft BluePrint 2020 YCH Strategic Housing Plan (Baker and Management Team)

Minute Order No. 19-50: Approved recommended action.

MOTION: Lansburgh. SECOND: Walters. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.

9. Review, Approve and Accept the FY 2018 - 2019 Audit Reports for YCH (Gillette, Baker)

Minute Order No. 19-51: Approved recommended action.

MOTION: Sandy. SECOND: Neu. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.

10. Receive Verbal Report on IGT House Grant for New Home through the Community Services Infrastructure Grant

Received Verbal Report on IGT House Grant for New Home through the Community Services Infrastructure Grant.

11. Receive Comments from CEO

CEO Lisa Baker briefly noted they are excited about receiving recent VASH vouchers to assist veterans and that more family reunification vouchers have been requested.

12. Receive Comments from Commissioners

In answer to a Commissioner's question to CEO Lisa Baker about the writeoffs in Agenda Item No. 5, the quarterly un-collected debt, she noted that although 1.2% is low compared to the average of 3-5%, they soon will be allowing residents to pay on-line, which will allow them to be able to report on-time payments for credit card record reports. She also presented a crime statistics map of Yolano Donnelly in Woodland, showing three months of crime data within a one-mile radius of this property. This is a free tool.

CLOSED SESSION

13. Conference with Real Property Negotiator
Pursuant to Government Code Section 54956.8
Property: APN 049-250-003 and -004
Agency Negotiator: Chief Executive Officer
Negotiating Parties: YCH, New Seasons
X Price X Terms of Payment
14. Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9(d)(1)
Name of case: Reyes v Yolo Housing Authority
Yolo Superior Court Case No. CV17-1347
15. Conference with Legal Counsel – Anticipated Litigation
Pursuant to Government Code Section 54956.9(d)(2)
Significant exposure to litigation: 2 cases

16. Public Employment, Employee Appointment or Evaluation
 Pursuant to Government Code Section 54957
 Position title: Chief Executive Officer

There was no report out of closed session.

LONG RANGE CALENDAR

17.

January 2020	
Minutes of 12/18/19	Consent
Election of Officers	Regular
Approve the Opening of the HCV and PBV Wait Lists	Regular
Presentation: West Sacramento Permanent Supportive Housing project (tentative/jt meeting with New Hope)	Pres: Guests: Mercy
Receive and File 1st Quarter Financial Reports	Consent
70th anniversary plan update and calendar	Regular
February 2020	
March 2020	
Big Day of Giving Overview	Regular
2nd Quarter Write Offs	Consent
Public Hearing: Adopt Resolution Approving FY 2020-2025 Five Year Plan and 2020 Annual Plan Update	Regular
Public Hearing to Adopt FY 2020 Capital Fund and Annual Statement	Regular
April 2020	
Review and Approve the Proposed FY2019-2020 Mid-Year Budget Revisions with Second Quarter Financial Information	Regular
RAD Status Update and Approval of Plan (tentative)	Regular

ADJOURNMENT

Next meeting is January 15, 2020.

YOLO COUNTY HOUSING

AGENDA

REGULAR MEETING

December 18, 2019

PLEASE NOTE TIME 3:00 p.m.



YOLO COUNTY HOUSING
HOUSING COMMISSION

WILL ARNOLD, CITY OF DAVIS
RICHARD LANSBURGH, CITY OF WOODLAND
PIERRE NEU, CITY OF WINTERS
BEVERLY SANDEEN, CITY OF WEST SACRAMENTO
GARY SANDY, COUNTY OF YOLO
KAREN VANDERFORD, YCH
JOE WALTERS, YCH

BOARD OF SUPERVISORS CHAMBERS
625 COURT STREET, ROOM 206
WOODLAND, CALIFORNIA 95695

LISA A. BAKER
CHIEF EXECUTIVE OFFICER

HOPE WELTON
AGENCY COUNSEL

Reminder: Please turn off cell phones.

CALL TO ORDER

1. Pledge of Allegiance.
2. Consider approval of the agenda.
3. Public Comment: Opportunity for members of the public to address the Housing Authority on subjects not otherwise on the agenda relating to Housing Authority business. The Board reserves the right to impose a reasonable limit on time afforded to any topic or to any individual speaker.

CONSENT AGENDA

4. Review and Approve the Minutes of October 23, 2019
5. Review, Approve and Authorize the Write-Off of Quarterly Uncollectible Debt in Accordance with the Adopted Accounts Receivable Charge Off Policy (Dogias, Holt)
6. Review, Approve and Ratify Execution of Master Lease with Portale Properties for 12 apartment homes located at 1811 and 1815 Merkley Avenue, West Sacramento and the Memorandum of Understanding with Yolo County Health and Human Services (Holt, Baker)

REGULAR AGENDA

7. Review and Approve Proposed Meeting Calendar for 2020 (Baker)
8. Review, Discuss, Approve and Provide Input on Next Steps for Draft BluePrint 2020 YCH Strategic Housing Plan (Baker and Management Team)
9. Review, Approve and Accept the FY 2018 - 2019 Audit Reports for YCH (Gillette, Baker)
10. Receive Verbal Report on IGT House Grant for New Home through the Community Services Infrastructure Grant
11. Receive Comments from CEO
12. Receive Comments from Commissioners

CLOSED SESSION

13. Conference with Real Property Negotiator
 Pursuant to Government Code Section 54956.8
 Property: APN 049-250-003 and -004
 Agency Negotiator: Chief Executive Officer
 Negotiating Parties: YCH, New Seasons
 X Price X Terms of Payment
14. Conference with Legal Counsel – Existing Litigation
 Pursuant to Government Code Section 54956.9(d)(1)
 Name of case: Reyes v Yolo Housing Authority
 Yolo Superior Court Case No. CV17-1347
15. Conference with Legal Counsel – Anticipated Litigation
 Pursuant to Government Code Section 54956.9(d)(2)
 Significant exposure to litigation: 2 cases
16. Public Employment, Employee Appointment or Evaluation
 Pursuant to Government Code Section 54957
 Position title: Chief Executive Officer

LONG RANGE CALENDAR

17.	January 2020	
	Minutes of 12/18/19	Consent
	Election of Officers	Regular
	Approve the Opening of the HCV and PBV Wait Lists	Regular
	Presentation: West Sacramento Permanent Supportive Housing project (tentative/jt meeting with New Hope)	Pres: Guests: Mercy
	Receive and File 1st Quarter Financial Reports	Consent
	70th anniversary plan update and calendar	Regular
	February 2020	
	March 2020	
	Big Day of Giving Overview	Regular
	2nd Quarter Write Offs	Consent
	Public Hearing: Adopt Resolution Approving FY 2020-2025 Five Year Plan and 2020 Annual Plan Update	Regular
	Public Hearing to Adopt FY 2020 Capital Fund and Annual Statement	Regular
	April 2020	
	Review and Approve the Proposed FY2019-2020 Mid-Year Budget Revisions with Second Quarter Financial Information	Regular
	RAD Status Update and Approval of Plan (tentative)	Regular

ADJOURNMENT

Next meeting is TBD, 2020

I declare under penalty of perjury that the foregoing agenda was posted by Friday, December 2019 by 5:00 p.m. at the following places:

- On the bulletin board at the east entrance of the Erwin W. Meier Administration Building, 625 Court Street, Woodland, California; and
- On the bulletin board outside the Board of Supervisors Chambers, Room 206 in the Erwin W. Meier Administration Building, 625 Court Street, Woodland, California; and
- On the bulletin board of Yolo County Housing, 147 West Main Street, Woodland, California.
- On the Yolo County website: www.yolocounty.org.

Julie Dachtler, Clerk of the Board

By: _____
Clerk

NOTICE

If requested, this agenda can be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Clerk of the Board for further information. In addition, a person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting should telephone or otherwise contact the Clerk of the Board as soon as possible and at least 72 hours prior to the meeting. The Clerk of the Board may be reached at (530) 666-8195 or at the following address:

Yolo County Housing
c/o Clerk of the Board of Supervisors
County of Yolo
625 Court Street, Room 204, Woodland, CA 95695

Yolo County Housing
Yolo County, California

To: Co. Counsel ✓
Yolo County Housing ✓

CONSENT CALENDAR

Excerpt of Minute Order No. 19-48 Item No. 4, of the Yolo County Housing meeting of December 18, 2019.

MOTION: Lansburgh. SECOND: Neu. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.

4.

Review and Approve the Minutes of October 23, 2019

Approved the minutes of October 23, 2019 on Consent.

Yolo County Housing Yolo County, California

October 23, 2019

MINUTES

The Yolo County Housing met on the 23rd day of October, 2019, in regular session in its Chambers in the Erwin W. Meier Administration Building, 625 Court Street, Woodland, California at 3:00 p.m.

Present: Richard Lansburgh; Pierre Neu; Babs Sandeen; Gary Sandy; Joe Walters

Absent: Will Arnold; Karen Vanderford

Staff Present: Hope Welton, Agency Counsel
Janis Holt, subbing for Lisa Baker, General Director
Julie Dachtler, Clerk

CALL TO ORDER

1. Pledge of Allegiance.
2. Consider approval of the agenda.

Minute Order No. 19-42: Approved agenda as submitted.

MOTION: Lansburgh. SECOND: Neu. AYES: Lansburgh, Neu, Sandeen, Sandy, Walters. ABSENT: Arnold, Vanderford.

3. Public Comment: Opportunity for members of the public to address the Housing Authority on subjects not otherwise on the agenda relating to Housing Authority business. The Board reserves the right to impose a reasonable limit on time afforded to any topic or to any individual speaker.

There was no public comment.

PRESENTATIONS

4. Presentations - Certificates for Managing Maintenance to Lead Maintenance Randy Perry and Housing Specialist II Maria Pena

Janis Holt, General Manager, presented the Certificates for Managing Maintenance to Lead Maintenance Randy Perry and Housing Specialist II Maria Pena.

CONSENT AGENDA

Minute Order No. 19-43: Approved Consent Agenda Item Nos. 5-8, with Commissioner Neu abstaining from Agenda item No. 5.

MOTION: Sandeen. SECOND: Neu. AYES: Lansburgh, Neu, Sandeen, Sandy, Walters. ABSENT: Arnold, Vanderford.

5. Review and Approve the Minutes of September 18, 2019

Approved the minutes of September 18, 2019 on Consent, with Commissioner Neu abstaining on this item.

6. Receive and File Correspondence from the U.S. Dept of Housing and Urban Development Designating YCH Housing Choice Voucher Program and a National High Performer (Holt, Jimenez-Perez)

Approved recommended action on Consent.

7. Receive and File Rental Assistance Demonstration (RAD) Program Update Report (Gillette, Baker)

Approved recommended action on Consent.

8. Receive and File Report on the Status of Reporting Unaudited Year End Financial information to HUD and Audit Update (Gillette, Baker)

Approved recommended action on Consent.

REGULAR AGENDA

9. Review, Approve and Adopt Resolution Amending Housing Choice Voucher Payment Standards in Accordance with Federal Requirements (Holt, Jimenez-Perez)

Minute Order No. 19-44: Approved recommended action by **Resolution No. 19-11.**

MOTION: Neu. SECOND: Walters. AYES: Lansburgh, Neu, Sandeen, Sandy, Walters. ABSENT: Arnold, Vanderford.

10. Review, Approve and Adopt Resolution Setting Flat Rent Schedule in Conventional Rental Housing (Holt, Dogias)

Minute Order No. 19-45: Approved recommended action by **Resolution No. 19-12.**

MOTIONMOTION: Sandeen. SECOND: Neu. AYES: Lansburgh, Neu, Sandeen, Sandy, Walters. ABSENT: Arnold, Vanderford.

11. Review and Approve final Concept for Master Leasing of 1811 Merkeley Avenue in Partnership with County HHSA for CalWORKs Families (Baker, Holt)

Minute Order No. 19-46: Approved recommended action.

MOTION: Sandeen. SECOND: Lansburgh. AYES: Arnold, Lansburgh, Neu, Sandeen, Sandy, Vanderford, Walters.

12. Receive Comments from CEO

Received the following comments from Janis Holt, General Director, subbing for CEO Lisa Baker:

- Client Services Division, Family Self Sufficiency (FSS) grant has been continued;
- Shout out to Isaac Blackstock, Client Services Coordinator, for his work upgrading the West Sac computer learning center;
- Appreciated Commissioner Sandeen's comments about being a high performer (Agenda Item No. 6), not an easy task;
- Update on the recent Public Safety Power Shutoff (PSPS) affecting their residents with lessons learned, both pros and cons.
Pros: very glad of the partnerships they have with OES and really proud of their teams, which followed system management protocols in place.
Cons: need to do a better job knowing and identifying vulnerable families' needs by way of better communication and obtaining releases from them in order to help them. They will continue to strive to make that part work better.
- Announced that Lisa Baker will be honored by Congressman Garamendi on October 25th as a 2019 Woman of the Year, a recognition of outstanding women in his district who have demonstrated a clear commitment to their community through their leadership and dedication to public service

13. Receive Comments from Commissioners

Commissioner Lansburgh voiced concerns over the recent shootings occurring in Woodland in public housing and wondered what role YCH plays if one of their residents is a gang member. Janis explained how they handle these types of issues and what their policy is. And it doesn't mean the family has to move necessarily. Discussion continued on how to make this area safer and Janis said they are working with Woodland PD about installing video cameras to common areas so they will have better surveillance. Janis noted that Lisa Baker will be bringing the 2020 YCH dates to the December meeting and Agency Counsel Hope Welton noted that the upcoming meeting in December, along with closed session, will be lengthy.

LONG RANGE CALENDAR

November 2019	
NONE	

December 2019	
Minutes of 10/23/19	Consent
1st Quarter Financials	Regular
1st Quarter write offs	Consent
Approval of Meeting Calendar 2020	Consent or Regular
Review and Approve to Ratify Merkley Lease and HHSA MOU	Consent
Review and Approve Amended YCH FSS Action Plan	Regular
Approve Acceptance of the Community Infrastructure Grant for the Purchase of Two Houses	Regular
70th Anniversary Annual Plan and Resolution	Regular may move to 1/2020
Present Draft BluePrint 2020 Strategic Housing Plan	Regular

January 2020	
Minutes of 12/20/19	Consent
Election of Officers	Regular
Approve the Opening of the HCV and PBV Wait Lists	Regular
Presentation: West Sacramento Permanent Supportive Housing project (tentative/jt meeting with New Hope)	Pres: Guests: Mercy
February 2020	

March 2020	
Big Day of Giving Overview	Regular
2nd Quarter Write Offs	Consent
Public Hearing: Adopt Resolution Approving FY 2020-2025 Five Year Plan and 2020 Annual Plan Update	Regular
Public Hearing to Adopt FY 2020 Capital Fund and Annual Statement	Regular

April 2020	
Review and Approve the Proposed FY2019-2020 Mid-Year Budget Revisions with Second Quarter Financial Information	Regular
RAD Status Update and Approval of Plan (tentative)	Regular

ADJOURNMENT

Next meeting is December 18, 2019 at 3:00 p.m.

Yolo County Housing
Yolo County, California

To: Co. Counsel ✓
Yolo County Housing ✓

CONSENT CALENDAR

Excerpt of Minute Order No. 19-48 Item No. 5, of the Yolo County Housing meeting of December 18, 2019.

MOTION: Lansburgh. SECOND: Neu. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.

5. Review, Approve and Authorize the Write-Off of Quarterly Uncollectible Debt in Accordance with the Adopted Accounts Receivable Charge Off Policy (Dogias, Holt)

Approved recommended action on Consent.



Yolo County Housing

147 W. Main Street Woodland: (530) 662-5428

WOODLAND, CA 95695 Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

DATE: December 18, 2019

TO: YCH Housing Commission

FROM: Lisa A. Baker, Chief Executive Officer

PREPARED BY: Tom Dogias, Real Estate Services Supervisor

SUBJECT: **Review, Approve and Authorize the Write-Off of Quarterly Uncollectible Debt in Accordance with the Adopted Accounts Receivable Charge Off Policy**

RECOMMENDED ACTIONS:

That the Housing Commission:

1. Authorize YCH staff to write off bad debts in the amount of \$7,775.00 in the Yolo County Housing Low Income Public Housing Program for the period ending September 30, 2019.

BACKGROUND/DISCUSSION

In accordance with the YCH Accounts Receivable Write Off Policy, staff recommends that the Commission authorize the write off of debts that have not been collected for the quarter ending September 30, 2019. This recommended amount of bad debts for the first quarter are a result of:

- \$6,715.00 for AMP I (Yolano) is a remaining amount from a single household in which the former manager tried to arrange a repayment agreement. For unknown reasons, the household stopped making the agreed upon payments. As a result, a stipulation was created with the understanding that the family would move out, return possession of the unit, and repay the debt at \$250 a month. As of yet no payment has been received.
- The additional \$1,059.00 is the result of 8 different move outs with minimal damages in which turn costs and remaining rent amount exceeded the deposit

amounts. Staff has been unable to collect these debts (which comes to \$132 per unit).

Real Estate Services staff have continuously attempted to collect on these outstanding charges with no results. In coordination with the Finance Department, staff has assessed the collectibility of the tenant balances provided and have exhausted all efforts to locate the tenants and/or collect payment at this time.

As a result, staff recommends approval to submit write off documentation to Finance for entry into the Tenant Accounts Receivable System (TARs). These debts are then forwarded to our collection agency for a final attempt at restitution.

FISCAL IMPACT LOW INCOME PUBLIC HOUSING

For the first quarter of FY 2019-2020, bad debts requested to be written off for Low Income Public Housing total \$7,775.00. This amount is 1.2% of total rents charged for the programs during this period.

Low Income Public Housing Write-Offs approved per year have been:

● 2010-2011	\$22,300	1.49%
● 2011-2012	\$18,000	1.20%
● 2012-2013	\$ 7,500	0.50%
● 2013-2014	\$16,730	0.93%
● 2014-2015	\$17,635	1.00%
● 2015-2016	\$9,229	0.50%
● 2016-2017	\$6,805	0.29%
● 2017-2018	\$19,390	1.02%
● 2018-2019 <i>(year to date)</i>	\$16,267	1.07%
● 2019-2020	\$7,775	1.2%

CONCLUSION

The periodic write off uncollectible accounts receivable helps the Agency present a true representation of revenues that can be expected to be received and of debts that have a reasonable chance of being successfully collected.

Staff recommends that the Commission approve the requested authorization to write off debt for the 1st quarter in the amount of \$7,775.00.

Yolo County Housing
Yolo County, California

To: Co. Counsel ✓
Yolo County Housing ✓

CONSENT CALENDAR

Excerpt of Minute Order No. 19-48 Item No. 6, of the Yolo County Housing meeting of December 18, 2019.

MOTION: Lansburgh. SECOND: Neu. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.

6.

Review, Approve and Ratify Execution of Master Lease with Portale Properties for 12 apartment homes located at 1811 and 1815 Merkley Avenue, West Sacramento and the Memorandum of Understanding with Yolo County Health and Human Services (Holt, Baker)

Approved recommended action on Consent.



Yolo County Housing

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833

DATE: December 18, 2019
TO: YCH Housing Commission
FROM: Lisa A. Baker, Chief Executive Officer
SUBJECT: **Review and Ratify Execution of Master Lease with Portale Properties, LLC for 12 apartment homes located at 1811 and 1815 Merkley Avenue, West Sacramento and the Memorandum of Understanding (MOU) with Yolo County Health and Human Services Agency.**

RECOMMENDED ACTION

That the Housing Commission:

1. Review and ratify the execution of the Master Lease of subject property;
2. Review and ratify the execution of the Memorandum of Understanding (MOU) with Yolo County Health and Human Services Agency.

BACKGROUND/DISCUSSION

On October 23, 2019, the Housing Commission approved the final concept for master leasing 12 units with a private landlord who completed rehabilitation at 1811 and 1815 Merkley Avenue, West Sacramento.

The Master Lease was completed by YCH staff in coordination with legal counsel on November 19, 2019 and signed by both the private landlord, Portale Properties, LLC and Yolo County Housing on November 21, 2019. Eleven of the twelve CalWORKs eligible families completed the moving in process with staff on December 3-5, 2019.

Funding for this program is provided through a Memorandum of Understanding (MOU) between Yolo County Health and Human Services Agency (HHSA) and Yolo County Housing (YCH) with funding of \$120,642.60 in start up costs and three years of project funding in the amount of \$614,400.00 for a total of \$735,042.60. The final draft was completed through legal counsel on November 19, 2019. The MOU will be on the agenda at the Yolo County Board of Supervisors meeting on December 17, 2019.

FISCAL IMPACT

Funding through the MOU is expected to cover the costs associated with this project including lease payments, utilities and property management expenses.

CONCLUSION

Staff recommends that the Housing Commission ratify the approval of the proposed Master Lease and Memorandum of Understanding.

Attachments: Master Lease with Portale Properties, LLC and MOU between Yolo County HHSA and YCH

MASTER LEASE AGREEMENT

This Master Lease agreement (hereinafter "Agreement") is made and entered into as of the 12th of November, 2019, at West Sacramento, by and between the Housing Authority of the County of Yolo, a public body both corporate and politic, hereinafter called "Lessee," and Portale Properties, LLC, hereinafter called "Lessor."

ARTICLE 1 DEMISE, DESCRIPTION, USE, TERM AND RENT

Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, that certain property, hereinafter called the "Leased Premises," situated in West Sacramento, CA, located at 1811 Merkley Avenue and 1815 Merkley Avenue; to be used as a residential housing pilot project and in accordance with uses normally incident thereto, for a term commencing on **November 1, 2019** and ending on **June 30, 2022**. This constitutes the full term of this Agreement unless modified before that date by mutual consent, for rental amount as specified in Article 2.

There are a total of twelve (12) Units present within the Project. Six (6) Units are present on the portion of the Land known as 1811 Merkley Avenue and six (6) Units are present on the portion of the Land known as 1815 Merkley Avenue.

Upon termination of the Master Lease or expiration of the Term hereof, if Lessee retains possession of the Leased Premises without Lessor's written consent first being obtained, then Lessee's possession shall be deemed a tenancy at sufferance. Lessor and Lessee agree that as damages for Lessee's retention of possession, the Rent shall be increased to one hundred twenty-five percent (125%) of the amount of the Rent in effect immediately prior to the expiration or earlier termination of the Master Lease for the initial three (3) months of the period of retention of possession and thereafter the Rent shall be increased to one hundred fifty percent (150%) of the amount of the Rent in effect immediately prior to the expiration or earlier termination of the Lease. With respect to only the first sixty (60) days of Lessee's holdover, Lessee shall not be responsible for any consequential damages suffered or incurred by Lessor as a result of Lessor's inability to deliver possession of the Leased Premises to a subsequent tenant as a result of Lessee's failure to surrender possession of the Leased Premises.

ARTICLE 2 RENT

1. Lessee shall pay Lessor \$1,150 per month, as rent for the Leased Premises, during the term of this Agreement and any extension thereof. All payments due under the Agreement shall be payable without prior demand on the 10th calendar day of each month throughout the term of this Master Lease, continuing thereafter until termination of this Agreement. The rent payment shall be due regardless of whether Lessee has members in occupancy of the Leased Premises. Rent not paid when due shall be subject to a "Late Charge" equal to 10% on the amount of the overdue rent for the period of time that the rent was overdue. If the amount of any Rent or any other payments due under this Master Lease violates the terms of any usury laws or other governmental restrictions on such Rent or payment, then the Rent or payment due during the period of such restrictions shall be the maximum amount allowable under those restrictions.

2. Lessee understands that not all existing occupants may be able to vacate the Leased Premises. In the event that households remain on the Leased Premises, Lessee agrees to provide property management services to those occupants and shall collect rent from such tenants to offset Lessee's costs.

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**ARTICLE 3
PROPERTY MANAGEMENT – LESSEE’S OBLIGATIONS**

1. Lessee agrees to make a one-time payment of \$81,370.60 for improvements completed by Lessor without the supervision of Lessee of 12 units to meet livable standards per the American with Disabilities Act (ADA). This work includes the following:

a. Obtain all engineering for new upper level balcony landings, stairs, handrails structural engineering performed by Cullumber Engineering (\$4,950.00);

b. Civil, grading and site plan performed by JTS Engineering (\$2,392.60);

c. Site plan layout, exterior elevations and final plan assembly performed by Candle Light Drafting (\$5,720.00).

d. Electrical and mechanical calculations (\$3,400.00).

e. New concrete walkways (ADA paths of travel) install performed by J. Lussier Construction (\$25,200).

f. Concrete resurfacing of uneven edges and ADA markings for designated parking area. Contract to be selected, estimated cost (\$5,600.00).

g. New metal stair cases and upper landing hand railing to be performed by Steel Stairs, Inc. (\$26,260.00).

h. Prorated rent for October 15, 2019 through October 31, 2019 for holding the units until the November 1, 2019 lease start date. (\$7,820)

2. Lessee agrees to take responsibility for property management, including recruitment of individual occupants, day-to-day maintenance and repairs, and security, of the Leased Premises and to hold Lessor harmless therefrom. Lessee shall never take responsibility for any work relating to the Leased Premises' roof, foundation or property rehabilitation, excepting such repairs as to maintain the Leased Premises in the state at which Lessee acquired possession (see Paragraph 3 below).

3. Lessee agrees to keep the Leased Premises in good order and repair, at a standard equal to the condition of the Leased Premises at the time Lessee acquired possession.

4. Lessee is expected to report to Lessor all major maintenance problems on a timely basis, and to correct all minor problems as necessary.

5. Lessee may not undertake, or contract to undertake any structural or use changes without the express consent of Lessor.

6. Lessee shall pay the monthly cost of all utilities, including gas, electricity, water, garbage collection, sewer and cable television. Lessor shall either pay the utility bills and provide proof of billing and payment for reimbursement, or shall send utility bills directly to Lessee for payment.

7. Lessee agrees to hold separately and account for any funds received from the coin-operated laundry service that exceed the maintenance expenses and utilities for the on-site laundry rooms.

8. Lessee agrees not to commit, or suffer to be committed, any waste on the Leased Premises, nor shall it maintain, commit, or permit the maintenance or commission of any nuisance on the Leased Premises or use the Leased Premises for any unlawful purpose.

9. Lessee agrees to comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, creed, ancestry, national origin, religion, sex, sexual orientation, marital status, familial status, age, disability, including requirements imposed by or pursuant to the Regulations of the Secretary (24 CFR, Subtitle A, Part 1), Title VI of the Civil Rights Act of 1964, regulations issued pursuant to Executive Order 11063 and Title VII of the 1968 Civil Rights Act.

10. Lessee acknowledges that: (a) the Rent does not include the cost of any security measures for any portion of the Leased Premises, (b) Lessor has no obligation to provide any such security measures, (c) Lessor has made no representation regarding the safety or security of the Leased Premises and (d) Lessee will be solely responsible for providing any security it deems necessary to protect itself, its property, and its invitees or any occupants in, on, or about the Leased Premises. If Lessor provides any security measures at any time, Lessor will not be obligated to continue providing security for any time, and Lessor may discontinue such service without notice and liability to Lessee, and Lessor will not be obligated to provide such measures with any particular standard of care. Lessee assumes all responsibility for the Lessee's security, safety, property, and invitees. Notwithstanding the foregoing, Lessee shall comply with all reasonable security measures, rules, and regulations required by any governmental agency having jurisdiction over the Leased Premises.

11. Storage outside the Units of materials, vehicles or any other items is prohibited. Lessee shall not use or allow the Leased Premises to be used for any immoral, improper or unlawful purpose, nor shall Lessee cause or maintain or permit any nuisance in, on or about the Leased Premises. Lessee shall not use the Leased Premises in any manner that will constitute waste, nuisance, or unreasonable annoyance (which includes excessive noise and/or vibration) to owners or occupants of adjacent properties. Lessee shall not allow any sale by auction upon the Leased Premises, or place any loads upon the floors, walls or ceilings exceeding fifty (50) pounds per square foot dead load, twenty (20) pounds per square foot for partitions and five (5) pounds per square foot for ductwork and piping, or place any harmful substances in the drainage system of the Leased Premises. No Tenant waste, materials or refuse shall be dumped upon or permitted to remain outside the Leased Premises. Lessee shall not do or permit anything to be done in, on, under or about the Leased Premises or bring into or keep anything in the Leased Premises which will in any way increase the rate of any insurance upon the Leased Premises or upon any contents therein or cause a cancellation of said insurance or otherwise affect said insurance in any manner, or violate the rules, orders, regulations and requirements of any organization which sets out standards, requirements or recommendations commonly referred to by major fire insurance underwriters.

12. Due to the need for pest control, the potential for disruption and for safety reasons, animals are not permitted in any of the housing facilities or on the grounds, including pets of guests. This restriction does not apply to service or companion animals, but all such animals must be approved in advance through the Lessee's Reasonable Accommodation policy.

13. Lessee will enforce a smoke-free policy that bars the use of prohibited tobacco, marijuana or other legal or illegal products (igniting, inhaling, exhaling, breathing, carrying or possessing any lit cigar, cigarette, pipe, vape pen, vaporizer, water pipe referred to as hookahs or other tobacco or similar lighted product) on the premises, including, but not limited to housing units, common areas both interior and exteriors of buildings, property management offices, playgrounds, etc. Smoking, as defined herein, is prohibited in any building playground, common area or parking area, with the exception of any formally designated smoking area.

14. In the event any proceedings are brought for foreclosure, or in the event of a sale or exchange of the real property on which the Leased Premises are located, or in the event of the exercise of the power of

sale under any mortgage or deed of trust made by Lessor covering the Premises, Lessee shall attorn to the purchaser upon any such foreclosure and sale and recognize such purchaser as Lessor under this Master Lease. Lessee agrees to execute, within fifteen (15) days of a request to do so by Lessor, any documents reasonably required to effectuate an attornment or to make this Master Lease or any options granted herein prior to the lien of any mortgage, deed of trust, or ground lease, as the case may be; provided, however, that at the request of Lessee made within five (5) days after any such Lessor request, Lessor shall use commercially reasonable efforts to obtain for the benefit of Lessee, the applicable Superior Lienor's standard non-disturbance agreement.

ARTICLE 4 LESSOR'S OBLIGATION

1. Lessor agrees to continue to maintain its own insurance, including property insurance and loss of rent insurance for the Leased Premises, and to pay all property taxes on a timely basis during the term of this Agreement. Lessor agrees to name Yolo County Housing as an additional insured.
2. Lessor agrees to accept a one-time payment of \$81,370.60 for improvements of 12 units to meet livable standards per the American with Disabilities Act (ADA). This work includes the following:
 - a. Obtain all engineering for new upper level balcony landings, stairs, handrails structural engineering performed by Cullumber Engineering (\$4,950.00);
 - b. Civil, grading and site plan performed by JTS Engineering (\$2,392.60);
 - c. Site plan layout, exterior elevations and final plan assembly performed by Candle Light Drafting (\$5,720.00).
 - d. Electrical and mechanical calculations (\$3,400.00).
 - e. New concrete walkways (ADA paths of travel) install performed by J. Lussier Construction (\$25,200).
 - f. Concrete resurfacing of uneven edges and ADA markings for designated parking area. Contract to be selected, estimated cost (\$5,600.00).
 - g. New metal stair cases and upper landing hand railing to be performed by Steel Stairs, Inc. (\$26,260.00)
 - h. Prorated rent for October 15, 2019 through October 31, 2019 for holding the units until the November 1, 2019 lease start date. (\$7,820)
3. In accordance with Article 3, Paragraph 5, Lessor agrees to either pay utility bills directly and provide proof of billing and payment for reimbursement or send utility bills directly to Lessee for payment.
4. Lessor agrees to transfer to Lessee the revenue from the coin-operated laundry service to pay maintenance expenses and utilities for the on-site laundry rooms.
5. In the event of any sale of the Leased Premises, Lessor shall be and hereby is entirely freed and relieved of all further liability under any and all of its covenants and obligations contained in or derived from this Master Lease and the purchaser, at such sale or any subsequent sale of the Leased Premises, shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of Lessor under this Master Lease. If any Security Deposit or prepaid Rent has been paid

by Lessee, Lessor may transfer the Security Deposit and prepaid Rent to Lessor's successor and upon such transfer, Lessor shall be relieved of any and all further liability with respect thereto.

6. Lessor represents and warrants that there is no deed of trust mortgage or ground lease currently encumbering the Leased Premises.

**ARTICLE 5
SECURITY DEPOSIT**

A total refundable security deposit of \$6,900 be due at the same time as the first month's rent. It shall be returned to Lessee within thirty (30) days of the end of this term and any extension thereof.

**ARTICLE 6
QUIET POSSESSION**

Lessor shall, on the commencement date of this Agreement place Lessee in quiet possession of the Leased Premises and shall secure it in the quiet possession thereof against all persons claiming the same during the entire term and any extension thereof.

**ARTICLE 7
EXTENSION**

This Agreement may be extended only by mutual agreement of both parties.

**ARTICLE 8
SURRENDER OF PREMISES**

1. Lessee shall, without demand and at its own cost and expense before expiration or earlier termination of the term of this Agreement or of any extended term hereof, remove all property belonging to it and all alterations, additions, or improvements, and fixtures which by the terms of this Agreement it is permitted to remove; and repair all damage to the Leased Premises caused by such removal. Any property not so removed shall be deemed to have been abandoned by Lessee and may be retained or disposed of by Lessor, as Lessor in its sole discretion sees fit.

2. Lessee agrees to and shall, on expiration or earlier termination of the Agreement hereof or of any extended term hereof, promptly surrender and deliver the Leased Premises to Lessor without demand therefor in good condition, ordinary wear and tear excepted.

**ARTICLE 9
LESSEE INSURANCE**

1. General Liability Insurance. Lessee shall, at its sole expense, at all times during the term of this Agreement or any extension thereof, secure and maintain in full force and effect a comprehensive general liability insurance policy for claims for damages arising out of Lessee's use of the Leased Premises because of bodily injury, death, and property damage. Such liability insurance shall name Lessor as an additional insured and shall be written for not less than One Million Dollars and No Cents (\$1,000,000.00) per person, One Million Dollars and No Cents (\$1,000,000.00) per occurrence, and One Million Dollars and No Cents (\$1,000,000.00) for all damages or liability arising out of or injury to or destruction of the Leased

Premises. Lessee shall furnish Lessor with Certificates of Insurance evidencing compliance with all requirements.

2. Automobile Liability Insurance. Lessee shall, at its sole expense, at all times during the term of this Agreement or any extension thereof, secure and maintain in full force and effect automobile liability insurance for owned, non-owned, or hired automobiles with a combined single limit of not less than One Million Dollars and No Cents (\$1,000,000.00) per occurrence. Lessee shall furnish Lessor with Certificates of Insurance evidencing compliance with all requirements.

3. Workers' Compensation Insurance. Lessee shall, at its sole expense, at all times during the term of this Agreement or any extension thereof, secure and maintain in full force and effect workers' compensation insurance as required by California law.

ARTICLE 10 DEFAULTS AND REMEDIES

1. Either Party may terminate this Agreement at any time by giving written notice to the other Party at least sixty (60) days prior to the intended termination date, subject to any applicable laws. Such notice may be given on any date.

2. Lessor may terminate this Agreement due to Lessee's default upon the occurrence of any of the following events:

- a. Lessee remains in arrears in any payment of rent required by this Agreement for a period of three (3) days or more following written notice of such arrearage from Lessor served upon Lessee;
- b. Lessee fails or refuses to pay any fees, charges, and/or rentals required by this Agreement for a period of three (3) days or more following written notice of such default from Lessor served upon Lessee;
- c. Lessee fails to obtain or maintain the insurance required by this Agreement;
- d. Lessee abandons the Leased Premises;
- e. Lessee fails to use the Leased Premises as authorized by this Agreement;
- f. Lessee fails to maintain the Leased Premises as required by this Agreement; or
- g. Upon the breach by Lessee of any condition, covenant or term of this Agreement.

3. Termination by Lessor shall be upon not less than thirty (30) days advance written notice to Lessee, which notice shall state the basis of such termination and the effective date of the termination.

4. Lessee may terminate this Agreement due to Lessor's default upon the occurrence of any of the following events:

- a. Issuance by a court of competent jurisdiction of a permanent injunction, which in any way prevents or restrains use of the Leased Premises in a manner substantially restricting Lessee's operations under this Agreement.
- b. Default by Lessor in the performance of any promise, term, condition or covenant required of it to be performed under this Agreement, provided Lessor fails to cure such default within thirty (30) calendar days following receipt of written notice of such default from Lessee.

However, if the nature of such default is such that it cannot reasonably be cured within such thirty (30) day period, Lessor shall be deemed to have cured such default if within such period Lessor commences performance thereof and thereafter diligently prosecutes the same to completion.

5. In the unlikely event of Termination by Lessee pursuant to this Article, Lessee shall pay Rent to Lessor, up to and including the date of such termination, in accordance with Article 2 of this Agreement. Lessor agrees to make a proportionate reimbursement to Lessee for any rent paid but not earned.

6. If, by no fault of Lessee, the Leased Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty, Lessor shall have the right to restore the Leased Premises by repair or rebuilding. If Lessor elects to repair or rebuild, and is able to complete such restoration within thirty (30) days from the date of damage, subject to the terms of this Article, this Agreement shall remain in full force and effect. If Lessor is unable to restore the Leased Premises within this time, or if Lessor elects not to restore, then either Lessor or Lessee may terminate this Agreement by giving the other written notice. Rent shall be abated as of the date of damage. The abated amount shall be the then current monthly Rent prorated on a thirty (30) day basis. If this Agreement is not terminated, and the damage is not repaired, then Rent shall be reduced based on the extent to which the damage interferes with Lessee's reasonable use of the Leased Premises. If damage occurs as a result of an act of Lessee or Lessee's guests, only Lessor shall have the right of termination, and no reduction in Rent shall be made.

7. If Lessor fails to cure a prospective default within the thirty (30) day period, Lessee shall have the option to cure the default or to terminate this Agreement, in addition to any other remedies at law not inconsistent with this Agreement. Should Lessee elect to cure the default itself, all costs associated with such cure, including reasonable attorneys' fees (if any) shall be reimbursed by Lessor to Lessee within thirty (30) days of receipt of Lessee's invoice for said costs. However, upon Lessor's failure to so reimburse or, at Lessee's option, said costs shall be held from rent due under this Agreement. If Lessor's default under this Agreement prevents Lessee's use of the Leased Premises, there shall be an abatement of rental payments for the period of such non-use.

8. If this Agreement terminates pursuant to a default by Lessee, Lessor may immediately enter upon and repossess the Leased Premises in accordance with applicable laws and cause any personal property of Lessee to be removed from the Leased Premises and stored in any public storage facility at the risk and expense of Lessee.

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ARTICLE 11 INSPECTION BY LESSOR

1. Lessee shall permit Lessor and its agents to enter into and upon the Leased Premises at reasonable times and upon reasonable advance notice for the purpose of inspecting the same or for the purpose of maintaining or making repairs or alterations to the building, or any other legitimate purpose.

2. Lessee agrees to make arrangements for an inspection of the building by a representative of Lessor at any time upon two (2) business days' notice. A Lessee representative shall accompany the Lessor representative on all such inspections.

ARTICLE 12 ASSIGNMENT

Lessee shall not assign, transfer, convey, subcontract or otherwise dispose of this Agreement or his/her right, title, or interest in or to the same or any part hereof without prior written consent from Lessor.

**ARTICLE 13
INDEMNIFICATION**

Lessee shall exercise all of the care and judgment consistent with good practices in the performance of the services required by this Agreement. In addition, Lessee shall indemnify, defend and hold harmless Lessor from any and all claims, demands, costs (including attorney fees), expenses, judgments, liability, loss, injury, or damages arising out of or in connection with the performance of this Agreement by Lessee and/or its employees, officers, agents or subcontractors, excepting only loss, injury, or damage caused by the negligence or willful misconduct of Lessor.

**ARTICLE 14
LESSEE'S PROPERTY ON PREMISES AT LESSEE'S RISK**

All personal property of any kind or description whatsoever upon or in the said Leased Premises shall be at the Lessee's sole risk, and the Lessor shall not be liable for any damage thereto.

**ARTICLE 15
MISCELLANEOUS**

1. Notice and Addresses. All notices provided to be given under this Agreement shall be given by first class mail, addressed to the proper party, as follows:

Lessor: Portale Properties, LLC
1043 Hazelwood Avenue, San Jose, CA 95125
Joey Portale: (408) 483-0552
Mario Portale: (408) 702-0201

Lessee: Housing Authority of the County of Yolo ("Yolo County Housing")
147 W. Main Street, Woodland, CA 95695
Attn: Lisa A. Baker, Chief Executive Officer
(o) 530-662-5428
(f) 530-662-5429

2. Applicable Law. This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by laws of the State of California. Any action or proceeding arising out of this Agreement shall be filed and resolved in a court of competent jurisdiction located in Woodland, California.

3. Attorneys' Fees. In the event Lessor or Lessee bring suit against the other to enforce any rights under this Agreement, the prevailing party shall recover from the other, in addition to any other award, an amount equal to reasonable attorneys' fees to be fixed by a court of competent jurisdiction.

4. Legal Construction. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. Further, the bold-faced headings provided in this Agreement are for convenience in identifying the subject matter and are not to be used in interpreting the intent, meaning or effect of any clause of this agreement. This Agreement is to be construed to include an explicit covenant of good faith and fair dealing between parties, each having as their ultimate goal the advancement of affordable housing for formerly homeless individuals.

5. Sole Agreement of the Parties. This Agreement constitutes the entire Agreement between the parties and shall be deemed to supersede and cancel any other agreement between the parties relating to the transactions herein contemplated. None of the prior or contemporaneous negotiations, preliminary drafts, or prior versions of this Agreement leading up to its execution and not set forth herein shall be used by any of the parties to construe or affect the validity of this Agreement. Each party acknowledges that no representation, inducement or condition not set forth herein has been made or relied upon by either party.

6. Successors and Assigns. Subject to any provision under this Agreement restricting assignment or subcontracting by Lessee or Lessor, the provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, and personal representatives of the Parties to this Agreement.

7. Amendment. No amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

8. Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

9. No Waiver of Default. No waiver by the parties hereto of any default or breach of any term, condition, or covenant of this Agreement shall be deemed to be a waiver of any other of the same or any other term, condition, or covenant contained herein.

10. Time of Essence. Time is of the essence in the performance of every term, covenant, condition, and provision of this Agreement.

11. Warranty of Authority. The persons executing this Agreement on behalf of Lessor and Lessee affirmatively represent that they have the requisite legal authority to enter into this Agreement on behalf of Lessor and Lessee and to bind Lessor and Lessee to the terms, covenants and conditions of this Agreement. Both persons executing this Agreement on behalf of each party understand that the other party is relying on this representation in entering into this Agreement.

12. Counterparts. This Master Lease may be executed in counterparts, each of which shall be deemed an original (including copies sent to a party by facsimile transmission or in portable document format (pdf)) as against the party signing such counterpart, but which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned Lessor and Lessee hereto execute this Agreement as of the day and year first above written.

Lessor: Portale Properties, LLC

DocuSigned by:

APD

DocuSigned by:
994FC9DC3314CC...

Mario Portale

DocuSigned by:

Jennifer Portale

Lessee: Housing Authority of the County of Yolo

11/19/2019

Date

By: *[Signature]*
Lisa A. Baker, Chief Executive Officer

Date

[Signature]
11/20/2019

AGREEMENT

THIS AGREEMENT is made this ____ day of _____, 2019, by and between the County of Yolo, a political subdivision of the State of California, ("County"), and Yolo County Housing, a public body corporate and politic, ("YCH"), who agree as follows:

TERMS

1. Services. The parties shall perform the services set forth in Exhibit A, Scope of Services.
2. Term. The term of this Agreement shall begin as of October 15, 2019 ("Effective Date"), and terminate as of June 30, 2022 (the "Term").
3. Exhibits. The complete contract shall include the following exhibits attached to and incorporated into this Agreement: Exhibit A: Scope of Services, Exhibit B: Budget and Method of Payment and Exhibit C: Insurance Requirements.
4. Compensation. Subject to YCH's satisfactory and complete performance of all the terms and conditions of this Agreement, and upon YCH's submission of an appropriate claim, County shall pay YCH no more than a total amount of \$735,042.60, in accordance with Exhibit B.
5. Insurance. The parties, at each party's sole cost and expense, shall obtain and maintain throughout the entire term of this Agreement, the insurance set forth in Exhibit C.
6. Indemnity. Each party shall indemnify, defend, protect, hold harmless, and release the other, their elected bodies, officers, agents, and employees, from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by any negligent act or omission or willful misconduct of such indemnifying party. This indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

In providing any defense under this Section, the indemnifying party shall use counsel reasonably acceptable to the party being indemnified. The provisions of this Section shall survive the termination or expiration of this Agreement.
7. Subcontractors. YCH shall have the right to use any subcontractor it has under contract and agrees to indemnify, defend, protect, hold harmless, and release County from and against any and all claims, losses, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by any negligent act or omission or willful misconduct of said subcontractor. This indemnification obligation shall survive the expiration or termination of this Agreement.
8. Compliance with laws. YCH shall comply with all applicable laws and regulations, including but not limited to any, which are promulgated to protect the public health, welfare and safety or prevent conflicts of interest. YCH shall defend County and reimburse it for any fines, damages or costs (including attorney fees) that might be incurred or assessed based upon a claim or determination that YCH has violated any applicable law or regulation.

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9. Termination

- a. Either party may terminate this Agreement for any reason or no reason with sixty (60) days' written notice to the other party.
- b. County may immediately terminate this Agreement if:
 - i. The funding for the services provided under this Agreement is terminated; or
 - ii. YCH is unable or unwilling to comply with such additional conditions as may be applied by funding under this Agreement.
- c. This Agreement is subject to the County, the State of California and the United States appropriating and approving sufficient funds for the activities required of the YCH pursuant to this Agreement. If the County's adopted budget and/or its receipts from California and the United States do not contain sufficient funds for this Agreement, the County may terminate this Agreement by giving ten (10) days' advance written notice thereof to the YCH, in which even the County shall have no obligation to pay the YCH any further funds or provide other consideration and the YCH shall have no obligation to provide any further services under this Agreement
- d. The termination of this Agreement shall not relieve YCH of liability to County for any damages sustained by County by virtue of any act or omission or breach of this Agreement by YCH and County may offset any such damages against any reimbursement or payments otherwise due YCH pursuant to this Agreement or any other agreement. County may also take any corrective action as otherwise provided by State laws and regulations.

The termination of this Agreement shall not relieve County of liability to YCH for any damages sustained by YCH by virtue of any act or omission or breach of this Agreement by County and County must provide payment to YCH for all services rendered by YCH in good faith on or before the effective date of termination of this Agreement. YCH shall return to County any unexpended portions of the funds paid to YCH by County under this Agreement upon expiration or earlier termination of this Agreement.

10. Default. Should either party fail to substantially perform its obligations in accordance with this Agreement, the other party may notify the defaulting party of such default in writing and provide not less than thirty (30) days to cure the default. Such notice shall describe the default and shall not be deemed a forfeiture or termination of this Agreement. If such default is not cured within the 30-day period (or such longer period as is specified in the notice or agreed to by the parties), the party that gave notice of default may terminate this Agreement upon not less than fifteen (15) days' advance written notice. The foregoing notwithstanding, neither party waives the right to recover damages against the other for breach of this Agreement.

11. Independent contractor status. It is specifically agreed that in the making and execution of this Agreement, YCH and any agents and employees of YCH are independent contractors and are not and shall not be construed to be agents or employees of County and that YCH shall have no authority, expressed or implied, to act on behalf of County or to bind County to any obligation whatsoever. It is further specifically agreed that in the making and execution of this Agreement, County and any agents and employees of County are independent contractors and are not and shall not be construed to be agents or employees of YCH and that County shall have no authority, expressed or implied, to act on behalf of YCH or to bind YCH to any obligation whatsoever.

12. Assignments and subcontracts. YCH shall not assign or subcontract any obligation of this Agreement or any portion thereof, with the exception of regular maintenance and repairs required in the

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normal course of business, without the express consent of County. Any attempt by YCH to assign or subcontract any performance of this Agreement without consent of County shall be null and void and shall constitute a breach of this Agreement.

13. Records. YCH shall retain all of its own records regarding this Agreement and the services provided hereunder for a period of not less than four years and shall make them available to County for audit and discovery purposes.

14. Notice. All notices shall be deemed to have been given when made in writing and delivered or mailed to the respective representatives of County and YCH at their respective addresses as follow:

YCH:

Attn: Chief Executive Officer, Yolo County Housing
147 W. Main Street
Woodland, CA 95695
Phone: (530) 662-5428
Fax: (530) 662-5429

County:

Attn: Employment Services Manager, Health and Human Services Agency
137 N. Cottonwood Street
Woodland, CA 95695
Phone: (916)375-6257

Any party may change the address or facsimile number to which such communications are to be given by providing the other party with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change. All notices shall be effective upon receipt and shall be deemed received through delivery if personally served or served using facsimile machines, or on the fifth day following deposit in the mail if sent by first class mail.

15. Entire agreement; modifications. This Agreement constitutes the entire agreement of the parties, and no other agreements or representations, oral or written, have been made or relied upon by either party. This Agreement may only be amended in writing signed by both parties, and any other purported amendment shall be of no force or effect. This Agreement, including all attachments, shall be subject to disclosure pursuant to the California Public Records Act.

16. Severability. If any of the provisions of this Agreement is held invalid, the remainder shall not be affected thereby, if such remainder would then continue to conform to terms and requirements of applicable law.

17. Choice of law; venue. This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by laws of the State of California. Any action or proceeding arising out of this Agreement shall be filed and resolved in a California State court located in Woodland, California.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument, it being understood that all parties need not sign the same counterpart. In the event that any signature is delivered by facsimile or electronic transmission (e.g., by e-mail delivery of a ".pdf" format data file), such signature shall create a valid and binding obligation of the party executing (or on whose

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behalf such signature is executed) with the same force and effect as if such facsimile or electronic signature page were an original signature.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

CONTRACTOR

COUNTY:

By 

Lisa Baker, Chief Executive Officer
Yolo County Housing

By _____
Ryan Pistochni, Purchasing Manager
Department of Financial Services

Date: November 19, 2019

Date: _____

Karen Larsen, Director
Health and Human Services Agency

Approved as to form:
Philip J. Pogledich, County Counsel

By: _____
Hope P. Welton, Senior Deputy

EXHIBIT A - SCOPE OF WORK

I. Lease of Residence

Acknowledgement of Use of CalWORKs Funds and Purpose of Lease.

II. Management of Residences

A. Responsibilities of Both Parties:

1. Consult and collaborate as needed in order to ensure the successful partnership with Portale Properties, LLC for the properties located at 1811 and 1815 Merkley Avenue, West Sacramento, CA 95691;
2. Evaluate the preliminary budget after ninety (90) days and make any necessary adjustments;
3. Consult and collaborate as needed in order to ensure that there is enough funding for the partnership;
4. Prepare and provide an After-Action Report of the Pilot Program. The parties shall meet during the term of this Agreement to assign responsibilities for preparation, coordination and oversight related to this report.

B. Responsibilities of County:

1. Maintain an ongoing list of eligible CalWORKs homeless families available as tenants for the Merkley apartment complex;
2. Provide case management services for CalWORKs homeless families that reside in the Merkley apartment complex;
3. Provide financial support services, paid to YCH on behalf of the tenants by the 7th day of each month including:
 - a. \$1,150 monthly for rent per unit
 - b. \$450 monthly for property management per unit
4. Issue two one-time payments to YCH for startup costs associated with this Project:
 - a. \$88,242.60 (\$7,353.55 per unit) to YCH for payment to Portale Properties, LLC as detailed below for livable standard improvement per the American with Disabilities Act (ADA). This work was completed without YCH involvement and therefore is not the responsibility of YCH.
 - b. \$32,400 to YCH for mobilization costs including utilities (\$4,800) and advancement rent payments (\$27,600 at \$1,150 per unit for two months). This amount shall be reflected as a credit in billing.

C. Responsibilities of YCH:

1. Execute a master lease agreement with Portale Properties, LLC to allow 12 units to be available for CalWORKs homeless families as referred by County;
2. Full scope property management services;
3. Pay utility expenses up-front using the following methods:

- a. Tenant share to be determined on a case-by-case basis with overages billed to tenant; and
 - b. Laundry room utilities to be paid for from revenue received from coin-operated laundry service.
4. Site Maintenance.
5. Tenant relations;
6. To hold separately and account for any funds received from the coin-operated laundry service that exceed the maintenance expenses and utilities for the on-site laundry rooms.
7. Make a one-time payment of \$88,242.60 to the landlord for security deposit, prorated rent and improvements of 12 units to meet livable standards per the American with Disabilities Act (ADA) done at the request of the County without involvement of YCH. This work includes the following:
 - a. Obtain all engineering for new upper level balcony landings, stairs, handrails structural engineering performed by Cullumber Engineering (\$4,950.00);
 - b. Civil, grading and site plan performed by JTS Engineering (\$2,392.60);
 - c. Site plan layout, exterior elevations and final plan assembly performed by Candle Light Drafting (\$5,720.00).
 - d. Electrical and mechanical calculations (\$3,400.00).
 - e. New concrete walkways (ADA paths of travel) install performed by J. Lussier Construction (\$25,200).
 - f. Concrete resurfacing of uneven edges and ADA markings for designated parking area. Contract to be selected, estimated cost (\$5,600.00).
 - g. New metal stair cases and upper landing hand railing to be performed by Steel Stairs, Inc. (\$26,260.00)
 - h. Prorated rent for October 15, 2019 through October 31, 2019 for holding the units until the November 1, 2019 lease start date. (\$7,820)
 - i. Security deposit (\$6,900)

EXHIBIT B - METHOD OF PAYMENT AND BUDGET

A. Regular Annual Compensation

1. County will compensate YCH for the costs set forth in the table below (based upon monthly claims), up to a total amount not to exceed **SEVEN HUNDRED THIRTY-FIVE THOUSAND SEVENTY DOLLARS AND 60/100 (\$735,070.60)** for the period of **October 15, 2019 through June 30, 2022.**

CFDA #93.558	Fiscal Year 2019-20 October 15, 2019 through June 30, 2020	Fiscal Year 2020-21 July 1, 2020 through June 30, 2021	Fiscal Year 2021-22 July 1, 2021 through June 30, 2022	Total
Leases	\$153,600 8-month lease November 2019 through June 2020	\$230,400 12-month lease July 2020 through June 2021	\$230,400 12-month lease July 2021 through June 2022	\$614,400
Start-Up	\$120,642.60	\$0	\$0	\$120,670.60
Total	\$274,242.60	\$230,400	\$230,400	\$735,042.60

2. Total per Unit:

- a. \$1,150 monthly rent per unit.
- b. \$450 monthly for property management per unit

3. Other Costs:

- a. One-time startup costs, not to exceed (\$120,670.60) associated with this project as described in Exhibit A-Scope of Work.
- b. County shall be responsible for costs associated with client-occupant damages that exceed normal wear and tear and large-scale house component failure. YCH shall provide an estimate to County of these costs prior to initiating work. County shall provide written permission to begin work and approval shall not be unreasonably withheld by County, subject to available funding, as set forth in the Extraordinary Maintenance/Emergency Repairs line items in the Fee Schedules below. YCH shall invoice County for the approved work and payment shall be made in accordance with Section B.

C. Method of Payment

- 1. As described in Exhibit A, Scope of Service, start-up costs shall be paid as follows;
 - a. YCH shall submit monthly invoices to County detailing the services provided, and an itemization of the actual expenses for which reimbursement is requested. Any claim for additional services pursuant to Section A shall also include a copy of the County's written approval in advance of such services being provided. If requested by the County, YCH shall provide any further documentation to verify the compensation and reimbursement sought by YCH.

b. Within fifteen (15) calendar days of the receipt of YCH's detailed invoice, the County shall either authorize payment or advise YCH in writing of any concerns that the County has with the invoice and any need for further documentation.

c. Within thirty (30) calendar days of the County's authorization for payment of an invoice, the County Auditor-Controller shall either issue the payment or advise YCH in writing of any concerns that the County Auditor-Controller has with the request and any need for further documentation.

2. As described in Exhibit A, Scope of Service, monthly rents shall be paid as follows:

a. YCH shall submit monthly invoices to County detailing the monthly rent and property management costs as described in Exhibit A. Claims shall be submitted to the County by the 15th of the prior month in which the rent is due.

b. County shall authorize payment to YCH on behalf of the tenants as described in Exhibit A, by the 7th day of the month in which the rent is due.

c. Claims for payment may be submitted to the county in an electronic format at HHSA.AccountsPayable@yolocounty.org. All claims shall be submitted with any required supporting documentation accompanying the claim. If a claim contains confidential client information, the claim and supporting documentation must be encrypted for transmission.

Claims, with any required supporting documentation, may also be submitted via US Postal Service mail addressed to

Health and Human Services Agency
137 North Cottonwood Street
Woodland, California 95695
Attention Accounts Payable.

D. Budgets

Yolo County Housing Authority		
CalWORKs Housing Support		
	Cost Items	Fiscal Year 2019-2020 October 15, 2019 through June 30, 2020
1	Monthly Rent	\$153,600
2	Start-Up Costs	\$120,642.60
	Total	\$274,242.60

Yolo County Housing Authority		
CalWORKs Housing Support		
	Cost Items	Fiscal Year 2020-2021 July 1, 2020 through June 30, 2021
1	Monthly Rent	\$230,400
	Total	\$230,400.00

Infor PO No.
Infor Ref No.

Yolo County Housing Authority		
CalWORKs Housing Support		
	Cost Items	Fiscal Year 2021-2022 July 1, 2021 through June 30, 2022
1	Monthly Rent	\$230,400
	Total	\$230,400.00

EXHIBIT C - INSURANCE REQUIREMENTS

A. During the term of this MOU, each party, at its sole cost and expense, shall obtain and maintain throughout the entire term of this MOU, insurance coverage at the minimum limits of:

1. **General Liability:** One million dollars and no cents (\$1,000,000.00) per occurrence for bodily injury, personal injury and property damage; and
2. **Automobile Liability:** One million dollars and no cents (\$1,000,000.00) per accident for bodily injury and property damage; and
3. **Workers' Compensation:** Statutory limit.

B. County, its elected representatives, officers, agents, employees and volunteers shall be named as additional insured or as additional covered party for self-insurance, on all liability insurance or self-insurance maintained by YCH other than workers' compensation insurance. Any insurance maintained by County shall apply in excess of, and not contribute with, insurance provided by YCH's liability insurance policy. YCH, its elected representatives, officers, agents, employees and volunteers shall be named as additional insured or as additional covered party for self-insurance, on all liability insurance or self-insurance maintained by County other than workers' compensation insurance. Any insurance maintained by YCH shall apply in excess of, and not contribute with, insurance provided by County's liability insurance policy.

Yolo County Housing
Yolo County, California

Meeting Date: December 18, 2019

To: County Counsel ✓
Yolo County Housing ✓

7.

Review and Approve Proposed Meeting Calendar for 2020 (Baker)

Minute Order No. 19-49: Approved the following Meeting Calendar for 2020, the third Wednesday of the month at 3:00 p.m.:

January 15, 2020
February 19, 2020
March 18, 2020
April 15, 2020
May 13, 2020
June 17, 2020
July 29, 2020
August 26, 2020
September 16, 2020
October 28, 2020
November - no meeting
December 16, 2020

MOTION: Sandy. SECOND: Neu. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.



Yolo County Housing

DATE: December 18, 2019
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, CEO
SUBJECT: Review and Approve Proposed Meeting Schedule for 2020

RECOMMENDED ACTIONS:

Staff recommends that, after discussion, the Housing Commission Review and Approve the proposed calendar for 2020.

BACKGROUND / DISCUSSION

YCH is required to meet at regular times. According to the by-laws of the YCH at “Article III – Meetings,” the Authority is required to hold an annual meeting. Staff proposes that the Commission select mutually agreeable dates for the meetings. Meetings have generally been held the 3rd or 4th Wednesdays at 3 p.m.

Based on the foregoing, staff proposes the following draft calendar for the Commission’s review. This is based on members’ currently known meeting calendars.

- January 15, 2020
- February 19, 2020
- March 11th, 18th or 25th (1 member has a conflict on the 25th) (W.Sac CC is the 22nd)
- April 15th, 2020
- May 13, 2020
- June 10, 17th or 24th (1 member has a conflict on the 24th) (17th is the League)
- July 29, 2020
- August 26, 2020 (required meeting for SEMAP)
- September 16, 23rd or the 30th (1 member has a conflict on the 30th) (16 is WSac and the 23rd is RCRC)
- October 28, 2020

- November – no meeting
- December 16, 2020

FISCAL IMPACT

No fiscal impact. Meeting at regular times will keep YCH in compliance with the requirements of its funding partners and will allow YCH to conduct business and make required reporting submissions on a timely basis.

CONCLUSION

In accordance with the Authority's by-laws, current practice and the needs of YCH, staff proposes that the Housing Commission approve a meeting calendar for 2020.

Yolo County Housing
Yolo County, California

Meeting Date: December 18, 2019

To: County Counsel ✓
Yolo County Housing ✓

8.

Review, Discuss, Approve and Provide Input on Next Steps for DraftBluePrint 2020 YCH Strategic Housing Plan (Baker and Management Team)

Minute Order No. 19-50: Approved recommended action.

MOTION: Lansburgh. SECOND: Walters. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.



Yolo County Housing

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

DATE: December 18, 2019
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, CEO
SUBJECT: **Review, Discuss, Approve and Provide Next Steps for Draft BluePrint 2020 YCH Strategic Plan**

RECOMMENDED ACTION

That the Board of Commissioners:

1. Review, Discuss and, after any changes, Approve the BluePrint 2020; and
2. Provide Input to Staff on Next Steps for Implementation; and
3. Direct the CEO to implement the strategy

BACKGROUND/DISCUSSION

Plan Components

The draft Strategic Plan builds on the success of the prior strategic plan and is the result of months of visioning work by the Board of Commissioners, with input from the Resident Advisory Board and staff, to provide a bold and ambitious set of goals and a vision designed to meet the lack of affordable housing in Yolo and build the resilience and economic self-sufficiency of our residents and participants.

The building blocks of the Plan are made up of the partnerships, programs, funding sources and housing opportunities available to YCH and plans for expansion of partnerships, widening access to capital and financial products, while building YCH's team and toolkit, including technology, brand, streamlining and self service options to not only create units that make an impact in the community, but, with the assistance of our partners, help residents thrive and improve their self-sufficiency.

The Plan is made up of the following:

1. Laying out our Vision, Values and Principles. Central to this is the core vision that affordable, accessible, decent and safe housing for everyone at cost that is affordable to them.
2. YCH Accomplishments. A quick look at the work YCH has done over the years to meet the diverse community demand of its jurisdictions. This gives an overview of how the portfolio has grown and taken on new product, as well as give a sense of how the agency has built capacity over time.
3. The Need. The lack of available housing, and the shortage of affordable housing, is detailed in this section, including a look at the poverty rate in Yolo, homelessness, incomes and the price of rental and homeownership in Yolo, based on current statistical data and population estimates.
4. BluePrint Strategic Priorities. The Plan proposes four (4) Strategic Priorities and interlinking goals for implementation. They are:
 - Building Up our Communities - goals to expand our work with the jurisdictions, have the Commissioners serve as YCH ambassadors, ensure sustainability and resilience in our communities and expand resident and participant opportunity.
 - Investing in Development - goals to exit Public Housing and unleash the development potential of newly available vacant land, begin re-use planning, complete current unit in development and continue with units in the preliminary thought stage, expand access to, and types, of capital available to us, increase development capacity and advocate for federal and state funding, support and reasonable rule-making that helps our jurisdictions and our mutual constituents.
 - Investing in Our People - Continue to invest in staff training, growing our career ladders, streamlining our processes, strengthening our mid level management leadership capacities, reorganizing to meet our challenges and expanding opportunity for residents.
 - Expanding Our Capacity and Building Our Systems - continuing to automate processes, complete our cybersecurity upgrades, invest in technology that serves our staff and our constituents and enhance our presence and communication so that we can get our message out to residents, community members and partners.

Next Steps

After review of the Plan and any proposed changes by the Board, staff proposes the following initial work plan towards implementation:

- Publish the Plan - this could include publication to our social media and website, as well as preparing a press release for publication. Question - is this better served as a press release or would the Board like to do a Board-centered Op Ed piece?

- Surveys - to meet goals around programming, access and to determine where to focus energy, staff proposes electronic surveys to go out to stakeholders, residents, wait list families and the public to gather information that would allow the development of programs/tools to meet the Plan's goals. If this is adopted by the Board, staff would develop the proposed surveys and return to the Board with the drafts for review, and an outline of methodology for getting them out.
- Changing the staff reports to add a section so that proposed activities/actions would need to outline how the item proposes to meet an adopted Strategy/goal.
- With the mid-year budget review, begin to change the budget process to show how YCH's programs and project funding meet the Strategic Plan's objectives.
- Finally, staff proposes that YCH prepare an annual report to the Board outlining its success on an annual basis with the Strategic Plan's vision, strategies and goals.

FISCAL IMPACT:

There will be some minor financial impact due to reporting and changing processes, which cannot be quantified at this time.

CONCLUSION:

Staff recommends that the Board adopt the Strategic Plan and authorize the CEO to implement the Plan and Next Steps

Attachment: Draft BluePrint 2020 YCH Strategic Plan

BluePrint 2020

Strategic Plan 2020 - 2030



Mission, Vision, Values, and Principles

About Yolo County Housing

The mission of the Housing Authority of the County of Yolo (Yolo County Housing, or YCH) is to work together to provide quality affordable housing and community development services for all. We do this through developing and maintaining well-managed, service-enriched affordable housing for Yolo's families, seniors, farmworkers, disabled, and those experiencing homelessness.

For 70 years, YCH has strived to build community within the four cities and unincorporated Yolo County. Our properties provide homes that serve as launchpads for families to succeed, for children to have the stability needed to thrive in school, for senior and disabled persons to find stable affordable housing, and for farmworkers to have a good place to live here in Yolo.

This Strategic Plan is the result of a series of visioning discussions held by the Board of Commissioners. In those discussions, Commissioners challenged YCH to be bold, visionary, and to think strategically about how best to meet the great housing needs here in Yolo and its cities.

This Plan incorporates integration with YCH's other plans, such as the 5 Year Agency Plan, Capital Fund Plan, and operating, risk and management plans, along with feedback from our community members through the Resident Advisory Board, as well as from staff.

Vision, Values, and Principles

YCH has a long-standing saying about projects, programs, or implementation phases that live up to our ethos: We call it "The YCH Way," which distills down into a vision, core values, and principles that provide an ongoing guide to the Agency's direction, practices, and implementation.

Our vision is affordable, accessible, decent, and safe housing for everyone. Housing and related infrastructure is the base from which current and future success can grow for each person.

Our core values provide the framework within which we work and outline how services are delivered to our constituents:

- Maintain Integrity
- Be Fair and Courteous
- Build Community and Social Equity
- Provide Consistent and Equitable Service

Our principles provide guidance on how we operate:

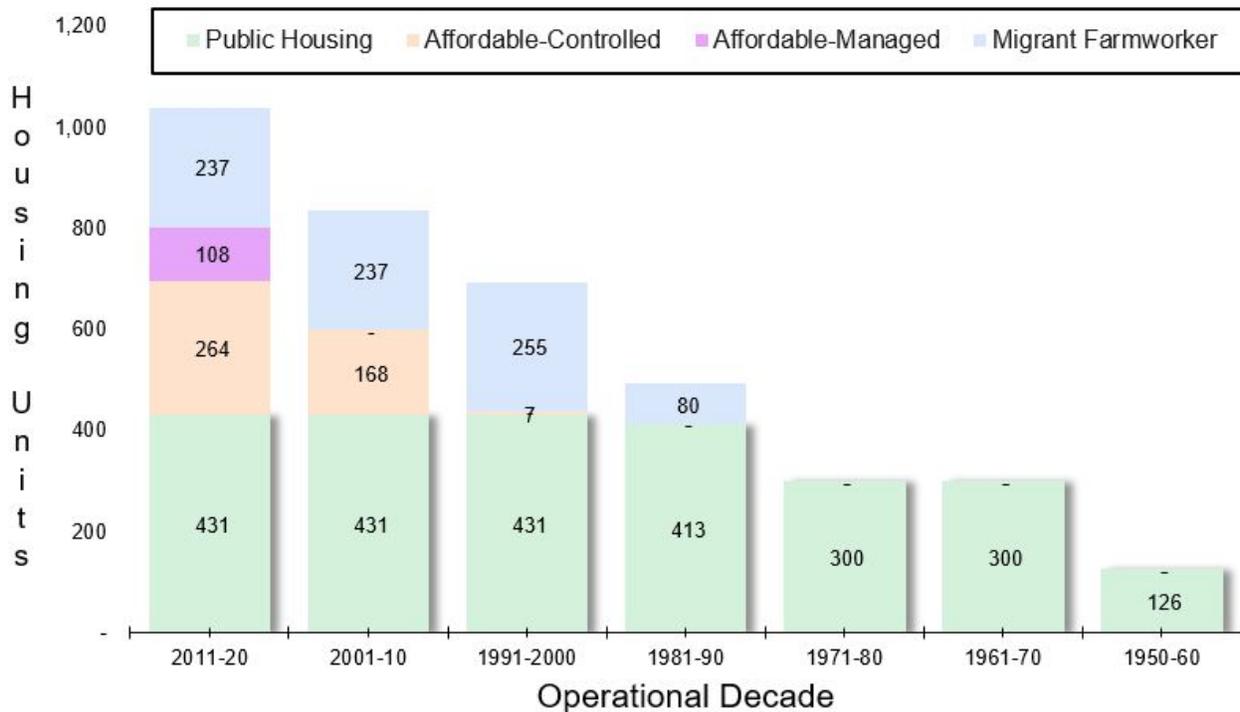
- Collaborative
- Transparent
- Responsive
- Accountable
- Innovative
- Excellent

YCH Accomplishments

YCH has a long history of developing, subsidizing, and acquiring affordable homes in Yolo County for a diverse population. This started at the very beginning, with the development of our first 126 units from 1950-1960. Today, YCH has 2,840 units in a variety of programs, from tenant-based and project-based vouchers, to public housing, tax credit units, nonprofit-owned units, as well as permanent and seasonal farmworker units. **Twenty percent (20%) of the agency's total unit development have been placed in operation since 2011. As of 2019, 35% of all persons entering YCH's portfolio are exiting homelessness.** This is due primarily to Project Based Vouchers for special needs persons, Family Unification vouchers, vouchers for homeless veterans (VASH) and the Mainstream voucher program, as well as specialty programs like Bridge to Housing and the Sutter-Davis Getting to Zero program.

The following chart shows growth in actual housing units. Separate from these units, YCH has increased its voucher contracts from 1,424 vouchers in 2006 to 1,800 in 2019 (21% increase in total voucher portfolio over the term.)

YCH Housing Units Over Time



Currently, YCH is in development for approximately 100 units of interim/transitional, rental, and homeownership housing for post-incarceration reintegration, permanent supportive housing through No Place Like Home, and farmworker homeownership — and this doesn't even count the affordable units it is facilitating with project-based vouchers and/or technical assistance, such as the Walnut-Windmere redevelopment in Davis, Blue Mountain Terrace senior housing in Winters, or the No Place Like Home Micro-Village in Woodland.

The agency is working through repositioning its 431 public housing units through the Rental Assistance Demonstration Program (RAD), which will provide additional land for future development, and is applying for additional Family Unification (FUP) and Veterans Affairs Supportive Housing (VASH) units for homeless veterans and families who cannot be reunified with their children due to lack of stable housing.

Success, however, isn't simply defined by providing housing — it also about providing opportunity. YCH has many partners helping us to fund housing, and also to provide services, counseling, wrap-around service commitments, self-sufficiency, financial health counseling, after-school activities, and more. YCH strives to create properties that are part of the larger community.

The Need

Affordable Housing Crisis Continues to Grow

According to the California Housing Partnership’s analysis of the housing crisis in Yolo, Yolo has lost \$13 million¹, or 80% of its state and federal funding for housing production between 2008 and 2018. They estimate that Yolo needs approximately 9,756 more affordable rental units to meet current demand.

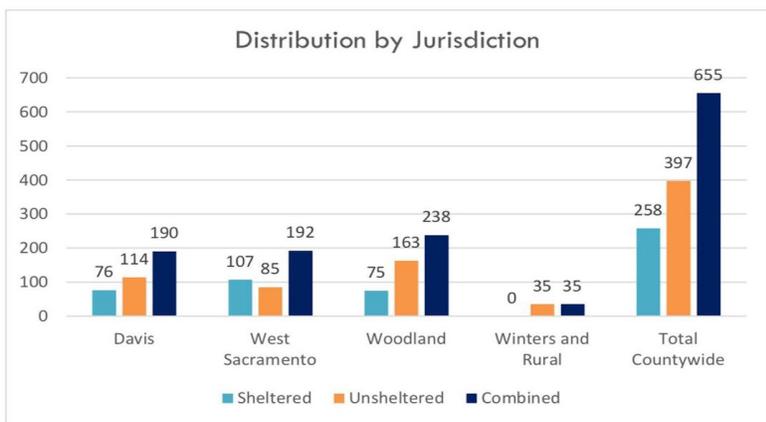
Poverty, Affordable Rent, and Homelessness

Currently, **19.4% of Yolo’s population is living in poverty**, a higher number than the national average of 12.3%. For reference, the federal poverty level for California for a family of one is \$12,490 and for a family of two is \$16,910. Many households earn less than this amount. For example, persons receiving federal Social Security base rate earn \$771 per month, or \$9,252 annually. Those who receive California supplemental payment (SSI) earn \$932 or \$11,184 (rounded).

For these households, following the established guidelines that one should pay approximately 30% of income for rent and utilities, a household making \$12,490 per year could afford to pay \$312 a month for rent and utilities, while the household making \$16,910 per year could afford to pay \$423.

The higher price of housing and lack of availability, along with other factors, such as the increasing inability to rent if a household has a negative credit score or record of incarceration, is having a deleterious effect on Yolo’s families. These market factors, when coupled with disability or substance abuse, means that more households than ever are finding themselves homeless. The last Point in Time Count bears this out, showing the rise in homelessness in Yolo between 2017 and 2019, continuing a trend beginning in 2009.

HOMELESSNESS ON A SINGLE NIGHT (JANUARY 22, 2019)



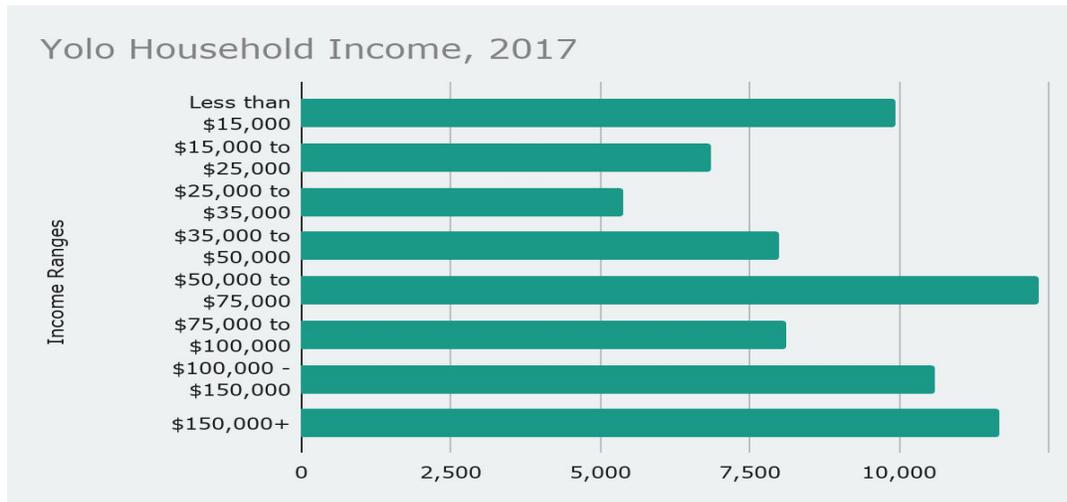
Jurisdiction	2017	2019
Davis	21.4	27.2
West Sacramento	32.8	35.6
Woodland	22.8	39.5
Winters and Rural	2.3	9.06
Total Countywide	21.4	29.4

Based on population estimates from the California Department of Finance.

¹ Source: CHPC 8/2019. Includes loss of Redevelopment fund, State housing bonds, HUD housing voucher, capital and public housing reductions, and HUD reductions in CDBG and HOME funds.

Household Incomes and Relationship to Housing Cost

The **average income in Yolo County in 2017 is \$61,621²**. There are 72,845 households in the 2017 Yolo dataset. Overall Yolo incomes are distributed as follows:



The majority of Yolo households are comprised of three or fewer persons³. Using a three-person household as a base for looking at income limits⁴ for affordable housing:

- \$23,750 per year is considered extremely low income (below 31% of median);
- \$39,600 per year is very low income (below 50% of median);
- \$63,300 per year is low income (below 80% of median income)

Comparing income limits and average income for Yolo residents, one can see that the majority is between 30-80% of median income for the area. But how do Yolo's incomes correlate to rent and homeownership capacity?

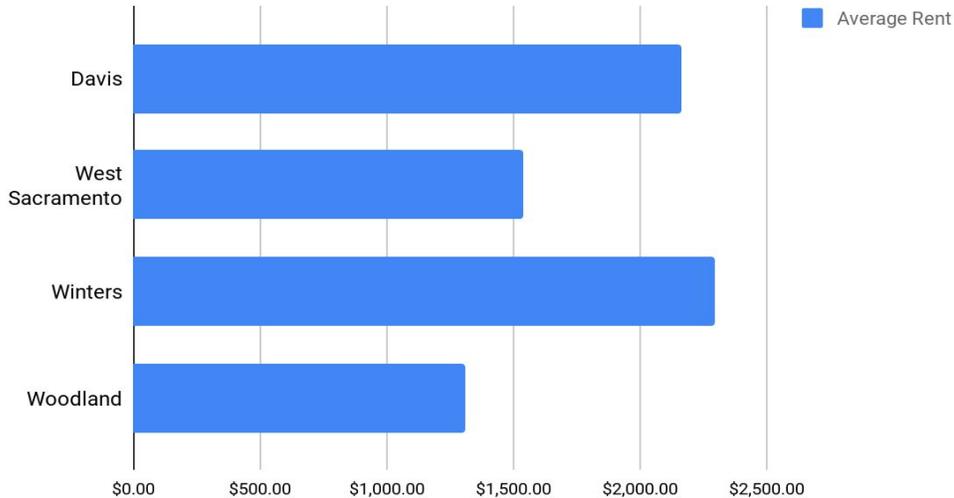
² Source: datausa; yolo-county-ca

³ Source: From the U.S. Census, American Fact Finder, Yolo household data 2017

⁴ Source: Yolo County Housing, HUD 2019 Income Limits, 47 USC 1436

According to recent data by Redfin, average rents in Yolo are as follows:

Rents by Community, 2019

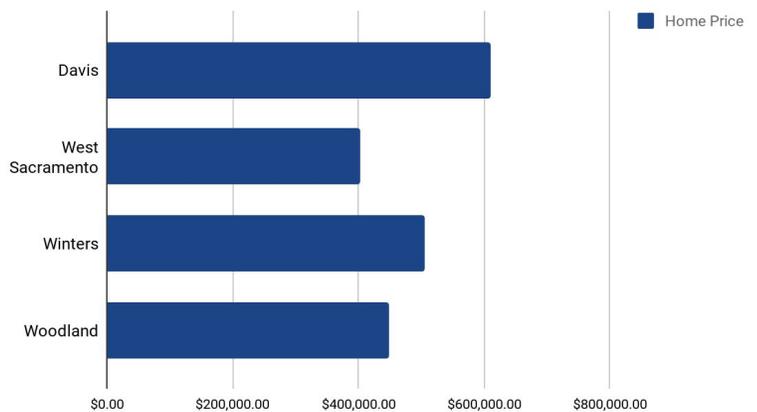


Standard management practices require that a household have three times their rent in income. Under this scenario, a household would need to earn approximately \$3,940 a month or \$47,280 per year to afford the least expensive average rent in Yolo. In the most expensive market, that household would need to earn \$6,876 per month or \$82,512 per year. This means that the most expensive markets in Yolo are priced higher than the average income for all of Yolo County.

Regarding home ownership, home prices in Yolo can be seen in the table, Average Home Prices in Yolo⁵.

Under typical underwriting guidelines, a household would need to have \$55,000 down and earn approximately \$98,136 per year to afford the least expensive average home in Yolo; while a household would need \$120,000 down and an annual income of over \$104,000 per year to afford the most expensive average home in Yolo. This means that average home prices, irrespective of community, are higher than the average income for all Yolo residents.

Average Home Prices in Yolo, 2019



⁵ Source: Redfin Real Estate, December 2019

Based on this analysis of the interplay between income and product pricing, the majority of Yolo households represent an unserved market due to lack of affordable housing in their respective price ranges.

YCH Wait Lists

As an affordable housing provider for 70 years to unincorporated Yolo and all four cities, YCH is in a unique position to understand the housing needs within Yolo County and the cities of Davis, West Sacramento, Winters, and Woodland. One of the Board's goals is to use this expertise and data in providing education and insight into community conditions.

On average, YCH's public housing program has an annual average vacancy rate of 1.6% — just long enough to turn over units and re-lease. In the voucher program, YCH is currently using all of its Housing Assistance Payments (HAP) funds, including its HUD-held reserves, to meet current leasing demands.

With regard to wait lists, there are **currently 2,421 families on our Voucher wait list and on our Project Based Voucher list, while another 20,580 wait on our site-based public housing lists; 1,086 are waiting on one of our partnership tax credit affordable properties.** Our voucher wait list has been closed since 2017. It should be noted that some families may be out of the area and have low priority, and also that families may apply for more than one list, so this isn't an exact reflection of unduplicated need in the community. It does, however, point to the severe shortage of affordable housing and the increasing need that YCH is trying to meet.

2020 BluePrint Strategic Priorities

The mismatch between available housing and local incomes to afford housing is acute, and the lack of housing product has reached crisis levels. To meet this underserved need and increase the agency's capacity to meet that need, we have created four bold strategic priorities and initiatives.

Strategic Priority 1: Building Up our Communities:

- **Goal:** Expand our partnerships with local jurisdictions and find areas of common interest in the development space.
- **Goal:** Improve linkage by having Commissioners serve as YCH ambassadors with our existing and emergent partnerships to help expand YCH's capacity and to help link our services to local needs more seamlessly.
- **Goal:** Ensure sustainability, not just economically, but also in the creation or rehabilitation of units to be energy and water efficient and to be resilient in the face of changing climate.
- **Goal:** Work with our partners to expand opportunity and self-sufficiency for residents and participants as well as to continue to participate in the Joint

Emergency Management Services to ensure that our people and our properties are prepared for emergencies.

- **Goal:** Provide data, grant application support, and technical expertise to communities to promote housing and community development goals. Work jointly with jurisdictions, where invited, on planning and projects, including SB2 planning grants, housing element, and inclusionary housing policies.

Strategic Priority 2: Investing in Development:

- **Goal:** Complete RAD and Exit Public Housing program.
- **Goal:** Begin preliminary reuse planning to identify total potential development; master planning and phasing with Yolano Village-Donnelly Circle (Woodland) and Vista Montecito (Esparto) as top priorities, followed by Riverbend Manor (West Sacramento) and, finally, El Rio Villas (unincorporated Winters).
- **Goal:** Complete build-out of 100 units in current development and the approximately 90-100 additional units in the initial pipeline for development or repositioning. Continue to expand our development/voucher pipeline by an additional 200 units by 2022 if current market conditions continue. Evaluate need and capacity by 2022 to continue the development model, with a stretch goal of creating, subsidizing, acquiring, and/or managing an total of 700 new/newly subsidized units over the life of this Strategic Plan.
- **Goal:** Expand our financing models and types, including private equity, public investment, land dedication, and emerging financial products.
- **Goal:** Increase our development capacity through a mix of models, using both internal staff, partners, and fee development.
- **Goal:** Continue advocating for federal and state support and funding for our programs and protection of key funding sources. Continue our advocacy for financial products that serve our cities, the county, and our constituents.

Strategic Priority 3: Investing in our People:

- **Goal:** Continue and expand our employee-centered training program.
- **Goal:** Continue to find opportunities to create more streamlined internal logistical and project management training support to strengthen our staff's internal career ladder and the agency's succession planning goals.
- **Goal:** Strengthen our middle management leadership capacity.
- **Goal:** Evaluate and restructure the organization in 2020 to prepare for capacity growth by taking advantage of planned retirements in rethinking the organization's management and overall department structure.
- **Goal:** Expand opportunity within the YCH umbrella for resident and participant job training.

Strategic Priority 4: Expanding our Capacity and Building our Systems:

- **Goal:** Continue to automate processes with an eye towards greater self-sufficiency, improved interfaces, and self-service by residents through improved enterprise systems.
- **Goal:** Complete cybersecurity upgrades.
- **Goal:** Convert our existing Google business platform to a more robust Google Enterprise system.
- **Goal:** Continue to invest in technology and systems to improve efficiency and customer service — including automated work orders, new VOIP phone system, enhanced mobile communications for field personnel, and improved financial data analysis systems.
- **Goal:** Enhance our presence through improved branding, a new website, and communication tools to get our message out to our residents, community members, and partners.

Moving Ahead

Taken together, these initiatives will benefit YCH, our residents, and the communities we serve as follows:

- Better educational outcomes for our youth
- Better health outcomes for seniors, formerly homeless, and marginalized populations
- Resident engagement
- Enhanced community engagement
- Family stability
- Agency sustainability and stability

Conclusion

Thanks to the Board's vision and direction, YCH's strategic planning process offers concrete initiatives that give the agency a path forward to help us meet our overarching goal: providing affordable homes with service access for our constituents. Over the next decade, we will review this plan annually and make adjustments as necessary to continue to innovate, remain motivated, and incorporate new opportunities in the ever-changing financial and need environment in which we operate.

One thing that will not change is YCH's dedication, commitment, and passion to meeting the needs of Yolo's most vulnerable populations. We look forward to this next phase of expansion and of building our organization so that we can continue to "bring Yolo home."

Yolo County Housing
Yolo County, California

Meeting Date: December 18, 2019

To: County Counsel ✓
Yolo County Housing ✓

9.

Review, Approve and Accept the FY 2018 - 2019 Audit Reports for YCH (Gillette, Baker)

Minute Order No. 19-51: Approved recommended action.

MOTION: Sandy. SECOND: Neu. AYES: Arnold, Lansburgh, Neu, Sandy, Vanderford, Walters. ABSENT: Sandeen.



Yolo County Housing

147 W. Main Street Woodland: (530) 662-5428
WOODLAND, CA 95695 Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

DATE: December 18, 2019

TO: YCH Housing Commission

FROM: Lisa A. Baker, Chief Executive Officer

PREPARED BY: James Gillette, Finance Director

**SUBJECT: Review, Approve, and Accept Audited Financial Reports for the
Year Ending June 30, 2019**

RECOMMENDED ACTIONS:

Staff recommends that the Board of Commissioners review, approve, and accept the FY 2018-2019 Yolo County Housing audit reports, which include the Single Audit and Report to the Housing Commission.

BACKGROUND/DISCUSSION:

Staff presents the audit reports from our independent certified public accountant (CohnReznick LLP) for the fiscal year ended June 30, 2019. The auditors have issued an unqualified opinion on the financial statements and there is one program compliance finding relating to internal control over major federal programs. This finding and YCH's response are detailed below:

Detail of Finding

The last audit finding issued to YCH was in 2011 and the last of the legacy findings of the prior administration was cleared in 2016. The 2019 material weakness finding is the result of five files from AMP1 found by CohnReznick in which tenant income was improperly verified. These files were all managed by one underperforming former employee who completed the incorrect certifications. The errors found were limited to AMP 1 and to the underperforming employee resigned effective June 6, 2019. YCH staff has since reviewed all AMP files to ensure program compliance and YCH has implemented corrective action plan to ensure future compliance. These issues were not found to be pervasive throughout the portfolio and the effect for the five tenants was a net loss in rents of \$1,753, or

Yolo Housing Commission
December 18, 2019
Audited FY 2019 Financial Report
Page 2

0.0022% of the total rents collected at AMP 1 during the fiscal year. Additional information related to the compliance finding can be found on pages 10 and 11 of the single audit report.

Pension and OPEB

A discussion of the most significant items that occurred during the year, as well as changes from the prior year are presented in the Management Discussion and Analysis beginning on page five (5) of the attached Basic Financial Statements.

Footnotes 15 and 16 of the Notes to Financial Statements featured on pages 43-52 of the basic financial statements cover pension and OPEB liabilities respectively. As of June 30, 2019, YCH reported net pension liabilities of \$3,657,290 (as a proportionate share of the net pension liability) and annual pension expense was \$473,989. YCH will perform another GASB 68 valuation in 2020 to calculate the net pension liability based on CalPERS updated overall pension liability. YCH anticipates contributions as a percentage of overall payroll to continue to be approximately 14% in future years, even as the employer contributions continue to rise. Based on the current actuarial report, YCH has funded approximately 73% of its expected future pension liability as of June 30, 2019.

For GASB 75 OPEB liabilities, YCH uses a 6% discount rate of return for a measurement of long-term returns. The current OPEB liability based on the measurement date of June 30, 2019 is \$1,375,788 and the FY 2019 expense was \$366,819. We anticipate our OPEB contributions to increase approximately 17% a year in future years as benefit payments increase due to the rate of employee retirements. Based on the current actuarial report, YCH has funded approximately 67% of its expected future OPEB liability as of June 30, 2019.

General Audit Information

You will note that the format of the Statements of Revenues, Expenses and Changes in Net Position (similar to an income statement) show a large operating loss because grant revenue is included in non-operating revenue in order to highlight the amount of subsidy required to maintain the programs. Additionally, since depreciation and amortization are non-cash expenses, they are typically ignored when reviewing the financial results of government agencies. See the section below on Fiscal Impact for an overview of YCH position.

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Programs included in the reports as “Primary Government” are those that are wholly owned or controlled by YCH or New Hope CDC. These programs include public and other low income housing units, rental assistance, migrant housing, family self-sufficiency, and other related programs.

New Hope CDC is the sole managing general partner (NHCDC Crosswood LLC) for the owner of Crosswood Apartments (New Hope Crosswood Associates LP). This relationship requires that the property be included as a discrete “Component Unit” of YCH for financial reporting.

The audit report is on record at the Clerk of the Board. Interested persons can review the report at either the Clerk of the Board at 625 Court Street, or at the office of YCH at 147 W. Main Street, Woodland, CA during normal business hours.

Staff wishes to thank the auditors for its conscientious approach during the audit process and for completing the work in a timely manner.

Fiscal Impact:

Agency-wide, the Primary Government (YCH direct activities) had a pre-depreciation increase in net position of \$1,214,071. With the inclusion of depreciation, this is an increase in net position of \$275,234. The primary reasons for this increase were:

- Total assets had a net decrease of \$2,497,593 (or 8%) from the prior year primarily because of the decrease of restricted cash spent by YCH for the development of the three solar array farms and the EPC improvements completed within the fiscal year.
- Total liabilities decreased \$3,047,779 (or 18%) mainly due to a decrease in current liabilities of \$3,020,225, driven primarily by less accrued liabilities from the completion of solar array farms and EPC improvements.

Conclusion:

Staff recommends that the Board review, approve, and accept the audit reports as submitted.

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Attachments:

- Basic Financial Statements and Independent Auditor's Report
- Single Audit Reports on Internal Controls and Program Compliance
- Report to the Housing Commission

Yolo County Housing

**Basic Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2019

Yolo County Housing

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Independent Auditor's Report

To the Housing Commission
Yolo County Housing

Report on the Financial Statements

We have audited the accompanying financial statements of Yolo County Housing (the "Authority") and its discretely presented component unit as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yolo County Housing and its discretely presented component unit as of June 30, 2019, and the changes in its 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, the cost-sharing defined benefit pension plan schedule of the Authority's proportionate share of the net pension liability, the cost-sharing defined benefit pension plan schedule of contributions, the schedule of changes in net OPEB liability and related ratios, and the schedule of OPEB plan contributions identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a required 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Schedules, the Schedule of Public Housing Capital Fund Grants, and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development ("HUD") listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents, including the Financial Data Schedule required by HUD, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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.

CohnReznick LLP

Sacramento, California
December 9, 2019

Yolo County Housing

Management Discussion and Analysis June 30, 2019

As management of the Housing Authority of the County of Yolo ("YCH"), we offer readers of YCH's financial statements this narrative overview and analysis of the financial activities of YCH for the year ended June 30, 2019. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with YCH's financial statements beginning on page 17.

This discussion and analysis is intended to serve as an introduction to the basic financial statements for YCH. The MD&A is designed to:

- Assist the reader to focus on significant financial issues;
- Provide an overview of YCH's financial activity;
- Identify changes in YCH's financial position (i.e. its ability to address the next and subsequent years' challenges); and
- Identify individual program issues or concerns.

Financial Highlights

The following represents a brief summary highlighting selected changes in YCH's net position comparing fiscal year 2019 to the previous fiscal year as shown in the chart on page 9:

- During FY 2019, YCH had total revenue exceed total expenses (excluding depreciation and amortization of \$938,837) by \$1,214,071.
- Total assets had a net decrease of \$2,497,593 (or 8%) from the prior year primarily because of the decrease of restricted cash spent by YCH for the development of the three solar array farms and the EPC improvements completed within the fiscal year. The following items relate to this decrease:
 - A decrease in current assets of \$504,580 consisted primarily of a decrease in unrestricted cash of \$305,243 and \$107,357 less in accounts receivable. This decrease in unrestricted cash is primarily related to the increase in salary and benefit costs.
 - The decrease in restricted cash assets of \$2,473,862 consisted of \$1,782,298 spent on solar array capital projects in FY 19, \$571,153 spent on EPC capital projects in FY 2019, and \$358,334 less restricted cash at COCC due to the decrease in accounts payable year-over. These decreases were offset by smaller increases in other restricted cash accounts.
 - A decrease of \$42,708 in net capital assets considering depreciation was realized, made up of the following:
 - Total capital assets increased \$893,691. This is comprised of \$2,949,863 in buildings and improvements, \$239,257 in land, and \$3,381 in equipment offset by a decrease in work in progress of \$2,298,810 from assets being capitalized.
 - Total construction in progress decreased \$2,298,810 consisting of additions to CIP of \$60,938 less \$2,359,748 in capitalized building improvements. This is primarily made up of the capitalization of the solar array farms.

Yolo County Housing

Management Discussion and Analysis

June 30, 2019

- Land assets increased \$239,257 due to the reclassification of property from the Helen Thompson Homes in the ADMH program.
 - Building improvements increased year-over by \$2,949,863. This is the net of the solar arrays at the three AMPs totaling \$3,032,742, the stair rehabilitation at Cottonwood Meadows totaling \$152,097, and additional improvements to the IGT House of \$4,550 offset by a reclass of \$239,257 from buildings to land for the fair market value of the ADMH homes in Woodland and West Sacramento.
 - The net capital improvements of \$893,691 is offset by \$936,399 in accumulated depreciation.
 - Overall, YCH capitalized \$3,192,501 in assets during FY 19 which were comprised primarily of the solar arrays at the three AMPs totaling \$3,032,742 and the stair rehabilitation at Cottonwood Meadows totaling \$152,097. See note 6 to the financial statements and the Summary of Capital Assets section on page 14 for additional details.
- Other non-current assets increased \$523,557, mainly due to the recognition of a prepaid asset the City of Winters holds in trust for YCH to be used for future sewer lift station maintenance and improvement projects totaling \$499,067.
- Total liabilities decreased \$3,047,779 (or 18%) mainly due to a decrease in current liabilities of \$3,020,225. See note 10 to the financial statements and the Summary of Long-Term Debt below for additional information.
 - The decrease in current liabilities of \$3,020,225 consists of the following components:
 - Accounts payable decreased \$463,780 from the prior year.
 - Interest on notes payable decreased \$112,741.
 - \$452,846 decrease from the current portion of long-term debt, primarily made up of \$478,681 less in current debt for the solar array farms.
 - \$139,264 less in other current liabilities.
 - \$1,805,703 less in accrued liabilities, primarily made up of \$1,135,135 for the solar array and \$666,124 for the EPC improvements.

Overview of the Financial Statements

YCH's financial statements are designed to provide readers with a broad overview of YCH's finances in a manner similar to a private sector business. YCH employs, exclusively, Enterprise Funds which utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector. All Enterprise Funds and business-type activities are consolidated into a total for the agency taken as a whole.

YCH's financial statements include a Statement of Net Position (similar to a balance sheet), a Statement of Revenue, Expenses and Changes in Net Position (similar to an Income Statement), a Statement of Cash Flows, the Notes to Financial Statements, and certain supplementary information.

Yolo County Housing

Management Discussion and Analysis

June 30, 2019

Certain programs administered by YCH are provided by the U.S. Department of Housing and Urban Development ("HUD"). Others are segregated to enhance accountability and control. A summary of YCH programs is presented below:

Low-Income Public Housing

Under the Low-Income Public Housing ("LIPH") program, YCH rents units that it owns to low, very low, or extremely low-income households. The LIPH Program is operated under an Annual Contributions Contract ("ACC") with HUD. Public Housing Agencies are limited by law in the amount of rent collected to no more than thirty percent (30%) of a family's adjusted income, or the resident may choose what is known as "flat rent," which is a set amount comparable to local market rents that does not increase or decrease over a three-year period and is independent of the resident's actual income. The flat rent is designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families that are attempting to become economically self-sufficient.

HUD, through the ACC, provides an operating subsidy to cover the gap between rents collected and annual operating expenses.

Public Housing Capital Fund Program

The ACC provides a Capital Fund Program designed to enable YCH to make capital improvements to its properties and otherwise provide long term assets for the benefit of tenants and the administration.

Housing Choice Voucher ("HCV") Program

Under the Housing Choice Voucher Program (formerly known as Section 8 tenant-based assistance), YCH administers contracts with independent landlords that own rental property. YCH subsidizes the families' rents through a Housing Assistance Payment ("HAP") payable to the landlord. The program is administered under an ACC with HUD that provides annual funding to enable YCH to subsidize participant rent at between thirty percent (30%) and forty percent (40%) of household income. YCH receives monthly administrative funds for each unit under lease on the first of every month to operate the program and the Central Office Cost Center ("COCC") receives a portion of these funds through monthly management and bookkeeping fees charged to the program.

Vouchers can also be applied toward the purchase of a home by tenants participating in the Family Self Sufficiency ("FSS") program. YCH will use HUD's HAP funds to subsidize the participant's home loan for 15 years unless the participant is disabled or elderly in which case there is no time limit on the use of HAP funds to subsidize the loan.

New Hope Community Development Corporation (Blended Component Unit)

New Hope Community Development Corporation ("NHCDC") is a 501(c)(3) non-profit corporation created to develop affordable housing and community based economic development ventures. Its primary business activities during the year ended June 30, 2019, was the operation of Cottonwood Meadows Senior Apartments and development activities in other affordable housing properties.

Office of Migrant Services, Migrant Farm Labor Program (Other State/Local)

YCH manages Migrant Centers in Davis, Madison, and Dixon, California. Pursuant to contracts with the State of California Department of Housing and Community Development, Office of Migrant Services, YCH remits rents collected from tenants to the State Office of Migrant Services ("OMS"), which in turn

Yolo County Housing

Management Discussion and Analysis June 30, 2019

reimburses YCH for its costs of operating the Migrant Centers. The Dixon Migrant Center is managed by YCH on behalf of the Dixon Housing Authority of Solano County.

Other Programs

- Business Activities - used to administer various other programs. This also includes the operation of the Administration Building and the development of a new community center in conjunction with the City of Woodland.
- Davis Solar Rural Rental Assistance (Other State/Local).

Required Financial Statements

The financial statements of YCH offer both short-term and long term financial information about YCH activities and include:

- The **Statement of Net Position** which is similar to a balance sheet. The Statement of Net Position reports all of YCH assets, liabilities, deferred outflows ("DOR") and deferred inflows ("DIR") of resources for the year ended June 30, 2019 and provides information about the nature and amounts of investments in resources (assets) and the obligations to YCH's creditors (liabilities). It also provides the basis for evaluating the capital structure of YCH and assessing the liquidity and financial flexibility of YCH. The statement is presented in a format in which assets and DOR minus liabilities and DIR equal "Net Position," also known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "current" (convertible to cash within one year), and "non-current."
- The **Statement of Revenue, Expenses and Changes in Net Position** accounts for all of YCH's revenue and expenses for the year ended June 30, 2019. The statement reflects the results of YCH's operations over the year and can be used to determine YCH's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.
- The **Statement of Cash Flows** provides information about YCH's cash receipts and cash payments during the year ended June 30, 2019. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, and noncapital financing and investing activities. The statement provides answers to questions of where cash came from, what cash was used for and what caused changes in cash for the reporting period covered.
- The accompanying **Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.
- In addition to the basic financial statements and accompanying notes, this report also presents certain **supplementary information** which provides additional information on YCH's pension plan ("GASB 68") and other post-employment benefit ("OPEB") plan ("GASB 75"), the Combining Schedules, the Schedule of Public Housing Capital Fund Grants, and the Financial Data Schedule required by HUD. Such supplementary information is essential to a full understanding of the data provided in YCH's basic financial statements.

Yolo County Housing

Management Discussion and Analysis June 30, 2019

Financial Analysis of YCH as a Whole

The following analysis focuses on YCH's net position and revenue, expenses and changes in net position during the years ended June 30, 2019 and 2018:

Statement of Net Position

	2019	2018	Net Change	%
Assets				
Current assets	\$ 4,037,843	\$ 4,542,423	\$ (504,580)	-11%
Restricted assets	1,296,613	3,770,475	(2,473,862)	-66%
Capital assets, net	22,556,492	22,599,200	(42,708)	0%
Other non-current assets	2,076,208	1,552,651	523,557	34%
Total assets	\$ 29,967,156	\$ 32,464,749	\$ (2,497,593)	-8%
Deferred outflows of resources	\$ 989,485	\$ 1,228,038	\$ (238,553)	-19%
Liabilities				
Current liabilities	\$ 1,603,361	\$ 4,623,586	\$ (3,020,225)	-65%
Payable from restricted cash	243,863	238,229	5,634	2%
Non-current liabilities	11,931,896	11,965,084	(33,188)	0%
Total liabilities	\$ 13,779,120	\$ 16,826,899	\$ (3,047,779)	-18%
Deferred inflows of resources	\$ 210,979	\$ 174,580	\$ 36,399	21%
Net position				
Investment in capital assets	\$ 16,494,998	\$ 16,099,619	\$ 395,379	2%
Restricted	766,413	700,314	66,099	9%
Unrestricted	(294,869)	(108,625)	(186,244)	171%
Total net position	\$ 16,966,542	\$ 16,691,308	\$ 275,234	2%

The assets and deferred outflows of resources ("DOR") of YCH exceed its liabilities and deferred inflows of resources ("DIR") as of June 30, 2019 by \$16,966,542, which is a 2% increase compared to June 30, 2018. This change is primarily comprised of the following items:

- Assets and deferred outflows of resources:
 - Restricted assets decreased by \$2,473,862, mainly due to the payout of \$1,782,298 of restricted cash held in a trust account for the construction of the four solar arrays completed during the year and \$571,153 paid for the EPC improvements in FY 19.
 - The net capital asset balance decreased \$42,708 due to construction in progress of \$60,937 and \$832,754 in building improvements and equipment. This amount is offset by \$936,399 in accumulated depreciation. See Capital Assets section below for additional details.

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- Deferred outflows of resources of \$989,485 represents an amount contributed to the retirement plan (CalPERS basic and PEPRA) under GASB 68 and an amount contributed to the OPEB plan under GASB 75 during the year. Since these contributions were made subsequent to the measurement date of the related actuarial study of June 30, 2018, these are treated as deferred outflows of resources for financial statement purposes. The decrease of \$238,553 is the result of additional OPEB funding of \$220,000 contributed in FY 19. The high balance overall is because of requirements from CalPERS as they begin to recognize underfunding caused by previously unrealistic life expectancies and discount rate assumptions and the adoption of GASB 75, which resulted in DOR related to the OPEB plan.
- Liabilities and deferred inflows of resources:
 - The most significant causes for the \$3,047,779 decrease in the liability balance from the prior year are:
 - Current liabilities decreased by \$3,020,225. The largest contributing factors were:
 - Accounts payable decreased \$463,780 from the prior year, due mainly to a \$570,830 balance at COCC for the end of FY 18 which was decreased to \$155,477 at the end of FY 19.
 - Interest on notes payable decreased \$112,741.
 - The current portion of long-term debt decreased \$452,846, primarily made up of \$478,681 less in solar array current debt.
 - YCH had \$139,264 less in other current liabilities.
 - Accrued liabilities were \$1,805,703 less, primarily made up of \$1,135,135 for the solar array and \$666,124 for the EPC improvements.
 - Under GASB 68 and GASB 75 reporting rules, \$210,979 representing differences between the projected and actual earnings on the pension plan and OPEB plan investments as of June 30, 2018 (measurement date) are included as deferred inflows of resources for financial statement purposes.
- Net position:
 - The overall increase in net position is primarily driven by a decrease in capital improvement debt, interest thereon and related accrued liabilities.

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Management Discussion and Analysis
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Statement of Revenue, Expenses and Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>Net change</u>	<u>%</u>
Operating revenue				
Operating revenues - tenants	\$ 2,490,896	\$ 2,393,633	\$ 97,263	4%
Other revenue	1,867,372	727,879	1,139,493	157%
Total operating revenue	<u>4,358,268</u>	<u>3,121,512</u>	<u>1,236,756</u>	<u>40%</u>
Operating expenses				
Administration	3,738,907	3,986,961	(248,054)	-6%
Tenant services	323,430	231,724	91,706	40%
Maintenance	2,023,160	3,527,501	(1,504,341)	-43%
Utilities	1,097,927	1,186,319	(88,392)	-7%
Insurance and taxes	482,119	450,616	31,503	7%
Housing assistance payments	11,887,094	11,588,727	298,367	3%
Depreciation and amortization	938,837	743,271	195,566	26%
Total operating expenses	<u>20,491,474</u>	<u>21,715,119</u>	<u>(1,223,645)</u>	<u>-6%</u>
Operating loss	<u>(16,133,206)</u>	<u>(18,593,607)</u>	<u>2,460,401</u>	<u>-13%</u>
Non-operating revenue (expenses)				
Grant revenue	16,230,317	17,555,128	(1,324,811)	-8%
Capital grants	444,394	1,506,036	(1,061,642)	-70%
Interest income (expense), net	(266,271)	(187,936)	(78,335)	42%
Other including gains (losses)	-	72,354	(72,354)	-100%
Net non-operating revenue (expenses)	<u>16,408,440</u>	<u>18,945,582</u>	<u>(2,537,142)</u>	<u>-13%</u>
Changes in net position	275,234	351,975	(76,741)	-22%
Beginning net position	16,691,308	17,532,525	(841,217)	-5%
Prior period adjustment	-	(1,193,192)	1,193,192	
Ending net position	<u>\$ 16,966,542</u>	<u>\$ 16,691,308</u>	<u>\$ 275,234</u>	<u>2%</u>

The net increase in operating revenue of \$1,236,756 (40%) compared to FY 2018 is comprised of the following:

- Other revenue increased \$1,139,493 or 157%, due to PG&E MASH Grant revenue of \$592,046, revenues from tenant solar charges of \$96,258, developer fees of \$192,027 from the West Beamer Place project, a decrease of \$135,052 in other revenue, and \$50,389 greater revenue from billings to Yolo County for programs and services.

Operating expenses decreased by \$1,223,645 (6%) compared to FY 2018 primarily due to the following:

- Administration costs decreased 248,054 due mainly to the following:
 - Decrease in employee benefit contributions of \$273,789

Yolo County Housing

Management Discussion and Analysis June 30, 2019

- Increase in management fees of \$88,019
 - Increase in other administrative costs of \$71,499
 - Increase in office supplies of \$81,977
- Tenant services increased by \$91,706 with the addition of the award of the new public housing Resident Opportunity and Self-Sufficiency ("ROSS") grant funds for 2019, the hiring of a lease and rental coordinator, and the addition of four computer learning center coordinators.
 - Maintenance costs decreased by \$1,504,341 due to a decline of net rehabilitation expenses at the Davis and Madison Migrant Centers completed in FY 2018 totaling \$1,750,343. Offsets to this decrease were increases in Maintenance expenses and charges from others (before eliminations) of \$134,296.
 - Utilities costs decreased by \$88,392 (7%) due to a combination of rate and usage decreases, with water usage accounting for \$52,026 and electricity usage accounting for \$43,075 of this decrease.
 - Insurance and taxes increased \$31,503 (7%) due primarily to higher policy coverage premiums.
 - Housing Assistance Payments ("HAP") costs increased by \$298,367 as the program is experiencing increases in payment standards that are raising rent payments to landlords.
 - Depreciation and amortization increased from the prior year by \$195,566 as the newly-capitalized solar array and Cottonwood stair rehabilitation received partial-year depreciation expense.

Net non-operating revenue decreased by \$2,537,142 compared to the prior year due to:

- Grant revenue:
 - Grant revenue decreased by \$1,324,811. Rehab grant revenue in FY 2018 was received for the projects at the Davis and Madison Migrant Centers that consisted of \$1,429,474 in additional revenue in the prior year.
 - Administrative fees for the HCV program increased by \$90,740 as actual administrative costs reported to HUD have been funded with a proration factor of 97%.
- Capital grant revenue is earned as costs are incurred for capital improvement and related costs, and decreased this year by \$1,061,642. Water well improvement work in Winters and several stairwell projects increased the capital grants in the prior year totaling \$1,067,310 compared to what was drawn this year.

Yolo County Housing
Management Discussion and Analysis
June 30, 2019

Analysis of Actual to Budget for Year Ended June 30, 2019

	Actual (excluding depreciation & amortization)	Budget (excluding depreciation & amortization)	Net change	%
Operating revenue	\$ 4,358,268	\$ 4,027,629	\$ 330,639	8%
Operating expenses				
Administration	3,738,907	3,813,269	(74,362)	-2%
Tenant services	323,430	257,780	65,650	25%
Maintenance	2,023,160	1,664,821	358,339	22%
Utilities	1,097,927	1,207,034	(109,107)	-9%
Insurance and taxes	482,119	479,877	2,242	0%
Housing assistance payments	11,887,094	12,181,000	(293,906)	-2%
Total operating expenses	<u>19,552,637</u>	<u>19,603,781</u>	<u>(51,144)</u>	<u>0%</u>
Operating loss	<u>(15,194,369)</u>	<u>(15,576,152)</u>	<u>381,783</u>	<u>-2%</u>
Non-operating revenue (expenses)				
Grant revenue	16,230,317	15,840,524	389,793	2%
Capital grants	444,394	509,934	(65,540)	-13%
Interest expense, net	<u>(266,271)</u>	<u>(319,595)</u>	<u>53,324</u>	<u>-17%</u>
Net non-operating revenue (expenses)	<u>16,408,440</u>	<u>16,030,863</u>	<u>377,577</u>	<u>2%</u>
Changes in net assets before depreciation and amortization	<u>\$ 1,214,071</u>	<u>\$ 454,711</u>	<u>\$ 759,360</u>	<u>167%</u>

The budget numbers shown here are net of eliminations required to enable comparison to the consolidated financial information provided in the financial statements. Significant variations from budget include:

- Depreciation and amortization charges are never included in the budgets since these costs do not impact the management of the portfolio. Therefore, the depreciation and amortization expenses have also been left out of this analysis.
- The revenue increase is primarily due to grant revenue from municipal contracts and additional tenant rental revenue from housing programs over the conservative estimates in the budget.
- Costs for administration were \$74,362 less than budget primarily due to decreases in pension and benefit costs recognized and noted above.
- As noted above, maintenance costs were \$358,339 (22%) above budget due to increases in salaries from cost of living adjustments and the increase in maintenance employee benefit costs.
- Housing Assistance Payments were \$293,906 less than estimated in the budget due to attrition and slower leasing rates than anticipated because of local market conditions.

Yolo County Housing

Management Discussion and Analysis June 30, 2019

- Our budgets only capture capital grant revenue related to operations cost reimbursements since the portion related to capitalized improvements (recorded on the balance sheet) are considered non-operating. Funding for these capitalized costs were \$65,450 less than budgeted.
- Capital improvement costs over \$5,000 are recorded as fixed assets on the statement of net position and therefore the capital grant revenue related to these costs are excluded from the operating budget to avoid skewing the financial picture during the budget process. However, the total amount of capital funds shown in the financial statements includes those used for well improvement costs in Winters and stair projects, even though they were not included in the approved budget.

Summary of Capital Assets

	2019	2018	Net change	%
Work in progress				
Well improvements (El Rio Villas)	\$ 712,767	\$ 697,119	\$ 15,648	2%
ADA improvements (El Rio Villas)	42,948	18,930	24,018	127%
Esparto lots (Country West II)	169,980	166,505	3,475	2%
Solar Array	-	2,342,773	(2,342,773)	-100%
Redevelopment (Pacifico)	1,826	1,826	-	0%
Woodland Community Center II	125,974	125,974	-	0%
Administrative building generator	17,797	-	17,797	100%
Stair rehabilitation (Cottonwood)	-	16,975	(16,975)	-100%
Roof rehabilitation (Cottonwood)	1,973	1,973	-	0%
Total work in progress	1,073,265	3,372,075	(2,298,810)	-68%
Land	7,498,395	7,259,138	239,257	3%
Capital assets, not being depreciated	8,571,660	10,631,213	(2,059,553)	-19%
Buildings and building improvements	39,371,639	36,421,776	2,949,863	8%
Equipment	888,747	885,366	3,381	0%
Total capital assets	48,832,046	47,938,355	893,691	2%
Less accumulated depreciation	(26,275,554)	(25,339,155)	(936,399)	4%
Total capital assets, net	\$ 22,556,492	\$ 22,599,200	\$ (42,708)	0%

Capital assets consist of the cost of significant purchases that have long term benefit to the organization. These include specific large projects that are built out over time as funds become available (work in progress), the cost of land, buildings, building improvements, and large equipment (including vehicles). The cost of land is never depreciated and the cost of work in progress is not depreciated until it is actually placed in service, when it is then depreciated over its useful life which are based on U.S. Generally Accepted Accounting Principles ("GAAP").

Yolo County Housing

Management Discussion and Analysis June 30, 2019

The following items of note are included in the above numbers:

- Work/construction in progress:
 - Well and ADA improvements in Winters. Well improvements will be completed in FY 2020 and ADA improvements have been put on hold until the upcoming RAD conversion.
 - The backup generator for the main office has received a 12 month grant extension, giving the agency time to seek matching funds for construction.
 - The work on the Esparto lots (Country West II) has been on hold since 2005 while a final development plan meeting the required farmworker housing grant parameters is negotiated with the State. This plan has been approved by the State which will modify the development agreement to reflect this modified plan once the final tract map has been filed and the project can move forward with the development partner.
 - The WIP related to the Woodland Community Center II project as of June 30, 2019, includes some of the design costs for new community facility. The building on the site was demolished in 2017 and final conceptual designs for the new facility were completed in 2018. Construction scheduled to begin in 3 - 5 years, once the remaining funds have been raised to build out the site.
- The difference in accumulated depreciation from the prior year is the depreciation expense of \$936,399.

Summary of Long-Term Debt

	2019	2018	Net Change	%
FNB - Line of credit	\$ 89,447	\$ 116,318	\$ (26,871)	-23%
PNC - Solar Array	2,249,842	2,899,675	(649,833)	-22%
Total Yolo Housing	<u>2,339,289</u>	<u>3,015,993</u>	<u>(676,704)</u>	<u>-22%</u>
Public Housing - AMPs				
PNC - EPC Loans	1,590,500	1,624,815	(34,315)	-2%
Total AMPs	<u>1,590,500</u>	<u>1,624,815</u>	<u>(34,315)</u>	<u>-2%</u>
Cottonwood				
FNB Mortgage Notes	1,879,817	1,932,558	(52,741)	-3%
Total Cottonwood	<u>1,879,817</u>	<u>1,932,558</u>	<u>(52,741)</u>	<u>-3%</u>
Total long-term debt	<u>\$ 5,809,606</u>	<u>\$ 6,573,366</u>	<u>\$ (763,760)</u>	<u>-12%</u>

Yolo County Housing

Management Discussion and Analysis June 30, 2019

- The addition of debt from PNC for the installation of the solar arrays and a line of credit to fund energy improvements to the administration building were new to COCC in 2018 and reduced by a MASH grant in 2019.
- PNC loans to fund energy performance upgrades at the AMP complexes will be repaid through an EPC with HUD.

Financial Reporting Entity

In accordance with Governmental Accounting Standards Board ("GASB") Statement 61, NHCDC is incorporated into the accompanying financial statements as a blended component unit and New Hope Crosswood Associates LP ("Crosswood") is included as a discretely presented component unit and has a fiscal year end of December 31st. Crosswood is separately audited by CohnReznick LLP.

Significant Environmental and Economic Factors Affecting YCH

Significant environment and economic factors affecting YCH include:

- Federal funding from HUD;
- Federal regulation changes, including the current push to re-Federalize some portions of COCC and other programs;
- State funding from HCD/OMS;
- Local labor supply and demand which affect salary and wage rates, as well as benefits;
- Local inflation, recession and employment trends can affect resident income and therefore the amount of rental income;
- Local rental market and economy, which has a direct effect on the ability to find viable privately-owned rental properties that are available to our HCV program;
- Rising costs, in particular for water, utilities and insurance; and
- Continued underfunding of deferred maintenance throughout LIPH and migrant housing continues to increase maintenance costs due to additional and larger emergency repairs.

Contacting YCH

This financial report is designed to provide a general overview of YCH's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lisa A. Baker, Chief Executive Officer, Yolo County Housing, 147 W. Main Street, Woodland, California 95695.

Yolo County Housing
Statement of Net Position
June 30, 2019

	Primary Government	Component Unit
<u>Assets</u>		
Current assets		
Cash and cash equivalents (Note 3)	\$ 2,883,990	\$ 70,230
Restricted cash and cash equivalents (Notes 3, 4)	1,296,613	187,159
Accounts receivable - HUD	130,208	-
Accounts receivable - tenants, net	50,550	4,402
Accounts receivable - miscellaneous	241,034	-
Accounts receivable - other governments (Note 5)	362,960	-
Note receivable and due from component unit (Note 7)	54,766	-
Inventories	12,829	-
Prepaid expenses and other assets	301,506	19,188
	5,334,456	280,979
Noncurrent assets		
Note receivable and due from component unit (Note 7)	1,576,992	-
Capital assets not being depreciated (Note 6)	8,571,660	90,000
Capital assets being depreciated, net (Note 6)	13,984,832	5,623,921
Other assets (Note 11)	499,216	24,237
	24,632,700	5,738,158
Total noncurrent assets	24,632,700	5,738,158
Total assets	\$ 29,967,156	\$ 6,019,137
<u>Deferred outflows of resources</u>		
Deferred outflows of resources - Pensions (Note 15)	677,353	-
Deferred outflows of resources - OPEB (Note 16)	312,132	-
	989,485	-
Total deferred outflows of resources	\$ 989,485	\$ -

Yolo County Housing
Statement of Net Position
June 30, 2019

	Primary Government	Component Unit
<u>Liabilities</u>		
Current liabilities		
Accounts payable - vendors	\$ 358,073	\$ 10,983
Accrued compensated absences - current portion	53,919	-
Accrued interest payable (Note 10)	2,076	8,886
Accounts payable - other governments (Note 8)	360,773	-
Tenant security deposits payable	243,863	12,948
Unearned revenues - current portion (Note 13)	247,500	-
Capital lease liability - current portion (Note 13)	38,955	-
Other current liabilities (Note 12)	236,176	13,495
Accrued liabilities - other (Note 12)	70,846	4,052
Note payable and due to Primary Government (Note 7)	-	49,375
Notes payable - current portion (Note 10)	235,043	59,119
	1,847,224	158,858
Noncurrent liabilities		
Accrued compensated absences - net of current portion	161,755	-
Unearned revenues - net of current portion (Note 13)	159,176	-
Family self sufficiency escrows	20,840	-
Capital lease liability - net of current portion (Note 13)	152,148	-
Other noncurrent liabilities (Note 11)	830,336	-
Note payable and due to Primary Government (Note 7)	-	1,564,848
Notes payable - net of current portion (Note 10)	5,574,563	2,880,672
Net OPEB liability (Note 16)	1,375,788	-
Net pension liability (Note 15)	3,657,290	-
	11,931,896	4,445,520
Total liabilities	\$ 13,779,120	\$ 4,604,378
<u>Deferred inflows of resources</u>		
Deferred inflows of resources - Pensions (Note 15)	130,136	-
Deferred inflows of resources - OPEB (Note 16)	80,843	-
	\$ 210,979	\$ -
<u>Net Position</u>		
Net investment in capital assets (Note 14)	\$ 16,494,998	\$ -
Restricted for reserves (Note 14)	766,413	1,645,307
Unrestricted (Note 14)	(294,869)	(230,548)
	\$ 16,966,542	\$ 1,414,759

See Notes to Financial Statements.

Yolo County Housing

**Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2019**

	<u>Primary Government</u>	<u>Component Unit</u>
Operating revenue		
Net tenant rental revenue	\$ 2,490,896	\$ 487,544
Fee revenue	12,528	-
Other revenue	<u>1,854,844</u>	<u>8,860</u>
Total operating revenue	<u>4,358,268</u>	<u>496,404</u>
Operating expenses		
Administrative expenses	3,738,907	119,407
Tenant services	323,430	14,520
Maintenance	2,023,160	79,604
Utilities	1,097,927	50,739
Insurance and taxes	482,119	43,722
Housing assistance payments	11,887,094	-
Depreciation	936,399	170,915
Amortization	<u>2,438</u>	<u>2,138</u>
Total operating expenses	<u>20,491,474</u>	<u>481,045</u>
Operating income (loss)	<u>(16,133,206)</u>	<u>15,359</u>
Nonoperating revenues (expenses)		
Grant revenue	16,230,317	-
Interest income	33,649	923
Interest expense	<u>(299,920)</u>	<u>(140,857)</u>
Total nonoperating revenues (expenses)	<u>15,964,046</u>	<u>(139,934)</u>
Change in net position before capital grants	(169,160)	(124,575)
Capital grants	<u>444,394</u>	<u>-</u>
Change in net position	275,234	(124,575)
Net position		
Beginning of year	<u>16,691,308</u>	<u>1,539,334</u>
End of year	<u><u>\$ 16,966,542</u></u>	<u><u>\$ 1,414,759</u></u>

See Notes to Financial Statements.

Yolo County Housing
Statement of Cash Flows
Year Ended June 30, 2019

	<u>Primary Government</u>
Cash flows from operating activities	
Cash received from tenants	\$ 2,473,613
Other operating cash received	1,909,272
Cash payments for general and administrative expenses	(7,609,842)
Cash payments for housing assistance expenditures	<u>(11,887,094)</u>
Net cash used in operating activities	<u>(15,114,051)</u>
Cash flows from capital and related financing activities	
Payment on lease liability	(42,591)
Principal paid on notes payable	(766,198)
Cash received from capital grants	562,870
Acquisition and construction of capital assets	(3,230,540)
Interest paid	<u>(451,031)</u>
Net cash used in capital and related financing activities	<u>(3,927,490)</u>
Cash flows from noncapital financing activities	
Cash received from HUD operating grants	1,242,426
Cash received from Housing Choice Voucher program	13,203,978
Cash received from other grants	<u>1,783,913</u>
Net cash provided by noncapital financing activities	<u>16,230,317</u>
Cash flows from investing activities	
Interest payments received	<u>9,159</u>
Net cash provided by investing activities	<u>9,159</u>
Net decrease in cash and cash equivalents	(2,802,065)
Cash and cash equivalents	
Beginning of year	<u>6,982,668</u>
End of year	<u><u>\$ 4,180,603</u></u>
Financial statement presentation	
Cash and cash equivalents	\$ 2,883,990
Restricted cash and cash equivalents	<u>1,296,613</u>
Total cash and cash equivalents	<u><u>\$ 4,180,603</u></u>

Yolo County Housing

Notes to Financial Statements June 30, 2019

Note 1 - The Financial Reporting Entity

Primary Government

Yolo County Housing ("YCH"), formally known as the Housing Authority of the County of Yolo, was established pursuant to the State Health and Safety Code in 1950 by the Yolo County Board of Supervisors. YCH is a public entity organized under the laws of the State of California's Health and Safety Code to provide housing assistance to low and moderate income families at rents they can afford. Eligibility is determined by family composition and income in areas served by YCH. To accomplish this purpose, YCH has entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development ("HUD") to operate assisted housing programs.

On June 20, 2006, the County's Board of Supervisors exercised its authority under Health and Safety Code section 34290, due to the resignation of the independent housing commission, and declared itself to be the commissioners of YCH for a temporary period. In January 2012, YCH adopted a change in its governance under which the Board of Supervisors became a Board of Governors and a new board with representatives appointed by the cities (three of the four cities have representation with the fourth city as an alternate), a representative from the County, an At Large member and two tenant commissioners. Following the change in governance, YCH was considered a component unit of the County. While YCH is a separate legal entity, it was included in the financial statements of the County as a discrete component unit.

On May 22, 2018, the County Board of Supervisors approved a change in governance for YCH where the new seven-member Board of Commissioners will be comprised of four city representatives, a representative of the County, and two YCH tenant commissioners. These representatives are selected by the respective entity they will represent and appointed by the County Board of Supervisors. Once appointed, the Board of Commissioners retains complete control over YCH and cannot be removed at will by the County Board of Supervisors. Effective December 12, 2018 the new Board was sworn in under the new form of governance. Effective December 12, 2018, YCH is no longer considered a component unit of the County.

Component units

The governmental reporting entity for which these financial statements have been prepared consists of YCH (the primary government) and its component units. Component units are legally separate organizations for which the primary government is financially accountable, or other organizations whose nature and significant relationships with YCH are such that exclusion would cause YCH's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either YCH's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on YCH. The basic financial statements include both blended and discretely presented component units. Although the component units follow accounting principles of the Financial Accounting Standards Boards ("FASB"), certain transactions may be reflected differently in these statements than in the separately issued information in order to conform to the presentation of the Primary Government.

YCH has one blended component unit. The blended component unit, although a legally separate entity, is in substance part of YCH operations. The component unit is known as the New Hope Community Development Corporation ("NHCCDC"). NHCCDC owns and operates a rental housing project and engages in affordable housing development as a general partner in tax credit partnerships. See Note 21 for additional information about the blended component unit.

Yolo County Housing

Notes to Financial Statements June 30, 2019

YCH has one discretely presented component unit which is a financially and legally separate entity from YCH. New Hope Crosswood Associates LP ("Crosswood") financial statements are presented in a separate column from the financial information of YCH and as of its fiscal year ended December 31, 2018. See Note 22 for additional information about the discretely presented component unit.

Note 2 - Summary of significant accounting policies

Government-wide and fund financial statements

The government-wide financial statements report information of the primary government and its component units. The primary government is reported separately from certain legally separate discrete component unit for which the primary government is financially accountable. For financial reporting purposes, YCH reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same.

Basic financial statements

The basic financial statements (i.e. the Statement of Net Position, the Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows) report information on all of the business-type activities of YCH and its component units. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board ("GASB") standards with the exception of the component units which follow FASB standards and present their unamortized debt issuance costs in accordance with Accounting Standards Update ("ASU") No. 2015-03 *"Simplifying the Presentation of Debt Issuance Cost"* wherein the unamortized debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

YCH has entered into an agreement with the Housing Authority of the City of Dixon ("HACD") to administer its only program - a Migrant Center funded by the California Department of Housing and Community Development ("HCD"). YCH carries no real property or long-term debt for this program as HACD owns the land and some of the buildings being managed by YCH under this program. YCH uses its staff and other resources to operate this program. The operations of this program are considered by management to be, in substance, part of YCH and as such are reported as part of YCH financial statements.

Measurement focus, basis of accounting and financial statement presentation

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenue, Expenses and Changes in Net Position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

YCH distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services. Operating expenses include the cost of services, general and administrative expenses and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

New accounting pronouncements

During the year ended June 30, 2019, YCH implemented the following new accounting standards issued by the GASB:

Yolo County Housing

Notes to Financial Statements June 30, 2019

- Statement No. 83, "Certain Asset Retirement Obligations". GASB Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The adoption of this Statement did not have a significant effect on YCH's financial statements for the year ended June 30, 2019.
- Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". GASB Statement No. 88 for disclosure purposes specifically defines debt as a liability that arises from a contractual obligation to pay cash (or other asset in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Additional debt disclosures in the notes to the financial statements include unused lines of credit; assets pledged as collateral for the debt; and terms specified in the debt agreements related to significant events of default with finance related-consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. In addition, direct borrowings and direct placement disclosure information should be disclosed separately from other debt disclosures. The notes to the financial statements for the year ended June 30, 2019, were updated to reflect the additional disclosures required by this Statement—see Note 10 for additional information on Notes Payable.

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

- Statement No. 84, "Fiduciary Activities". GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of this Statement are effective for YCH's fiscal year ending June 30, 2020.
- 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 YCH's fiscal year ending June 30, 2021.
- Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". GASB Statement 89 provides accounting requirements for interest cost incurred before the end of a construction period. It establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. For financial

Yolo County Housing

Notes to Financial Statements June 30, 2019

statements prepared using the current financial resources measurement focus, interest incurred before the end of a construction period should continue to be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for YCH's fiscal year ending June 30, 2021.

- Statement No 90, "Majority Equity Interests". The primary objective of GASB No 90 is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the financial statements relevance for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. The requirements of this Statement are effective for YCH's fiscal year ending June 30, 2021.
- Statement No 91, "Conduit Debt Obligations". The primary objectives of Statement No 91 are to provide a single method to report conduit debt obligation and to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. The requirements of this Statement are effective for YCH's fiscal year ending June 30, 2022.

Cash and cash equivalents

YCH's cash and cash equivalents are considered to be cash on hand and all highly-liquid instruments purchased with an original maturity of three months or less.

Restricted cash and cash equivalents

Restricted cash and cash equivalents represent funds held in escrow, reserves and security deposit accounts.

Accounts receivable

Tenant accounts receivable are carried at the amount considered by management to be collectible, net of an allowance for doubtful accounts of \$17,949. Other accounts receivable are principally amounts due from HUD and California state and local governments. The allowance for doubtful accounts has been provided based on the likelihood of the recovery.

Interprogram receivables and payables

Interprogram due from/to have been eliminated in the financial statements as prescribed by GASB standards with regard to interfund activities, payables and receivables.

Inventories

Inventories are valued at the lower of cost or market on an average cost basis. To keep track of small supplies used for unit turnover and routine repairs and maintenance, YCH records these supplies as prepaid materials rather than inventory. The Inventory at June 30, 2019 consists of expendable maintenance supplies and energy efficient equipment purchased in prior years and held for consumption. Such equipment bought new did not experience any obsolescence and therefore no allowance is considered necessary as of June 30, 2019. The value of the maintenance supplies inventory as of June 30, 2019 is \$12,829.

Yolo County Housing

Notes to Financial Statements June 30, 2019

Capital assets

Capital assets are stated at cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. The capitalization threshold for all capital assets is \$5,000.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful life of the assets is as follows:

Buildings	40 years
Building improvements	15 years
Furniture, fixtures and equipment	7 years
Vehicles	5 years

Property acquired with HUD funds is considered to be owned by YCH while used in the program for which it was purchased. However, HUD may have a reversionary interest in the property and ownership of any proceeds from disposition thereof.

The costs of normal maintenance and repair that do not materially extend asset lives, enhance its efficiency, or increase or amend asset usefulness are not capitalized.

Impairment of capital assets

YCH reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2019, there has been no impairment of the capital assets.

Accrued compensated absences

In accordance with GASB standards, vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Permanent employees are entitled to receive compensation at their current base salary for certain types of unused annual leave upon termination or retirement.

It is YCH's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since YCH does not have a policy to pay any amounts when employees separate from service with YCH. All vacation pay is accrued when incurred. Total liability for YCH is \$215,674 based on year-end hourly rates. Of this amount, \$53,919 is considered by YCH to be a current liability.

In providing direction for conversion to GAAP basis of accounting, HUD's Accounting Brief No. 6 discusses the conflicting direction given in HUD grant handbooks, which are not considered GAAP, and the cost principles of GAAP. In its final analysis, HUD opines that "Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under federal awards, including but not necessarily limited to wages, salaries, and fringe benefits." Since federal awards extend for a limited time period, and accrued benefits may not be paid out during the term of the award, the above analysis can be reasonably

Yolo County Housing

Notes to Financial Statements June 30, 2019

interpreted to mean that costs may be drawn down at the close of the award period to fund unpaid compensated absences.

Notes payable and interest payable

Notes payable consists of notes from banks and other financial institutions. Interest on these notes are accrued at year-end.

Pension plan

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

U.S. generally accepted accounting principles ("GAAP") require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan ("OPEB Plan"), the assets of which are held by CalPERS, and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GAAP requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

Unearned revenue

Unearned revenue includes rents received in advance from tenants, and grant funds received from other governmental agencies, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The rents from tenants will be recognized as revenue when earned and the grant funds will be recognized as revenue when the qualifying costs are incurred and the possibility of not meeting the conditions are remote.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for Deferred Outflows of Resources. This separate financial element, Deferred Outflows of Resources,

Yolo County Housing

**Notes to Financial Statements
June 30, 2019**

represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then.

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

Net Position

In the Statement of Net Position, Net Position is classified in the following categories:

- *Net Investment in Capital Assets* - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- *Restricted* - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted* - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Use of estimates

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

Income taxes

YCH is exempt from federal and state income taxes. YCH is also exempt from property taxes but normally and historically made payments in lieu of taxes on owned public housing properties.

Note 3 - Cash and cash equivalents

Cash and cash equivalents at June 30, 2019 consist of the following:

Cash and cash equivalents	\$ 2,883,990
Restricted cash and cash equivalents	<u>1,296,613</u>
Total	<u>\$ 4,180,603</u>

Deposits

The carrying amounts of YCH's cash deposits were \$2,883,990 at June 30, 2019. Bank balances at June 30, 2019, were approximately \$3,353,000. The bank balances were fully insured and/or collateralized with securities held by the pledging financial institutions in YCH's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure YCH's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in YCH's name.

Yolo County Housing

Notes to Financial Statements June 30, 2019

The fair value of pledged securities must equal at least 110% of YCH's cash deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of YCH's total cash deposits. YCH may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation. YCH, however, has not waived the collateralization requirements.

Investment policy

In accordance with State statutes, HUD regulations and its own investment policy, YCH may invest its funds in U.S. Treasury, U.S. Government agencies, local government pooled investment funds, and other investments as outlined in YCH's investment policy.

Investment risk factors

There are many factors that can affect the value of investments. Some, such as credit risk, custodial risk, concentration of credit risk and market risk, may affect both equity and fixed income securities. It is the investment policy of YCH to invest substantially all of its funds in demand deposits which limits YCH's exposure to most types of risk.

Credit risk

Credit risk is the risk that an issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Custodial risk

Custodial risk is the risk that, in the event of the failure of the custodian, the investments may not be returned.

Concentration of credit risk

Generally, credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing YCH to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. Investments issued or guaranteed by the U.S. Government and investments in external investment pools are not considered subject to concentration of credit risk.

Market risk

Market risk is the risk that the value of an investment will change due to changes in the financial market. Changes in market conditions can increase Interest Rate Risk, Liquidity Risk and Reinvestment Risk.

- *Interest Rate Risk* is the risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. As of June 30, 2019, YCH has no exposure to interest rate risk.
- *Liquidity Risk* is the risk of being unable to liquidate an investment prior to maturity. Related to liquidity risk is the concept of marketability, or the ability to sell an instrument on short notice without incurring a meaningful loss in price.
- *Reinvestment Risk* is the risk that the proceeds from a fixed-income security cannot be reinvested at the same rate of return currently generated by that holding. This risk is common with securities that are callable.

Yolo County Housing

Notes to Financial Statements June 30, 2019

YCH maintains its portfolio in readily available demand deposits. These ensure liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions.

Note 4 - Restricted cash and cash equivalents

Restricted cash and cash equivalents consist of funds held in escrow, tenant deposits, replacement reserves required by the lender and other funds being held by YCH on behalf of its clients. The balances are as follows:

HUD HAP funds and Family Self Sufficiency Program participants' escrow funds	\$	126,117
Replacement reserves		
Davis Migrant Center		223,262
Madison Migrant Center		94,346
CARE reserves		
Davis Migrant Center		20,477
Madison Migrant Center		36,555
Dixon Migrant Center		170,942
Operating reserves		
Davis Migrant Center		24,334
Madison Migrant Center		164,139
Dixon Migrant Center		156,961
Tenant security deposits		258,213
GTZ Vouchers		13,558
COCC Westucky Water Association trust fund		<u>7,709</u>
Total restricted cash	\$	<u><u>1,296,613</u></u>

The amounts held for the operations of the Migrant programs can be disbursed only on expenditures that have been pre-approved by the HCD, Office of Migrant Services ("OMS"). These amounts are offset by restricted net position; however, they are not fully funded due to outstanding receivables from the State of California.

The amounts held by YCH on behalf of Family Self Sufficiency Program participants and tenants are reported as payable from restricted assets. These liabilities have been fully funded as of June 30, 2019.

Yolo County Housing
Notes to Financial Statements
June 30, 2019

Note 5 - Accounts receivable - other governments

At June 30, 2019, due from other governments consist of the following:

Source	Program	Amount
State	OMS-Madison	\$ 15,267
State	OMS-Dixon	33,366
State	OMS-Davis	27,034
State	Office of Emergency Services	14,699
County	COCC grant services	69,109
County	Pacifico operations	40,393
County	IGT House operations	31,650
City	SHRA	1,783
City	Pacifico operations	112,435
City	GTZ grant services	17,224
Total		<u>\$ 362,960</u>

All amounts are expected to result in payment in the next fiscal year.

Note 6 - Capital assets

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance, June 30, 2018	Additions	Transfers / Retirements	Balance, June 30, 2019
Capital assets, not being depreciated				
Land	\$ 7,259,138	\$ -	\$ 239,257	\$ 7,498,395
Construction in progress	3,372,075	60,937	(2,359,747)	1,073,265
Total capital assets, not being depreciated	<u>10,631,213</u>	<u>60,937</u>	<u>(2,120,490)</u>	<u>8,571,660</u>
Capital assets, being depreciated				
Building improvements	36,421,776	829,373	2,120,490	39,371,639
Equipment	885,366	3,381	-	888,747
Total capital assets, being depreciated	37,307,142	832,754	2,120,490	40,260,386
Less accumulated depreciation	<u>(25,339,155)</u>	<u>(936,399)</u>	<u>-</u>	<u>(26,275,554)</u>
Total capital assets being depreciated, net	<u>11,967,987</u>	<u>(103,645)</u>	<u>2,120,490</u>	<u>13,984,832</u>
Total capital assets, net	<u>\$ 22,599,200</u>	<u>\$ (42,708)</u>	<u>\$ -</u>	<u>\$ 22,556,492</u>

Yolo County Housing

Notes to Financial Statements June 30, 2019

Note 7 - Note receivable and due from component unit

YCH extended a note to Crosswood, secured by the property in the amount of \$775,000. The loan is payable in annual installments of principal and interest on May 1 starting the year following completion of the rehabilitation or May 1, 2016, whichever comes first, and is payable from residual receipts. The loan bears simple interest at 3.16% per annum and matures on August 28, 2069. Accrued interest of \$118,558 is due from Crosswood at year-end.

As of June 30, 2019, Crosswood owes NHCDC developer fees payable of \$655,951, which are included in due from component unit on the statement of net position.

As of June 30, 2019, Crosswood owes NHCDC partnership management fees payable of \$54,766, which is included in due from component unit on the statement of net position.

As of June 30, 2019, Crosswood owes YCH for advances amounting to \$27,483. Such advances are not interest bearing and due on demand.

Note 8 - Accounts payable - other governments

At June 30, 2019, amounts due to other governments consist of the following:

Source	Program	Amount
State	OMS-Davis	\$ 2,400
County	AMPs - PILOT	120,069
City	Pacifico operations	238,304
		<u>\$ 360,773</u>

PILOT taxes

In connection with the Public Housing Program, YCH is obligated to make annual payments in lieu of property taxes ("PILOT") to the County of Yolo based on the lesser of the assessable value of owned housing, times the current tax rate; or 10% of the dwelling rents collected, net of utilities expense. In an agreement dated April 2, 2009, the County of Yolo and YCH agreed to use only the 10% of shelter rent calculation for PILOT for fiscal years ending 2003, and 2005-2012. This agreement also forgave the payment of PILOT for the fiscal years ended 2003 and 2005 and set up a repayment agreement for the PILOT owed for the fiscal years ended 2006-2008. During the year ended June 30, 2019, \$126,836 was incurred and \$120,069 remains payable as of June 30, 2019 and is included in accounts payable due to other governments in the statement of net position.

Note 9 - Interfund balances

YCH utilizes a few cash accounts to make payments to vendors and for payroll. Costs are accrued to appropriate funds, which necessitates the use of interfund accounts. Costs are reimbursed on a periodic basis. The interfund receivable/payable balance of \$639,702 was eliminated in the Statement of Net Position.

Yolo County Housing

**Notes to Financial Statements
June 30, 2019**

The interfund receivable balances are as follows:

Business Activities:		
COCC	\$ 639,702	
Subtotal business activities		\$ 639,702
Total interfund due from balances		\$ 639,702

The interfund payable balances are as follows:

Business Activities:		
New Hope	\$ 20,391	
Subtotal business activities		\$ 20,391
Federal Funds:		
HCV	\$ 159,865	
Ross Grant	20,482	
Subtotal federal fund programs		180,347
State and Local:		
ADMH	\$ 45,358	
Migrant Housing (HCD) - all programs	134,666	
Esparto (Joe Serna Grant)	135,941	
GTZ Vouchers	14,070	
IGT House	32,072	
Rental Rural Davis Housing (USDA)	4,742	
Pacifico	72,115	
Subtotal state and local programs		438,964
Total interfund due to balances		\$ 639,702

These interfund payables/receivables have been recorded as current assets and liabilities at the program level and have been eliminated in YCH's Statement of Net Position. A number of YCH's programs have significant liabilities, but few liquid assets. This may make repayment of these interfund liabilities on a timely basis problematic.

Yolo County Housing

**Notes to Financial Statements
June 30, 2019**

Note 10 - Long-term debt

The following is a schedule of the changes in long-term debt as of June 30, 2019:

<u>Type of obligations</u>	<u>Interest rates</u>	<u>Maturity date</u>	<u>Balance, 6/30/2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance, 6/30/2019</u>	<u>Short-term Portion</u>	<u>Long-term Portion</u>	<u>GASB 88 Disclosure Footnotes</u>
YCH									
First Northern LOC	3.77%	2022	\$ 116,318	\$ -	\$ (26,871)	\$ 89,447	\$ 27,873	\$ 61,574	A1, B1, C1, D1, E1
PNC Solar Array Capital Lease	3.18%	2033	2,899,675	-	(649,833)	2,249,842	99,026	2,150,816	A1, B2, C2, D2, E2
PNC EPC Capital Lease	3.29%	2034	1,624,815	-	(34,315)	1,590,500	57,689	1,532,811	A1, B3, C3, D3, E3
NHCDC									
Cottonwood Debt issuance costs	3.26%	2031	476,291 (16,455)	- 2,438	(12,001) -	464,290 (14,017)	12,364 -	451,926 (14,017)	A1, B4, C4, D4, E4
Cottonwood	2.75%	2030	<u>1,472,722</u>	<u>-</u>	<u>(43,178)</u>	<u>1,429,544</u>	<u>38,091</u>	<u>1,391,453</u>	A1, B5, C5, D5, E5
Total, net of debt issuance costs			<u>\$ 6,573,366</u>	<u>\$ 2,438</u>	<u>\$ (766,198)</u>	<u>\$ 5,809,606</u>	<u>\$ 235,043</u>	<u>\$ 5,574,563</u>	

Yolo County Housing

**Notes to Financial Statements
June 30, 2019**

Following is a schedule of debt payment requirements to maturity for the mortgages and loans noted above subsequent to June 30, 2019:

	YCH debt		YCH capital leases		NHCDC debt		Total	
	Principal	Interest	Present value of future minimum lease payments	Interest	Principal	Interest	Principal	Interest
2020	\$ 27,873	\$ 2,893	\$ 156,715	\$ 124,314	\$ 50,455	\$ 60,806	\$ 235,043	\$ 188,013
2021	28,942	1,824	170,764	119,095	52,262	58,998	251,968	179,917
2022	30,052	714	185,527	113,415	53,962	57,298	269,541	171,427
2023	2,580	8	189,859	107,341	55,718	55,542	248,157	162,891
2024	-	-	216,977	100,946	57,383	53,877	274,360	154,823
2025-2029	-	-	1,345,776	385,644	316,823	239,478	1,662,599	625,122
2030-2034	-	-	1,562,786	140,055	1,307,231	63,185	2,870,017	203,240
2035-2039	-	-	11,938	1,440	-	-	11,938	1,440
Subtotal	89,447	5,439	3,840,342	1,092,250	1,893,834	589,184	5,823,623	1,686,873
Less debt issuance costs	-	-	-	-	(14,017)	-	(14,017)	-
Total	<u>\$ 89,447</u>	<u>\$ 5,439</u>	<u>\$ 3,840,342</u>	<u>\$ 1,092,250</u>	<u>\$ 1,879,817</u>	<u>\$ 589,184</u>	<u>\$ 5,809,606</u>	<u>\$ 1,686,873</u>

Yolo County Housing

Notes to Financial Statements June 30, 2019

As of June 30, 2019, YCH has the following outstanding debt secured by the underlying real estate properties:

- On July 6, 2017, YCH borrowed \$140,000 at an initial rate of 3.77% from First Northern Bank to pay for energy efficiency upgrades to be made on the administration building. This loan is unsecured and is payable in monthly principal and interest payments of \$2,567 beginning August 1, 2017 until maturity on July 15, 2022, at which time the remaining principal and interest balance will be due.
- On June 27, 2017, NHCDC obtained a loan from First Northern Bank in the amount of \$486,800 the proceeds of which were used to pay off the HCD note of \$368,800 and pay for some energy efficient building improvements at the property. The loan is secured by a first deed of trust on the property and is payable in monthly principal and interest payments of \$2,297 beginning August 1, 2017 until maturity in February 2031 at which time a balloon payment in the estimated amount of \$293,262 will be due. The interest rate is set for the first 60 months at 3.26% per annum and is variable thereafter based on Weekly Average Yield on United States Treasury Securities as defined in the note.
- On December 22, 2005, NHCDC refinanced the property known as Cottonwood Meadows Apartments. NHCDC borrowed \$1,900,000 from First Northern Bank. The loan is amortized over 25 years, requires monthly payments of \$11,868 and bears interest at a rate of 2.75% per annum. On January 15, 2011, the loan was renegotiated to decrease the monthly payment to \$6,974.59. The interest rate and maturity date of December 31, 2030 remain the same. The terms of the loan, as they are now, requires a balloon payment of \$935,986 at maturity.
- YCH administers three Migrant Housing Centers ("MHC") on behalf of HCD. These MHC's typically sit on land owned by YCH and the majority of the buildings are owned by the State. The land was previously owned by the County which transferred title in a prior year to YCH at no cost. On an annual basis, YCH receives operating and rehabilitation grants to operate and maintain these centers. Two of the centers have been extensively remodeled using grants and loans from USDA. These loans are obligations of the State. However, the annual operating grant contains a value for the servicing of this debt. Debt service costs incurred for the year ended June 30, 2019 related to the Davis and Madison MHC's was \$59,779 and \$88,136, respectively. These amounts are requisitioned from HCD, paid to USDA and included in interest expense in YCH's books of accounts. Neither the capital assets nor the long-term debt is reported in YCH's financial statements.
- During the fiscal year ended June 30, 1999, HUD directed YCH to remove all HUD-guaranteed debt from its books. This debt included \$6,847,600 of HUD permanent notes and \$6,590,186 of interest accrued on these notes, \$103,720 of outstanding Federal Financing Bank notes, and \$205,000 of outstanding New Housing Bonds. These HUD-guaranteed notes and bonds have not been forgiven by HUD. The Public Housing Program's Annual Contributions Contract ("ACC") states that all debt service requirements related to these notes will be HUD's responsibility. Therefore, it is management's opinion that YCH is not liable for this debt unless the federal government fails to honor the ACC. Accordingly, these amounts have been removed from YCH's books.

Yolo County Housing

Notes to Financial Statements June 30, 2019

As of June 30, 2019, YCH has entered into the following financing arrangements:

- On July 28, 2017, YCH entered into a master equipment lease to purchase arrangement with PNC Equipment Finance, LLC ("PNC") for financing the installation of solar arrays in the principal amount of \$2,899,675. The yield of the lease payments is 3.18% with the first payment being due July 28, 2017, and all subsequent payments are due on the same day of each month after that. The final payment will be due on July 28, 2033. This lease is collateralized by the security interest in the equipment under the lease, moneys and investments held from time to time in the related escrow funds and all proceeds of any of the foregoing. As of June 30, 2019, advances of \$2,899,675 have been drawn, all of which were used and the related assets were placed in service on January 1, 2019.

Because title to the assets passes to YCH when the lease obligation is satisfied, the lease qualifies as a capital lease and, therefore, has been recorded at the net present value of the future minimum lease payments as of the date of inception. The following is a schedule of leased property under capital leases which is included in capital assets being depreciated on the statement of net position:

Solar array	\$ 3,032,472
Less accumulated depreciation	<u>(74,773)</u>
Total solar array, net	<u>\$ 2,957,699</u>

- On December 29, 2017, YCH entered into a master equipment lease to purchase arrangement with PNC for financing of an EPC in the principal amount of \$1,624,815. The yield of the lease payments is 3.29% with the first payment being due December 29, 2018, and all subsequent payments are due on the same day of each month after that. The final payment will be due on December 29, 2034. This lease is collateralized by the security interest in the related escrow funds. As of June 30, 2019, advances of \$1,624,815 have been drawn, all of which were used and the related assets were placed in service on June 30, 2019.

Because title to the assets passes to YCH when the lease obligation is satisfied, the lease qualifies as a capital lease and, therefore, has been recorded at the net present value of the future minimum lease payments as of the date of inception. The following is a schedule of leased property under capital leases which is included in capital assets being depreciated on the statement of net position:

EPC capital improvements	\$ 1,654,520
Less accumulated depreciation	<u>(110,301)</u>
Total capital improvements, net	<u>\$ 1,544,219</u>

Yolo County Housing
Notes to Financial Statements
June 30, 2019

A detailed schedule of interest activity for the loans is as follows:

	<u>Interest incurred</u>	<u>Interest paid</u>	<u>Current payable</u>
Office Mortgage 1	\$ 3,926	\$ 3,926	\$ -
NHCDC - Cottonwood Mortgage	56,081	56,081	2,076
Migrant - Davis Housing Center	59,779	59,779	-
Migrant - Madison Housing Center	88,136	88,136	-
AMPs	53,667	80,640	-
COCC (includes capitalized interest of \$38,370)	<u>76,701</u>	<u>162,469</u>	<u>-</u>
	<u>\$ 338,290</u>	<u>\$ 451,031</u>	<u>\$ 2,076</u>

Yolo County Housing

Notes to Financial Statements June 30, 2019

The following is a schedule of required debt disclosures by GASB 88:

A. Amount of unused lines of credit

A1 YCH has no open lines of credit

B. Assets Pledged as Collateral

B1 First Northern Admin Building Loan - This loan is unsecured

B2 PNC Solar Array Capital Lease - None, this is a lease loan with escrow agreement

B3 PNC EPC Capital Lease - None, this is a lease loan with escrow agreement

B4 Cottonwood Second Mortgage - 120 North Cottonwood Street, Woodland, CA 95695

B5 Cottonwood First Mortgage - 120 North Cottonwood Street, Woodland, CA 95695

C. Events of default with finance-related consequences

C1 Commitments and obligations of lender immediately terminate, indebtedness becomes immediately due and payable

C2 May be required to pay all amounts then currently due, or promptly return all equipment to lessor, or lessor may sell, lease or otherwise dispose of equipment

C3 None

C4 Interest increases 2% in the event of default

C5 None

D. Subjective Acceleration Clause

D1 Minimum interest charge of \$100, but no other prepayment penalty

D2 No prepayment penalty, but the agreement does include a purchase option

D3 No prepayment penalty

D4 Minimum interest charge of \$100, loan may be prepaid up to 20% of the outstanding principal per year. Prepayments in excess of 20% are subject to a 5% penalty in the first year, declining one percent each year afterwards

D5 Minimum interest charge of \$100, loan may be prepaid up to 20% of the outstanding principal per year. Prepayments in excess of 20% are subject to a 5% penalty in the first year, declining one percent each year afterwards

E. Termination events with finance-related consequences

E1 No Termination Clause

E2 Escrow agreement only terminates with written notice from lessor, no finance-related consequences

E3 Escrow agreement only terminates with written notice from lessor, no finance-related consequences

E4 No Termination Clause

E5 No Termination Clause

Note 11 - Other noncurrent liabilities

Esparto grant

On October 2, 2003, YCH received a Joe Serna Jr. Farmworker Housing Grant from the State of California. The grant, totaling \$600,000, was issued by the State to assist in the acquisition and development of real property located in Esparto, California. Between March 2004 and October 2005, YCH requisitioned and received \$331,269 of this grant. The property was purchased and the building permits pulled. No further activity has occurred. YCH has reported this grant as a long-term liability. This presentation is the most conservative, until the project is complete and the State is satisfied with the manner in which their funds were spent. No interest has been paid or accrued in relation to this grant.

YCH has engaged a developer partner to do the construction for the final lots and sell the homes within the requirements of the grant. At this time, Laugenour & Meikle have completed processing of the tentative tract map and processing lot line adjustments to split the current 3 duplex lots into 6 single family lots. This tentative tract map has been approved by the Esparto Advisory Committee,

Yolo County Housing

Notes to Financial Statements June 30, 2019

the County Planning Commission, the County Board of Supervisors, and is currently in the process of being filed. The next steps will be to finalize the changes in the State agreement from rental housing on 3 lots to for-sale housing on 6 lots and then process the grading and improvement plans in preparation for pulling construction permits. YCH anticipates this project will be completed, satisfying the revised terms required by the grant agreement, in 2020 which will allow the grant funds received to be recognized as revenue at that time.

El Rio Villa sewer system

YCH entered into an agreement with the City of Winters on October 1, 2009 where the City of Winters is to provide operation of sewer services at El Rio Villa (a property of AMP 2). YCH is financially responsible for the maintenance, repair and replacement of the sewer system. YCH has been making monthly payments to the City of Winters to cover the costs of operations and the City of Winters has set aside these funds to cover the costs of sewer repairs. As of June 30, 2019, cumulative payments to the City of Winters net of repair, maintenance and replacement costs amount to \$499,067 and are included in other assets on the statement of financial position. Additionally, as of June 30, 2019 \$499,067 is included in other noncurrent liabilities in the statement of financial position for anticipated repair, maintenance and replacement costs.

Note 12 - Other current/accrued liabilities

The following is a schedule of other current liabilities as of June 30, 2019:

CARE discounts from PG&E (1)	\$	225,527
Miscellaneous other current liabilities		<u>10,649</u>
Total other current liabilities	\$	<u>236,176</u>

- (1) California Alternate Rates for Energy ("CARE") program provides discounts to qualifying low-income families. YCH holds CARE reserves and a related liability on behalf of the tenants for each of the MHC's. As of June 30, 2019, the CARE discount liability is \$225,527 and is included in other current liabilities in the statement of net position.

The following is a schedule of other current liabilities as of June 30, 2019:

Accrued construction costs (2)	\$	58,709
Miscellaneous accrued liabilities		<u>12,137</u>
Total accrued current liabilities	\$	<u>70,846</u>

- (2) Construction costs payable related to various construction contracts in progress totaled \$58,709 as of June 30, 2019 and is included in other accrued liabilities in the statement of net position.

Yolo County Housing

**Notes to Financial Statements
June 30, 2019**

Note 13 - Other liabilities

Unearned revenues

The following is a schedule of unearned revenue as of June 30, 2019:

Unearned developer fee (1)	\$	153,145
Unearned redevelopment grant (2)		220,000
Miscellaneous unearned revenue		<u>33,531</u>
	\$	<u>406,676</u>
Financial statement presentation		
Unearned revenues - current portion	\$	247,500
Unearned revenues - net of current portion		<u>159,176</u>
	\$	<u>406,676</u>

(1) Deferred developer fee from affordable housing partnerships in the amount of \$153,145 are included in unearned revenues on the statement of net position.

(2) During 2018 YCH received a redevelopment grant from the City of Davis in the amount of \$220,000 which will be used as a portion of the funding for a planned capital improvement project currently being designed for Pacifico. As of June 30, 2019, \$220,000 of such funds have not been utilized for the costs of the project and are included in unearned revenues on the statement of net position.

Lease liability

On June 5, 2017, YCH entered into a master equity lease agreement with Enterprise FM Trust to lease vehicles. The yield of the lease payments ranges from 6.7% to 10.7%. The leases are each for a term of 5 years and expire ranging from September 2022 to February 2023.

The leases are accounted for as capital leases and, therefore, have been recorded at the net present value of the future minimum lease payments as of the delivery date of each vehicle. The following is a schedule of leased vehicles under the capital leases which have been placed in service between the months of August 2017 to February 2018 and are reflected as capital assets being depreciated on the statement of net position:

Vehicles	\$	319,217
Less accumulated depreciation		<u>(93,754)</u>
	\$	<u>225,463</u>

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Following is a schedule of future minimum lease payment requirements through the term of the lease agreements noted above subsequent to June 30, 2019:

	Total future required payments	Less amount representing interest	Present value of minimum future lease payments
2020	\$ 56,822	\$ (17,867)	\$ 38,955
2021	56,822	(14,022)	42,800
2022	56,822	(9,783)	47,039
2023	65,927	(3,618)	62,309
	\$ 236,393	\$ (45,290)	\$ 191,103
Total			
		Current portion	38,955
		Noncurrent portion	152,148
		Total capital lease liability	\$ 191,103

Note 14 - Net position

Net investment in capital assets

Net investment in capital assets as of June 30, 2019 consist of the following:

Capital assets, net of depreciation	\$ 22,556,492
Long-term debt	(5,574,563)
Current portion of long-term debt	(235,043)
Accrued interest on long-term debt	(2,076)
Capital lease liability net of current portion	(152,148)
Current portion of capital lease liability	(38,955)
Accrued liabilities - construction	(58,709)
	\$ 16,494,998
Net	

Restricted net position

Net position is reported as restricted when constraints placed on the net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. YCH has reported the following as restricted net position:

Excess HAP funding - Housing Choice Voucher	\$ 103,371
Madison MHC replacement reserve	94,346
Madison MHC operating reserve	164,139
Davis MHC replacement reserve	223,262
Davis MHC operating reserve	24,334
Dixon MHC operating reserve	156,961
	\$ 766,413
Total	

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The excess HAP funding represent HAP funds received from HUD in excess of the amounts expended by YCH for HAP. Based on HUD directive, these funds may only be used for future HAP payments and any excess received must be restricted in its use. In May 2009, HUD advised all housing authorities that a portion of the excess HAP reserve may be recaptured through reduced funding. YCH had no excess HAP funding recaptured during fiscal year 2019. The current excess HAP funding activity as of June 30, 2019 is as follows:

Balance, June 30, 2018		\$	-
HUD funding for HAP	\$ 11,988,866		
HAP expense	<u>(11,887,094)</u>		
Excess HAP funding			101,772
Interest and fraud recovery revenue			<u>1,599</u>
Balance, June 30, 2019		\$	<u><u>103,371</u></u>

Net position

A detailed schedule of all YCH's programs' net position as of June 30, 2019 is as follows:

	Net investment in capital assets	Restricted net position	Unrestricted net position	Total net position
Central Office Cost Center	\$ 6,574,870	\$ -	\$ 78,982	\$ 6,653,852
NHCDC - RHCP -				
Cottonwood	(540,763)	-	1,414,875	874,112
Public Housing	9,024,489	-	(22,435)	9,002,054
Housing Choice Vouchers	4,216	103,371	(570,217)	(462,630)
Ross Grant	-	-	(1,172)	(1,172)
MHC - Madison	-	258,485	(243,431)	15,054
MHC - Davis	-	247,596	(232,339)	15,257
MHC - Dixon	-	156,961	(190,026)	(33,065)
Esparto Development	347,200	-	(466,907)	(119,707)
ADMH	639,565	-	(42,904)	596,661
USDA - Davis Solar	114,250	-	49,072	163,322
Pacifico	-	-	(52,423)	(52,423)
IGT House (Buckeye)	331,171	-	(97)	331,074
Getting to Zero Grant	-	-	(15,847)	(15,847)
	<u>\$ 16,494,998</u>	<u>\$ 766,413</u>	<u>\$ (294,869)</u>	<u>\$ 16,966,542</u>
Total	<u>\$ 16,494,998</u>	<u>\$ 766,413</u>	<u>\$ (294,869)</u>	<u>\$ 16,966,542</u>

Note 15 - Pension plan

Plan description

YCH contributes to CalPERS, a cost-sharing multiple employer defined benefit pension plan (the "Plan"). The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by contract with CalPERS in accordance with the provisions of the

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Public Employees Retirement Law. A menu of benefit provisions and other requirements are established by State statutes within the Public Employees' Retirement Law. YCH selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board Approval. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" ("PEPRA") on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute.

Benefits provided

The benefits for the Plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, military service credits, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

The PEPRA created two benefit levels for YCH's employees who qualify for membership in CalPERS. They are outlined below:

	Current Members*	New Members**
Retirement Formula	2% @ 55	2% @ 62
Retirement Contribution	7%	50% of Annual Normal Cost***
Final Compensation Method	Highest 1 Year Average	Highest 3 Year Average

*Current Member is defined as anyone who is or has been a member of CalPERS or another recognized public retirement system and who has not had more than a six-month break in service.

**New Member is defined as anyone who is or has been a member of CalPERS or another recognized public retirement system and who has not had more than a six-month break in service and was hired by the Authority after January 1, 2013.

***Annual Normal Cost for New Members is determined annually by CalPERS and is dependent on the benefit levels, actuarial assumptions, and demographics of each plan. The Authority's New Member contribution for 2019 was 7%.

Funding policy

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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plans' allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined

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rate and the contribution rate of employees. For the fiscal year ended June 30, 2019, the active employee contribution rate is 6.75% of annual pay and the average employer's contribution rate is 7.15% of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Net pension liability

As of June 30, 2019, YCH reported net pension liability for its proportionate share of the net pension liability of \$3,657,290.

The YCH net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018 (measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. GASB 68 requires cost sharing employers to establish an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relations through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan accounts as of the valuation date are used where not available. YCH's proportionate share of the net pension liability for the Plan as of June 30, 2019 for all members was 0.08055%.

Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2019, YCH recognized pension expense (revenue) of \$473,989. At June 30, 2019, YCH reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experiences	\$ 121,796	\$ 41,446
Changes in assumptions	361,890	88,690
Net differences between projected and actual earnings on plan investments	15,693	-
Contributions made subsequent to measurement date	177,974	-
Total	\$ 677,353	\$ 130,136

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The \$177,974 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Amounts
2020	\$ 311,908
2021	180,570
2022	(94,683)
2023	(28,552)
	\$ 369,243

Actuarial assumptions

For the measurement period ended June 30, 2018 (measurement date), the total pension liability was based on the following actuarial method and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies ⁽¹⁾
Payroll Growth	2.75%
Mortality ⁽²⁾	CalPERS' Membership Data
Post Retirement Benefit Increase	Up to 2.50% ⁽³⁾

⁽¹⁾ Depending on entry age and service

⁽²⁾ The mortality table used was developed based on CalPERS specific data. Pre-retirement and Post-retirement mortality rates includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

⁽³⁾ Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Discount rate

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

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Long-term expected rate of return

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

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

Asset class	Assumed Asset Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global equity	50%	4.80%	5.98%
Global fixed income	28%	1.00%	2.62%
Inflation sensitive	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	<u>100%</u>		

(a) An expected inflation of 2.00% is used for this period

(b) An expected inflation of 2.92% is used for this period

Sensitivity of YCH's proportionate share of net pension liability to changes in the discount rate

The following presents YCH's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what YCH's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Discount rate -1% (6.15%)	Current discount rate (7.15%)	Discount rate +1% (8.15%)
Net pension liability	\$ 5,874,624	\$ 3,657,290	\$ 1,826,919

Pension plan fiduciary net position

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

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Notes to Financial Statements June 30, 2019

Payable to the pension plan

At June 30, 2019, YCH reported a payable of \$12,626 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

Note 16 - Other Post-Employment Benefits ("OPEB")

Plan description

The OPEB provided by YCH is medical plan coverage. YCH offers its retired employees/commissioners health insurance through CalPERS. To be eligible for this benefit, the former employee/commissioner must be fifty years of age, have five years of credited service, and retire from YCH. The employee cannot terminate employment before meeting the age condition and be entitled to receive benefits. The plan provides the same benefit to its retired employees as it does for its active employees. The plan provides for 100% of the medical premium for retired employees and spouses and 40% of the medical premium for retired commissioners and their spouses. A separate financial report is not prepared for the OPEB Plan.

Employees covered

As of the measurement date of June 30, 2018, there are 14 retirees receiving benefits under the program and 1 other retiree who is currently waiving coverage but assumed to re-enroll in the plan at age 65. At the same measurement date, YCH had 32 active employees of which 25 were enrolled in the medical program and 7 were waiving coverage.

Contributions

YCH contributions to the OPEB Plan occur as benefits are paid to retirees and/or to the OPEB trust. The annual contribution is based on the actuarially determined contribution. For the year ended June 30, 2019, the Authority's cash contributions were \$286,697 in payments to the trust and the estimated implied subsidy was \$25,435 resulting in total payments of \$312,132. YCH has a trust with the California Employers' Retiree Benefit Trust ("CERBT") for the purpose of prefunding OPEB obligations for past services.

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Net OPEB liability

The Authority's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Funding Method:	Entry-Age Normal Cost, level percent of pay
Asset Valuation Method:	Market value of assets
Long Term Return on Assets:	6.00% net of plan investment expenses and including inflation
Discount Rates:	6.00%
Participants Valued:	Current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increases:	3.25% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation:	3.0% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate:	2.75% per year
Mortality Rate:	CalPERS 2014 experience study using data from 1997 to 2011, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008 and then projected.
Mortality Improvement:	MacLeod Watts Scale 2017 applied generationally.
Healthcare Trend Rate:	7.50% for 2019, decreasing 0.50% per year to an ultimate rate of 5.00% for 2024 and later years.

Discount rate

The discount rate used to measure the total OPEB liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that YCH contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for

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current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan assets was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	<u>Total OPEB liability</u>	<u>Fiduciary net position</u>	<u>Net OPEB liability</u>
Balance at June 30, 2018	\$ 3,898,015	\$ 2,404,472	\$ 1,493,543
Changes recognized for the measurement period			
Service cost	194,881	-	194,881
Interest cost	241,169	-	241,169
Expected investment income	-	150,734	(150,734)
Employer contributions	-	366,819	(366,819)
Administrative expenses	-	(1,280)	1,280
Other expenses	-	(3,182)	3,182
Benefit payments	(146,819)	(146,819)	-
Investment experience	-	40,714	(40,714)
Net changes during the year	<u>289,231</u>	<u>406,986</u>	<u>(117,755)</u>
Balance at June 30, 2019	<u>\$ 4,187,246</u>	<u>\$ 2,811,458</u>	<u>\$ 1,375,788</u>

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents YCH's net OPEB liability if it were calculated using a discount rate that is one percent point lower or one percent point higher than the current rate as of the measurement date:

<u>Changes in discount rate</u>	<u>Net OPEB liability</u>
1% Decrease (5.00%)	\$ 1,990,365
Current Discount Rate (6.00%)	1,375,788
1% Increase (7.00%)	873,390

Sensitivity of the net OPEB liability to changes in the Healthcare cost trend rates

The following presents YCH's net OPEB liability if it were calculated using healthcare cost trend rates that are one percent point lower or one percent point higher than the current rate as of the measurement date:

<u>Changes in Healthcare Cost Trend Rates</u>	<u>Net OPEB liability</u>
1% Decrease	\$ 777,633
Current Trend	1,375,788
1% Increase	2,125,182

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Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

- Net difference between projected and actual earnings on OPEB plan investments are recognized over a 5-year period using the straight-line method.
- All other amounts are recognized over the expected average remaining service lifetime ("EARSL") of all members that are provided with benefits, determined as of the beginning of the measurement period. The EARSL period is 6.62 years at June 30, 2018.

OPEB expense and deferred outflows/inflows of resources related to OPEB

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

For the fiscal year ended June 30, 2019, YCH recognized OPEB expense of \$203,972. As of June 30, 2019, YCH reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Contributions made subsequent to the measurement date	\$ 312,132	\$ -
Net differences between projected and actual earnings on plan investments	-	80,843
Total	<u>\$ 312,132</u>	<u>\$ 80,843</u>

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Notes to Financial Statements June 30, 2019

The \$312,132 reported as deferred outflows of resources related to contributions made subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during YCH next fiscal year ending June 30, 2020. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal year ending June 30:	Deferred outflows/ (inflows) of resources
2020	\$ (24,233)
2021	(24,233)
2022	(24,235)
2023	(8,142)
	<u>\$ (80,843)</u>

Note 17 - Deferred compensation plan

YCH offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, *State and Local Government Deferred Compensation Plans*. The plan is administered by the ICMA Retirement Corporation. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

As of June 30, 2019, the funds are being held by the ICMA Retirement Corporation on behalf of YCH's employees. These funds are not recorded as assets of YCH since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of YCH's general creditors.

Note 18 - Risk management

Worker's compensation

YCH is a member of the California Housing Worker's Compensation Authority ("CHWCA"), which provides worker's compensation insurance. CHWCA provides employer liability coverage to its members, in the amount of \$500,000 each accident. CHWCA has purchased excess insurance coverage from \$1,000,000 to statutory, for all of its members.

CHWCA is a joint powers authority consisting of 31 public housing authorities, housing commissions, and agencies organized under a joint powers agreement to fund a self-insurance program for worker's compensation. Each member has equal representation on the Board of Directors. The Board elects a seven-member Executive Committee for a two-year term which has the responsibility for overseeing all operations of CHWCA. The Board of Directors has total responsibility for all actions of CHWCA.

Annual premiums and assessments are approved by the Board of Directors and are adjusted each year based on the following criteria:

- Each member's incurred losses;

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Notes to Financial Statements June 30, 2019

- Each member's share of such losses and other expenses as a proportion of all members' such losses;
- Each member's contribution to reserves, including reserves for incurred but not reported losses; and
- Each member's share of costs to purchase excess insurance and any additional coverage.

If CHWCA is dissolved, the remaining assets, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members proportionate to each member's cash contributions made during the life of CHWCA. Until dissolution, however, no member has identifiable equity.

Property and liability insurance

YCH procured insurance beginning June 1, 2009 through the Housing Authority Insurance Group ("HAI Group") with the Housing Authority Risk Retention Group and Travelers. The limits for property and liability insurance are \$5 million for both YCH and the Dixon Housing Authority, with deductibles of \$25,000 per occurrence. The limits for automobile insurance are \$5 million for owned autos, \$1 million for non-owned hired autos, and \$1 million for uninsured motorist. The limit for employee benefit administration liability is \$1 million, with a deductible of \$1,000.

Note 19 - Economic dependency

YCH receives the majority of its funding from HUD. HUD is subject to the federal budget appropriation process each year. For the fiscal year ended June 30, 2019, YCH's budget included approximately \$15,235,000 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by YCH.

Note 20 - Commitments and contingencies

Grants and contracts

YCH has received funds from various federal, state and local grant programs. It is possible that at some future date it may be determined that YCH was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although YCH does not expect such disallowed amounts, if any, to have a material effect on the financial statements of YCH.

Lawsuits and claims

YCH is subject to lawsuits and claims which arise out of the normal course of its activities. It is the opinion of YCH's management, based upon the opinion of legal counsel, that the disposition of such matters will not have a material adverse effect on the financial condition of YCH. Management is aware of one lawsuit filed during the prior year, the status of which is described below.

On August 25, 2017, a lawsuit was filed against YCH that was served on YCH on October 16, 2017, alleging dangerous conditions of public property and negligence arising from events that occurred on or around July 11, 2016. The parties to the lawsuit have agreed to a settlement that is within the limits of the Athletic Sports Liability policy Sub-limit and therefore limit the exposure of YCH to its \$25,000 deductible which has already been met through previous attorney fee payments. This case is awaiting final approval by the judge of the settlement agreement.

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Note 21 - Blended component unit

YCH has one blended component unit, NHCDC. NHCDC is a nonprofit corporation created to develop affordable housing and community development based economic development ventures. NHCDC's primary business activity is the operation of the Cottonwood Meadows Senior Apartments. A summary of the financial statements of NHCDC as of and for the year ended June 30, 2019 are included as supplementary information in the combining schedules.

Note 22 - Discretely presented component unit

YCH has one discretely presented component unit, Crosswood, Crosswood is a limited partnership with the purpose to invest in real estate and to provide low-income housing through the acquisition, construction, rehabilitation, operation, and leasing of a 48-unit apartment complex located in Woodland, California, operating under the name of Crosswood Apartments. Crosswood has a December 31 fiscal year-end. A summary of the significant accounting disclosures of Crosswood are as follows:

Deferred costs and amortization

Tax credit fees of \$32,077 are being amortized using the straight-line method over the tax credit compliance period. As of December 31, 2018, accumulated amortization is \$7,840. Estimated annual amortization expense for each of the next five years subsequent to December 31, 2018 is \$2,138 per year.

Capital assets

A summary of changes in capital assets for the year ended December 31, 2018 is as follows:

	Balance, December 31, 2017	Additions	Transfers / Retirements	Balance, December 31, 2018
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Buildings	6,192,590	94,634	-	6,287,224
Building improvements	5,647	-	-	5,647
Total assets	6,288,237	94,634	-	6,382,871
Less accumulated depreciation	(498,035)	(170,915)	-	(668,950)
Total capital assets, net	\$ 5,790,202	\$ (76,281)	\$ -	\$ 5,713,921

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**Notes to Financial Statements
June 30, 2019**

Mortgages and notes payable

Mortgages and notes payable consist of the following at December 31, 2018:

<u>Lender</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Principal balance as of 12/31/18</u>	<u>Monthly principal and interest or other repayments terms</u>
CBRE HMF, Inc.	3.39%	09/01/49	\$ 3,145,419	\$ 13,736
			3,145,419	
Less unamortized debt issuance costs			<u>(205,628)</u>	
Total			<u>\$ 2,939,791</u>	

Estimated future principal payments on the above mortgages and notes payable for each of the next five years and thereafter subsequent to December 31, 2018 are as follows:

	<u>CBRE HMF, Inc.</u>	<u>YCH</u>	<u>Total</u>
2019	\$ 59,119	\$ -	\$ 59,119
2020	61,155	-	61,155
2021	63,261	-	63,261
2022	65,439	-	65,439
2023	67,692	-	67,692
Thereafter	<u>2,828,753</u>	<u>775,000</u>	<u>3,603,753</u>
Subtotal	3,145,419	775,000	3,920,419
Less unamortized debt issuance costs	<u>(205,628)</u>	-	<u>(205,628)</u>
Total	<u>\$ 2,939,791</u>	<u>\$ 775,000</u>	<u>\$ 3,714,791</u>

Crosswood owes YCH \$775,000 which is expected to be paid out of available cash flow of the partnership and is included in note payable and due to primary government on the statement of net position.

Restricted cash and cash equivalents

Restricted cash and cash equivalents consist of the following at December 31, 2018:

Security deposits	\$ 12,948
Replacement reserve	61,336
Operating reserve	100,915
Escrow deposits	<u>11,960</u>
Total	<u>\$ 187,159</u>

Yolo County Housing
Notes to Financial Statements
June 30, 2019

Note 23 - Other matters

YCH is a co-general partner in one tax credit property known as Eleanor Roosevelt Circle. YCH ownership interest is .003% in the partnership and the other general partners are responsible for the partnership and its management. The majority of each project is owned by the limited partner, National Equity Fund, a tax credit syndicator.

NHCDC is a managing general partner of two tax credit partnerships known as Cesar Chavez Plaza and Rochdale Grange. Additionally, NHCDC is a co-developer and co-general partner of Mercy New Hope, L.P., a California Limited Partnership, known as West Beamer Place. NHCDC's ownership is .003% in each partnership and the other general partners are responsible for the partnership and its management. The majority of each project is owned by the limited partner tax credit investor.

YCH owns the land on which West Beamer Place is being developed in Woodland, California. On May 26, 2017, YCH entered into a ground lease agreement with Mercy New Hope, L.P., a California Limited Partnership to lease the land for the total amount of \$1, which was received during the year ended June 30, 2018. The lease term is 99 years.

Note 24 - Related party transactions

YCH receives legal services from the County of Yolo, Office of the County Counsel. Services are billed based on hours of service provided and totaled \$35,910 for the year ended June 30, 2019.

Note 25 - Subsequent events

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of YCH through December 9, 2019, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

Supplementary Information

Yolo County Housing

**Cost-Sharing Defined Benefit Pension Plan
Schedule of The Authority's Proportionate Share of the Net Pension Liability**

As of June 30, 2019 Last 10 Years*

	2019	2018	2017	2016	2015
Plan's Proportion of the Net Pension Liability	0.09704%	0.09392%	0.11627%	0.09046%	0.03839%
Plan's Proportionate Share of the Net Pension Liability	\$ 3,657,290	\$ 3,702,470	\$ 3,189,698	\$ 2,481,845	\$ 2,388,659
Plan's Covered Payroll	\$ 2,430,191	\$ 2,267,847	\$ 2,105,558	\$ 2,039,281	\$ 1,971,841
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	150%	163%	151%	122%	121%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's total Pension Liability	74.29405%	73.12656%	74.61066%	79.75432%	81.31677%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 324,232	\$ 299,433	\$ 255,771	\$ 202,527	\$ 190,807

Notes to Schedule

Changes of benefit terms. In 2019, there were no changes to the benefit terms.

Changes in assumptions. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

* Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only five years are shown.

Yolo County Housing
Cost-Sharing Defined Benefit Pension Plan
Schedule of Contributions

As of June 30, 2019 Last 10 Years*

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 324,232	\$ 299,433	\$ 255,771	\$ 202,527	\$ 190,807
Contributions in relation to the contractually required contribution	<u>(324,232)</u>	<u>(299,433)</u>	<u>(255,771)</u>	<u>(202,527)</u>	<u>(190,807)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Authority's covered payroll	\$ 2,430,191	\$ 2,267,847	\$ 2,105,558	\$ 2,039,281	\$ 1,971,841
Contributions as a percentage of covered payroll	13.34%	13.20%	12.15%	9.93%	9.68%

Notes to schedule

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Inflation	2.5%
Salary Increases	Varies ⁽¹⁾
Payroll Growth	2.75% ⁽²⁾
Investment Rate of Return	7.5%
Retirement Age	2014 Experience Study ⁽³⁾
Mortality ⁽³⁾	2014 Experience Study ⁽⁴⁾

⁽¹⁾ Depending on age, service and type of employment.

⁽²⁾ Net of pension plan investment and administrative expenses, including inflation.

⁽³⁾ The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

⁽⁴⁾ The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only five years are shown.

Yolo County Housing

**Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, 2019 Last 10 Years***

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 194,881	\$ 188,747
Interest on total OPEB liability	241,169	224,186
Changes of assumptions	-	-
Differences between expected and actual experience	-	-
Benefit payments	<u>(146,819)</u>	<u>(125,223)</u>
Net change in total OPEB liability	289,231	287,710
Total OPEB liability - beginning	<u>3,898,015</u>	<u>3,610,305</u>
Total OPEB liability - ending (a)	<u><u>\$ 4,187,246</u></u>	<u><u>\$ 3,898,015</u></u>
Plan fiduciary net position		
Contributions from employer	\$ 366,819	\$ 375,223
Net investment income	191,448	204,925
Benefit payments	(146,819)	(125,223)
Investment expenses	<u>(4,462)</u>	<u>-</u>
Net change in plan fiduciary net position	<u>406,986</u>	<u>454,925</u>
Plan fiduciary net position - beginning	<u>2,404,472</u>	<u>1,949,547</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,811,458</u></u>	<u><u>\$ 2,404,472</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 1,375,788</u></u>	<u><u>\$ 1,493,543</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	67.14%	61.68%
Covered-employee payroll	\$ 2,430,191	\$ 2,267,847
Net OPEB liability as a percentage of covered-employee payroll	56.61%	65.86%

Note to Schedule

* Fiscal year 2018 is the first year of implementation of GASB 75, therefore only two years are shown.

Yolo County Housing

**Schedule of OPEB Plan Contributions
As of June 30, 2019 Last 10 Years***

	2,019	2018
Actuarially Determined Contributions (ADC)	\$ 311,712	\$ 305,531
Contributions in relation to the ADC	<u>(312,132)</u>	<u>(366,819)</u>
Contributions deficiency (excess)	<u>\$ (420)</u>	<u>\$ (61,288)</u>
Covered-employee payroll	\$ 2,430,191	\$ 2,267,847
Contributions as a percentage of covered-employee payroll	12.84%	16.17%

Notes to Schedule of OPEB Plan Contributions

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2019 contribution rates are as follows:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method/Period	Level percent of payroll over a closed rolling 30-year period
Asset Valuation Method	Market value of assets.
Inflation	2.75% per year
Salary Increase	3.25% per year; since benefits do not depend on pay, this is covered only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; used to determine amortization payments for developing the ADC
Investment Rate of Return	6.00% net of plan investment fees and including inflation
Healthcare cost trend rates	7.5% initial, then decreasing 0.5% per year to trend rate that reflects medical price inflation
Retirement age	Tier 1 employees - 2% @55 and Tier 2 employees - 2.0% @62. The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of Mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011 except for basis used to project future mortality improvements. Mortality rates used were the published CalPERS rates, adjusted to back out 20 years of Scale BB to central year 2008 then projected using the MacLeod Watts Scale 2017 applied generationally

* Fiscal year 2018 is the first year of implementation of GASB 75, therefore only two years are shown.

Yolo County Housing

Combining Schedule of Net Position June 30, 2019

	Business activities	Federal funds	State funds	Eliminations	Primary Government	Component Unit
<u>Assets</u>						
Current assets						
Cash and cash equivalents (Note 3)	\$ 713,466	\$ 1,525,230	\$ 645,294	\$ -	\$ 2,883,990	\$ 70,230
Restricted cash and cash equivalents (Notes 3, 4)	29,421	306,571	960,621	-	1,296,613	187,159
Accounts receivable - HUD	-	130,208	-	-	130,208	-
Accounts receivable - tenants, net	4,910	41,157	4,483	-	50,550	4,402
Accounts receivable - miscellaneous	314,925	11,087	11,280	(96,258)	241,034	-
Accounts receivable - other governments (Note 5)	83,808	1,783	277,369	-	362,960	-
Interprogram due from (Note 9)	639,702	-	-	(639,702)	-	-
Note receivable and due from component unit (Note 7)	54,766	-	-	-	54,766	-
Inventories	-	12,829	-	-	12,829	-
Prepaid expenses and other assets	33,949	174,418	93,139	-	301,506	19,188
Total current assets	1,874,947	2,203,283	1,992,186	(735,960)	5,334,456	280,979
Noncurrent assets						
Note receivable and due from component unit (Note 7)	1,576,992	-	-	-	1,576,992	-
Capital assets not being depreciated (Note 6)	3,915,153	3,941,371	715,136	-	8,571,660	90,000
Capital assets being depreciated, net (Note 6)	6,516,830	6,750,952	717,050	-	13,984,832	5,623,921
Other assets (Note 11)	38,544	499,067	-	(38,395)	499,216	24,237
Total noncurrent assets	12,047,519	11,191,390	1,432,186	(38,395)	24,632,700	5,738,158
Total assets	\$ 13,922,466	\$ 13,394,673	\$ 3,424,372	\$ (774,355)	\$ 29,967,156	\$ 6,019,137
Deferred outflows of resources - Pensions (Note 15)	\$ 210,194	\$ 349,129	\$ 118,030	\$ -	\$ 677,353	\$ -
Deferred outflows of resources - OPEB (Note 16)	104,966	156,318	50,848	-	312,132	-
Deferred outflows of resources	\$ 315,160	\$ 505,447	\$ 168,878	\$ -	\$ 989,485	\$ -

Yolo County Housing

Combining Schedule of Net Position June 30, 2019

	Business activities	Federal funds	State funds	Eliminations	Primary Government	Component Unit
<u>Liabilities</u>						
Current liabilities						
Accounts payable - vendors	\$ 156,891	\$ 5,433	\$ 195,749	\$ -	\$ 358,073	\$ 10,983
Accrued compensated absences - current portion	32,641	13,300	7,978	-	53,919	-
Accrued interest payable (Note 10)	2,076	-	-	-	2,076	8,886
Accounts payable - other governments (Note 8)	-	120,069	240,704	-	360,773	-
Tenant security deposits payable	22,310	168,721	52,832	-	243,863	12,948
Unearned revenues - current portion (Note 13)	-	-	247,500	-	247,500	-
Capital lease liability - current portion (Note 13)	35,537	3,418	-	-	38,955	-
Other current liabilities (Note 12)	8,326	96,258	227,850	(96,258)	236,176	13,495
Accrued liabilities - other (Note 12)	83	70,175	588	-	70,846	4,052
Interprogram due to (Note 9)	20,391	180,347	438,964	(639,702)	-	-
Note payable and due to Primary Government (Note 7)	-	-	-	-	-	49,375
Notes payable - current portion (Note 10)	177,354	57,689	-	-	235,043	59,119
Total current liabilities	455,609	715,410	1,412,165	(735,960)	1,847,224	158,858
Non-current liabilities						
Accrued compensated absences - net of current portion	97,921	39,898	23,936	-	161,755	-
Unearned revenues - net of current portion (Note 13)	153,145	6,031	-	-	159,176	-
Family self sufficiency escrows	-	20,840	-	-	20,840	-
Capital lease liability - net of current portion (Note 13)	141,157	10,991	-	-	152,148	-
Other noncurrent liabilities (Note 11)	-	499,067	369,664	(38,395)	830,336	-
Note payable and due to Primary Government (Note 7)	-	-	-	-	-	1,564,848
Notes payable - net of current portion (Note 10)	4,041,752	1,532,811	-	-	5,574,563	2,880,672
Net OPEB liability (Note 16)	480,917	673,887	220,984	-	1,375,788	-
Net pension liability (Note 15)	1,274,068	1,755,315	627,907	-	3,657,290	-
Total liabilities	\$ 6,644,569	\$ 5,254,250	\$ 2,654,656	\$ (774,355)	\$ 13,779,120	\$ 4,604,378
Deferred inflows of resources - Pensions (Note 15)	\$ 33,770	\$ 70,802	\$ 25,564	\$ -	\$ 130,136	\$ -
Deferred inflows of resources - OPEB (Note 16)	31,323	36,816	12,704	-	80,843	-
Deferred inflows of resources	\$ 65,093	\$ 107,618	\$ 38,268	\$ -	\$ 210,979	\$ -
<u>Net Position</u>						
Net investment in capital assets (Note 14)	\$ 6,034,107	\$ 9,028,705	\$ 1,432,186	\$ -	\$ 16,494,998	\$ -
Restricted for reserves (Note 14)	-	103,371	663,042	-	766,413	1,645,307
Unrestricted (Note 14)	1,493,857	(593,824)	(1,194,902)	-	(294,869)	(230,548)
Total net position	\$ 7,527,964	\$ 8,538,252	\$ 900,326	\$ -	\$ 16,966,542	\$ 1,414,759

Yolo County Housing

**Combining Schedule of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2019**

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>	<u>Component Unit</u>
Operating revenue						
Net tenant rental revenue	\$ 396,275	\$ 2,037,669	\$ 56,952	\$ -	\$ 2,490,896	\$ 487,544
Fee revenue	2,172,166	-	-	(2,159,638)	12,528	-
Other revenue	1,363,233	47,518	496,503	(52,410)	1,854,844	8,860
Total operating revenue	<u>3,931,674</u>	<u>2,085,187</u>	<u>553,455</u>	<u>(2,212,048)</u>	<u>4,358,268</u>	<u>496,404</u>
Operating expenses						
Administrative expenses	1,860,001	2,774,111	534,973	(1,430,178)	3,738,907	119,407
Tenant services	7,031	256,409	59,990	-	323,430	14,520
Maintenance	760,986	1,141,263	850,371	(729,460)	2,023,160	79,604
Utilities	70,404	546,499	481,024	-	1,097,927	50,739
Insurance and taxes	73,812	256,795	151,512	-	482,119	43,722
Housing assistance payments	-	11,887,094	-	-	11,887,094	-
Depreciation	327,658	621,448	39,703	(52,410)	936,399	170,915
Amortization	2,438	-	-	-	2,438	2,138
Total operating expenses	<u>3,102,330</u>	<u>17,483,619</u>	<u>2,117,573</u>	<u>(2,212,048)</u>	<u>20,491,474</u>	<u>481,045</u>
Net operating income (loss)	<u>829,344</u>	<u>(15,398,432)</u>	<u>(1,564,118)</u>	<u>-</u>	<u>(16,133,206)</u>	<u>15,359</u>

Yolo County Housing

**Combining Schedule of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2019**

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>	<u>Component Unit</u>
Nonoperating revenue (expenses)						
Grant revenue	-	14,541,249	1,689,068		16,230,317	-
Interest income	28,174	5,327	148	-	33,649	923
Interest expense	(98,338)	(53,667)	(147,915)	-	(299,920)	(140,857)
	<u>(70,164)</u>	<u>14,492,909</u>	<u>1,541,301</u>	<u>-</u>	<u>15,964,046</u>	<u>(139,934)</u>
Total nonoperating revenues (expenses)						
Change in net position before capital grants and transfers	759,180	(905,523)	(22,817)	-	(169,160)	(124,575)
Capital grants	-	444,394	-	-	444,394	-
	<u>759,180</u>	<u>(461,129)</u>	<u>(22,817)</u>	<u>-</u>	<u>275,234</u>	<u>(124,575)</u>
Change in net position before transfers						
Operating transfers in	-	444,394	-	(444,394)	-	-
Operating transfers out	-	(444,394)	-	444,394	-	-
	<u>759,180</u>	<u>(461,129)</u>	<u>(22,817)</u>	<u>-</u>	<u>275,234</u>	<u>(124,575)</u>
Change in net position						
Net position - beginning of year	6,768,784	8,999,381	923,143	-	16,691,308	1,539,334
Net position - end of year	<u>\$ 7,527,964</u>	<u>\$ 8,538,252</u>	<u>\$ 900,326</u>	<u>\$ -</u>	<u>\$ 16,966,542</u>	<u>\$ 1,414,759</u>

Yolo County Housing

Combining Schedule of Cash Flows Year Ended June 30, 2019

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Cash flows from operating activities					
Cash received from tenants	\$ 391,981	\$ 2,018,046	\$ 63,586	\$ -	\$ 2,473,613
Other operating cash received	1,175,398	55,191	678,683	-	1,909,272
Cash payments for general and administrative expenses	(2,495,648)	(4,950,603)	(2,341,633)	2,178,042	(7,609,842)
Cash payments for housing assistance expenditures	-	(11,887,094)	-	-	(11,887,094)
Fees received from other programs	2,178,042	-	-	(2,178,042)	-
Net cash provided by (used in) operating activities	1,249,773	(14,764,460)	(1,599,364)	-	(15,114,051)
Cash flows from capital and related financing activities					
Payment on lease liability	(39,043)	(3,548)	-	-	(42,591)
Principal paid on notes payable	(731,883)	(34,315)	-	-	(766,198)
Cash received from capital grants	-	562,870	-	-	562,870
Acquisition and construction of capital assets	(2,320,881)	(647,079)	(262,580)	-	(3,230,540)
Interest paid	(222,476)	(80,640)	(147,915)	-	(451,031)
Net cash used in capital and related financing activities	(3,314,283)	(202,712)	(410,495)	-	(3,927,490)
Cash flows from noncapital financing activities					
Cash received from HUD operating grants	-	1,242,426	-	-	1,242,426
Cash received from Housing Choice Voucher program	-	13,203,978	-	-	13,203,978
Cash received from (paid to) other programs	-	-	-	-	-
Cash received from other grants	-	94,845	1,689,068	-	1,783,913
Net cash provided by noncapital financing activities	-	14,541,249	1,689,068	-	16,230,317

Yolo County Housing

**Combining Schedule of Cash Flows
Year Ended June 30, 2019**

	<u>Business activities</u>	<u>Federal funds</u>	<u>State funds</u>	<u>Eliminations</u>	<u>Primary Government</u>
Cash flows from investing activities					
Interest payments received	<u>3,684</u>	<u>5,327</u>	<u>148</u>	<u>-</u>	<u>9,159</u>
Net cash provided by investing activities	<u>3,684</u>	<u>5,327</u>	<u>148</u>	<u>-</u>	<u>9,159</u>
Net decrease in cash and cash equivalents	<u>(2,060,826)</u>	<u>(420,596)</u>	<u>(320,643)</u>	<u>-</u>	<u>(2,802,065)</u>
Cash and cash equivalents					
Beginning of year	<u>2,803,713</u>	<u>2,252,397</u>	<u>1,926,558</u>	<u>-</u>	<u>6,982,668</u>
End of year	<u><u>\$ 742,887</u></u>	<u><u>\$ 1,831,801</u></u>	<u><u>\$ 1,605,915</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,180,603</u></u>

Yolo County Housing

Combining Schedule of Cash Flows Year Ended June 30, 2019

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 829,344	\$ (15,398,432)	\$ (1,564,118)	\$ -	\$ (16,133,206)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	330,096	621,448	39,703	(52,410)	938,837
Pension expense	116,032	26,137	16,435	-	158,604
Other post-employment benefits expense	(60,553)	14,167	(201)	-	(46,587)
Changes in operating assets and liabilities					
Decrease (increase) in assets					
Tenant accounts receivable	(4,294)	(19,623)	6,634	-	(17,283)
Other receivables	(198,245)	1,642	182,180	52,410	37,987
Inventories	-	14,216	-	-	14,216
Prepaid items and other assets	17,495	(7,997)	(30,365)	-	(20,867)
Increase (decrease) in liabilities					
Accounts payable	(37,041)	5,433	(27,970)	-	(59,578)
Accounts payable - other governments	-	120,069	(25,520)	-	94,549
Accrued compensated absences	(2,168)	(700)	5,047	-	2,179
Deposits payable	500	7,571	(460)	-	7,611
Unearned revenue	16,286	6,031	7,500	-	29,817
Due to/from other programs	268,238	(106,324)	(161,914)	-	-
Other liabilities	(25,917)	(48,098)	(46,315)	-	(120,330)
Net cash provided by (used in) operating activities	<u>\$ 1,249,773</u>	<u>\$ (14,764,460)</u>	<u>\$ (1,599,364)</u>	<u>\$ -</u>	<u>\$ (15,114,051)</u>

Yolo County Housing

Combining Schedule of Net Position - Business Activities June 30, 2019

<u>Assets</u>	New Hope Corporate	Commercial development Project	Cottonwood Meadows Project	Eliminations	Total New Hope CDC	COCC and Administrative Building	Eliminations	Total Business Activities
Current assets								
Cash and cash equivalents (Note 3)	\$ 445,524	\$ -	\$ 214,362	\$ -	\$ 659,886	\$ 53,580	\$ -	\$ 713,466
Restricted cash and cash equivalents (Notes 3, 4)	-	-	21,712	-	21,712	7,709	-	29,421
Accounts receivable - tenants, net	-	-	4,910	-	4,910	-	-	4,910
Accounts receivable - miscellaneous	218,099	-	-	-	218,099	96,826	-	314,925
Accounts receivable - other governments (Note 5)	-	-	-	-	-	83,808	-	83,808
Interprogram due from (Note 9)	119,778	-	863,998	(983,776)	-	639,702	-	639,702
Note receivable and due from component unit (Note 7)	54,766	-	-	-	54,766	-	-	54,766
Prepaid expenses and other assets	201	-	11,146	-	11,347	22,602	-	33,949
Total current assets	838,368	-	1,116,128	(983,776)	970,720	904,227	-	1,874,947
Noncurrent assets								
Note receivable and due from component unit (Note 7)	683,434	-	-	-	683,434	893,558	-	1,576,992
Capital assets not being depreciated (Note 6)	-	-	241,436	-	241,436	3,673,717	-	3,915,153
Capital assets being depreciated, net (Note 6)	-	-	1,099,694	-	1,099,694	5,417,136	-	6,516,830
Other assets	149	-	-	-	149	38,395	-	38,544
Total noncurrent assets	683,583	-	1,341,130	-	2,024,713	10,022,806	-	12,047,519
Total assets	\$ 1,521,951	\$ -	\$ 2,457,258	\$ (983,776)	\$ 2,995,433	\$ 10,927,033	\$ -	\$ 13,922,466
Deferred outflows of resources - Pensions (Note 15)	-	-	8,059	-	8,059	202,135	-	210,194
Deferred outflows of resources - OPEB (Note 16)	-	-	3,672	-	3,672	101,294	-	104,966
Deferred outflows of resources	\$ -	\$ -	\$ 11,731	\$ -	\$ 11,731	\$ 303,429	\$ -	\$ 315,160

Yolo County Housing

Combining Schedule of Net Position - Business Activities June 30, 2019

	New Hope Corporate	Commercial development Project	Cottonwood Meadows Project	Eliminations	Total New Hope CDC	COCC and Administrative Building	Eliminations	Total Business Activities
<u>Liabilities</u>								
Current liabilities								
Accounts payable - vendors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,891	\$ -	\$ 156,891
Accrued compensated absences - current portion	654	-	335	-	989	31,652	-	32,641
Accrued interest payable (Note 10)	-	-	2,076	-	2,076	-	-	2,076
Tenant security deposits payable	-	-	19,160	-	19,160	3,150	-	22,310
Capital lease liability - current portion (Note 13)	-	-	-	-	-	35,537	-	35,537
Other current liabilities (Note 12)	-	-	-	-	-	8,326	-	8,326
Accrued liabilities - other (Note 12)	-	-	83	-	83	-	-	83
Interprogram due to (Note 9)	-	1,004,167	-	(983,776)	20,391	-	-	20,391
Notes payable - current portion (Note 10)	-	-	50,455	-	50,455	126,899	-	177,354
Total current liabilities	654	1,004,167	72,109	(983,776)	93,154	362,455	-	455,609
Noncurrent liabilities								
Accrued compensated absences - net of current portion	1,961	-	1,004	-	2,965	94,956	-	97,921
Unearned revenues - net of current portion (Note 13)	153,145	-	-	-	153,145	-	-	153,145
Capital lease liability - net of current portion (Note 13)	-	-	-	-	-	141,157	-	141,157
Notes payable - net of current portion (Note 10)	-	-	1,829,362	-	1,829,362	2,212,390	-	4,041,752
Net OPEB liability (Note 16)	-	-	15,952	-	15,952	464,965	-	480,917
Net pension liability (Note 15)	-	-	37,815	-	37,815	1,236,253	-	1,274,068
Total liabilities	\$ 155,760	\$ 1,004,167	\$ 1,956,242	\$ (983,776)	\$ 2,132,393	\$ 4,512,176	\$ -	\$ 6,644,569
Deferred inflows of resources - Pensions (Note 15)	\$ -	\$ -	\$ (226)	\$ -	\$ (226)	\$ 33,996	\$ -	\$ 33,770
Deferred inflows of resources - OPEB (Note 16)	-	-	885	-	885	30,438	-	31,323
Deferred inflows of resources (Notes 15 and 16)	\$ -	\$ -	\$ 659	\$ -	\$ 659	\$ 64,434	\$ -	\$ 65,093
<u>Net Position</u>								
Net investment in capital assets (Note 14)	-	-	(540,763)	-	(540,763)	6,574,870	-	6,034,107
Restricted (Note 14)	-	-	-	-	-	-	-	-
Unrestricted (Note 14)	1,366,191	(1,004,167)	1,052,851	-	1,414,875	78,982	-	1,493,857
Total net position	\$ 1,366,191	\$ (1,004,167)	\$ 512,088	\$ -	\$ 874,112	\$ 6,653,852	\$ -	\$ 7,527,964

Yolo County Housing

Combining Schedule of Revenue, Expenses and Changes in Net Position - Business Activities Year Ended June 30, 2019

	New Hope Corporate	Commercial development Project	Cottonwood Meadows Project	Eliminations	Total New Hope CDC	COCC and Administrative Building	Eliminations	Total Business Activities
Operating revenue								
Net tenant rental revenue	-	-	359,837	-	359,837	36,438	-	396,275
Fee revenue	10,624	-	-	-	10,624	2,161,542	-	2,172,166
Other revenue	195,495	-	101,699	-	297,194	1,066,039	-	1,363,233
Total operating revenue	206,119	-	461,536	-	667,655	3,264,019	-	3,931,674
Operating expenses								
Administrative expenses	26,870	-	83,656	-	110,526	1,749,475	-	1,860,001
Tenant services	-	-	4,670	-	4,670	2,361	-	7,031
Maintenance	-	-	67,036	-	67,036	693,950	-	760,986
Utilities	-	-	40,420	-	40,420	29,984	-	70,404
Insurance and taxes	2,403	-	9,415	-	11,818	61,994	-	73,812
Depreciation	-	-	56,307	-	56,307	271,351	-	327,658
Amortization	-	-	2,438	-	2,438	-	-	2,438
Total operating expenses	29,273	-	263,942	-	293,215	2,809,115	-	3,102,330
Net operating income (loss)	176,846	-	197,594	-	374,440	454,904	-	829,344
Nonoperating revenue (expenses)								
Interest income	38	-	738	-	776	27,398	-	28,174
Interest expense	-	-	(56,081)	-	(56,081)	(42,257)	-	(98,338)
Total nonoperating revenue (expenses)	38	-	(55,343)	-	(55,305)	(14,859)	-	(70,164)
Change in net position before transfers	176,884	-	142,251	-	319,135	440,045	-	759,180
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Change in net position	176,884	-	142,251	-	319,135	440,045	-	759,180
Net position - beginning of year	1,189,307	(1,004,167)	369,837	-	554,977	6,213,807	-	6,768,784
Prior period adjustment	-	-	-	-	-	-	-	-
Net position - end of year	\$ 1,366,191	\$ (1,004,167)	\$ 512,088	\$ -	\$ 874,112	\$ 6,653,852	\$ -	\$ 7,527,964

Yolo County Housing

Supplemental Schedule of Public Housing Capital Fund Grants Year Ended June 30, 2019

Below is a schedule summarizing the status of the capital fund grants of the entity:

<u>Modernization Project No:</u>	<u>Grants Authorized</u>	<u>Prior Expenses</u>	<u>2019 Current Year Expenses</u>	<u>Cumulative Expenses</u>	<u>Unexpended Balance</u>	<u>Date of Final Drawdown</u>
CA30-P044-501-17	799,787	600,947	178,536	779,483	20,304	n/a
CA30-P044-501-18	1,172,886	-	265,858	265,858	907,028	n/a
	<u>\$ 1,972,673</u>	<u>\$ 600,947</u>	<u>\$ 444,394</u>	<u>\$ 1,045,341</u>	<u>\$ 927,332</u>	

Housing Authority of the County of Yolo (CA044)
WOODLAND, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,149,432	\$60,292	\$0		\$375,798	\$70,230	\$659,886	\$585,002			\$53,580	\$2,954,220		\$2,954,220
112 Cash - Restricted - Modernization and Development						\$174,211		\$891,016			\$7,709	\$1,072,936		\$1,072,936
113 Cash - Other Restricted					\$7,669			\$13,558		\$118,448		\$139,675		\$139,675
114 Cash - Tenant Security Deposits	\$180,454	\$3,608				\$12,948	\$21,712	\$52,439				\$271,161		\$271,161
115 Cash - Restricted for Payment of Current Liabilities														
100 Total Cash	\$1,329,886	\$63,900	\$0	\$0	\$383,467	\$257,389	\$681,598	\$1,542,015	\$0	\$118,448	\$61,289	\$4,437,992	\$0	\$4,437,992
121 Accounts Receivable - PHA Projects														
122 Accounts Receivable - HUD Other Projects	\$105,639			\$24,569								\$130,208		\$130,208
124 Accounts Receivable - Other Government					\$1,783			\$277,370			\$83,808	\$362,961		\$362,961
125 Accounts Receivable - Miscellaneous	\$11,131						\$272,864	\$11,280			\$96,825	\$392,100	-\$96,259	\$295,841
126 Accounts Receivable - Tenants	\$19,747	\$37				\$4,402	\$9,687	\$8,105				\$41,978		\$41,978
126.1 Allowance for Doubtful Accounts - Tenants	-\$9,512	\$0				\$0	-\$4,778	-\$3,659			\$0	-\$17,949		-\$17,949
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0	\$0	\$0	\$0	\$0			\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$30,921											\$30,921		\$30,921
128 Fraud Recovery														
128.1 Allowance for Doubtful Accounts - Fraud														
129 Accrued Interest Receivable														
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$157,926	\$37	\$0	\$24,569	\$1,783	\$4,402	\$277,773	\$293,096	\$0	\$0	\$180,633	\$940,219	-\$96,259	\$843,960
131 Investments - Unrestricted														
132 Investments - Restricted														
135 Investments - Restricted for Payment of Current Liability														
142 Prepaid Expenses and Other Assets	\$140,448	\$2,079		\$1,645	\$33,969	\$19,188	\$11,347	\$91,086			\$24,920	\$324,682	(\$4,028)	\$320,654
143 Inventories	\$12,829											\$12,829		\$12,829
143.1 Allowance for Obsolete Inventories	\$0											\$0		\$0
144 Inter Program Due From							\$1,070,587				\$639,701	\$1,710,288	-\$1,710,288	\$0
145 Assets Held for Sale														
150 Total Current Assets	\$1,641,089	\$66,016	\$0	\$26,214	\$419,219	\$280,979	\$2,041,305	\$1,926,197	\$0	\$118,448	\$906,543	\$7,426,010	(\$1,810,575)	\$5,615,435
161 Land	\$3,185,656	\$40,839				\$90,000	\$239,463	\$504,317				\$3,528,120	\$7,588,395	\$7,588,395
162 Buildings	\$11,286,430					\$5,962,720	\$1,372,522	\$721,523			\$3,995,354	\$23,338,549		\$23,338,549
163 Furniture, Equipment & Machinery - Dwellings	\$149,961				\$26,763						\$21,729	\$198,453		\$198,453
164 Furniture, Equipment & Machinery - Administration	\$26,731				\$61,026	\$5,647	\$77,110	\$6,723			\$518,706	\$695,943		\$695,943
165 Leasehold Improvements	\$17,308,569	\$423,182				\$324,504	\$387,000	\$45,120			\$3,831,937	\$22,320,312		\$22,320,312
166 Accumulated Depreciation	-\$22,039,364	-\$349,771			-\$69,164	-\$668,950	-\$736,937	-\$129,726			-\$2,950,590	-\$26,944,502		-\$26,944,502
167 Construction in Progress	\$755,715						\$1,973	\$169,980	\$125,974		\$19,622	\$1,073,264		\$1,073,264
168 Infrastructure														
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,673,698	\$114,250	\$0	\$0	\$18,625	\$5,713,921	\$1,341,131	\$1,317,937	\$125,974	\$0	\$8,964,878	\$28,270,414	\$0	\$28,270,414
171 Notes, Loans and Mortgages Receivable - Non-Current								\$683,434			\$893,558	\$1,576,992		\$1,576,992
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due														
173 Grants Receivable - Non-Current														
174 Other Assets	\$499,067					\$24,237						\$523,304		\$523,304
176 Investments in Joint Ventures							\$149				\$38,395	\$38,544	-\$38,395	\$149
180 Total Non-Current Assets	\$11,172,765	\$114,250	\$0	\$0	\$18,625	\$5,738,158	\$2,024,714	\$1,317,937	\$125,974	\$0	\$9,896,831	\$30,409,254	-\$38,395	\$30,370,859
200 Deferred Outflow of Resources	\$326,352	\$1,621				\$183,406		\$11,730	\$167,257		\$303,431	\$993,797	(\$4,312)	\$989,485
290 Total Assets and Deferred Outflow of Resources	\$13,140,206	\$181,887	\$0	\$26,214	\$621,250	\$6,019,137	\$4,077,749	\$3,411,391	\$125,974	\$118,448	\$11,106,805	\$38,829,061	(\$1,853,282)	\$36,975,779

Housing Authority of the County of Yolo (CA044)
WOODLAND, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
311 Bank Overdraft	\$0		\$0									\$0		\$0
312 Accounts Payable <= 90 Days					\$5,433	\$10,983		\$195,749			\$155,477	\$367,642		\$367,642
313 Accounts Payable >90 Days Past Due														
321 Accrued Wage/Payroll Taxes Payable											\$1,414	\$1,414		\$1,414
322 Accrued Compensated Absences - Current Portion	\$2,901	\$144		\$484	\$9,915		\$988	\$7,834			\$31,652	\$53,918		\$53,918
324 Accrued Contingency Liability														
325 Accrued Interest Payable						\$8,886	\$2,076					\$10,962		\$10,962
331 Accounts Payable - HUD PHA Programs														
332 Account Payable - PHA Projects														
333 Accounts Payable - Other Government	\$120,069							\$240,704				\$360,773		\$360,773
341 Tenant Security Deposits	\$168,722	\$3,595				\$12,948	\$19,160	\$49,236			\$3,150	\$256,811		\$256,811
342 Unearned Revenue	\$6,031							\$153,145			\$0	\$406,676		\$406,676
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	\$0											\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$57,689					\$59,119	\$51,924				\$123,274	\$292,006		\$292,006
345 Other Current Liabilities	\$96,258				\$3,418	\$13,495		\$227,850			\$46,179	\$387,200	(\$99,337)	\$287,863
346 Accrued Liabilities - Other	\$63,892				\$7,024	\$4,052	\$82	\$612				\$75,662		\$75,662
347 Inter Program - Due To		\$4,742		\$20,482	\$159,864		\$1,090,978	\$434,222				\$1,710,288	-\$1,710,288	\$0
348 Loan Liability - Current						\$49,375	\$0					\$49,375		\$49,375
310 Total Current Liabilities	\$515,562	\$8,481	\$0	\$20,966	\$185,654	\$158,858	\$1,318,353	\$1,403,707	\$0	\$0	\$361,146	\$3,972,727	(\$1,809,625)	\$2,163,102
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0											\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$1,532,811					\$2,880,672	\$1,827,893				\$2,216,014	\$8,457,390		\$8,457,390
353 Non-current Liabilities - Other	\$499,068				\$31,831			\$369,664			\$141,157	\$1,041,720	-\$38,395	\$1,003,325
354 Accrued Compensated Absences - Non Current	\$8,703	\$433		\$1,451	\$29,744		\$2,964	\$23,503			\$94,956	\$161,754		\$161,754
355 Loan Liability - Non Current						\$1,564,848	\$0					\$1,564,848		\$1,564,848
356 FASB 5 Liabilities														
357 Accrued Pension and OPEB Liabilities	\$1,518,235	\$9,175	\$0	\$0	\$911,916		\$53,767	\$839,717			\$1,701,217	\$5,034,027	(\$949)	\$5,033,078
350 Total Non-Current Liabilities	\$3,559,817	\$9,608	\$0	\$1,451	\$973,491	\$4,445,520	\$1,884,624	\$1,232,884	\$0	\$0	\$4,153,344	\$16,259,739	(\$39,344)	\$16,220,395
300 Total Liabilities	\$4,074,379	\$18,089	\$0	\$22,417	\$1,159,145	\$4,604,378	\$3,202,977	\$2,636,591	\$0	\$0	\$4,514,490	\$20,232,466	(\$1,848,969)	\$18,383,497
400 Deferred Inflow of Resources	\$63,781	\$475		\$4,969	\$43,181		\$659	\$37,794			\$64,433	\$215,292	(\$4,313)	\$210,979
508.4 Net Investment in Capital Assets	\$9,024,487	\$114,250	\$0	\$0	\$4,216		-\$540,762	\$1,317,938	\$125,974		\$6,448,896	\$16,494,999		\$16,494,999
511.4 Restricted Net Position	\$0	\$49,073	\$0		\$0	\$1,645,307		\$663,042		\$103,371		\$2,411,720		\$2,411,720
512.4 Unrestricted Net Position	-\$22,441	\$49,073	\$0	-\$1,172	-\$585,292	-\$230,548	\$1,414,875	-\$1,243,974	\$0	\$15,077	\$78,986	-\$525,416		-\$525,416
513 Total Equity - Net Assets / Position	\$9,002,046	\$163,323	\$0	-\$1,172	-\$581,076	\$1,414,759	\$874,113	\$737,006	\$125,974	\$118,448	\$6,527,882	\$18,381,303	\$0	\$18,381,303
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$13,140,206	\$181,887	\$0	\$26,214	\$621,250	\$6,019,137	\$4,077,749	\$3,411,391	\$125,974	\$118,448	\$11,106,805	\$38,829,061	(\$1,853,282)	\$36,975,779

Housing Authority of the County of Yolo (CA044)
WOODLAND, CA

Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,037,669	\$56,952	\$0			\$499,202	\$359,837		\$0		\$215,024	\$3,168,684	-\$178,586	\$2,990,098
70400 Tenant Revenue - Other	\$27,891	\$37				-\$11,529	\$9,881					\$26,280		\$26,280
70500 Total Tenant Revenue	\$2,065,560	\$56,989	\$0	\$0	\$0	\$487,673	\$369,718	\$0	\$0	\$0	\$215,024	\$3,194,964	-\$178,586	\$3,016,378
70600 HUD PHA Operating Grants	\$1,242,426			\$94,845	\$13,080,164					\$123,814		\$14,541,249		\$14,541,249
70610 Capital Grants	\$444,394											\$444,394		\$444,394
70710 Management Fee											\$909,598	\$909,598	-\$909,598	\$0
70720 Asset Management Fee											\$87,540	\$87,540	-\$87,540	\$0
70730 Book Keeping Fee											\$161,438	\$161,438	-\$161,438	\$0
70740 Front Line Service Fee											\$822,474	\$822,474	-\$822,474	\$0
70750 Other Fees														
70700 Total Fee Revenue											\$1,981,050	\$1,981,050	-\$1,981,050	\$0
70800 Other Government Grants								\$1,689,068				\$1,689,068		\$1,689,068
71100 Investment Income - Unrestricted	\$4,014	\$163			\$1,313	\$34	\$775				\$27,398	\$33,697		\$33,697
71200 Mortgage Interest Income														
71300 Proceeds from Disposition of Assets Held for Sale														
71310 Cost of Sale of Assets														
71400 Fraud Recovery					\$286							\$286		\$286
71500 Other Revenue	\$17,286				\$2,054	\$8,731	\$297,937	\$444,043			\$1,067,944	\$1,837,995		\$1,837,995
71600 Gain or Loss on Sale of Capital Assets														
72000 Investment Income - Restricted						\$889						\$889		\$889
70000 Total Revenue	\$3,773,680	\$57,152	\$0	\$94,845	\$13,083,817	\$497,327	\$668,430	\$2,133,111	\$0	\$123,814	\$3,291,416	\$23,723,592	-\$2,159,636	\$21,563,956
91100 Administrative Salaries	\$281,178	\$1,617	\$0	\$1,147	\$421,497	\$26,943	\$34,227	\$71,175	\$0	\$4,861	\$737,420	\$1,580,065		\$1,580,065
91200 Auditing Fees	\$35,025	\$499			\$11,327	\$15,700	\$13,249	\$3,984			\$10,441	\$90,225		\$90,225
91300 Management Fee	\$467,025	\$5,208			\$242,050	\$36,228	\$19,320	\$211,815				\$981,646	-\$945,418	\$36,228
91310 Book-keeping Fee	\$38,288				\$123,150	\$4,052						\$165,490	-\$161,438	\$4,052
91400 Advertising and Marketing	\$1,076				\$1,357	\$6,844	\$385				\$520	\$10,182		\$10,182
91500 Employee Benefit Contributions - Administrative	\$226,167	\$5,689		\$1,690	\$231,267	\$9,112	\$18,061	\$58,252			\$392,120	\$942,358		\$942,358
91600 Office Expenses	\$208,253	\$948		\$1,960	\$189,234	\$25,148	\$11,563	\$57,685			\$163,390	\$658,181	-\$271,600	\$386,581
91700 Legal Expense	\$1,753						\$302	\$4,553			\$35,978	\$42,586		\$42,586
91800 Travel	\$6,596	\$47		\$2,052	\$4,246		\$1	\$4,735			\$5,985	\$23,662		\$23,662
91810 Allocated Overhead		\$522										\$522		\$522
91900 Other	\$171,572				\$42,117	\$18,945	\$714	\$87,161			\$19,827	\$340,336		\$340,336
91000 Total Operating - Administrative	\$1,436,933	\$14,530	\$0	\$6,849	\$1,266,245	\$142,972	\$97,822	\$499,360	\$0	\$4,861	\$1,365,681	\$4,835,253	-\$1,378,456	\$3,456,797
92000 Asset Management Fee	\$51,720											\$51,720	-\$51,720	\$0
92100 Tenant Services - Salaries	\$33,797			\$57,066	\$24,646			\$42,461				\$157,970		\$157,970
92200 Relocation Costs														
92300 Employee Benefit Contributions - Tenant Services	\$5,722				\$28,522	\$9,481						\$43,725		\$43,725
92400 Tenant Services - Other	\$8,978							\$610				\$9,588		\$9,588
92500 Total Tenant Services	\$48,497	\$0	\$0	\$85,588	\$34,127	\$0	\$0	\$43,071	\$0	\$0	\$0	\$211,283	\$0	\$211,283
93100 Water	\$198,091	\$6,203				\$19,161	\$12,766	\$124,812			\$3,859	\$364,892		\$364,892
93200 Electricity	\$60,923					\$2,416	\$3,634	\$163,666			\$22,901	\$253,740		\$253,740
93300 Gas	\$8,216					\$5,338	\$950	\$64,810			\$2,225	\$81,539		\$81,539
93400 Fuel								\$22,870				\$22,870		\$22,870
93500 Labor														
93600 Sewer	\$279,269	\$3,787				\$23,822		\$117,745			\$999	\$425,622		\$425,622
93700 Employee Benefit Contributions - Utilities														
93800 Other Utilities Expense														
93000 Total Utilities	\$546,499	\$9,990	\$0	\$0	\$0	\$50,737	\$40,420	\$471,033	\$0	\$0	\$29,984	\$1,148,663	\$0	\$1,148,663

Housing Authority of the County of Yolo (CA044)
WOODLAND, CA

Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$573,656	\$1,871			\$425	\$14,478	\$24,319	\$263,763			\$438,881	\$1,317,393	-\$729,460	\$587,933
94200 Ordinary Maintenance and Operations - Materials and Other	\$198,841	\$4,793			\$318	\$30,755	\$15,842	\$229,958			\$12,907	\$493,414		\$493,414
94300 Ordinary Maintenance and Operations Contracts	\$364,291	\$3,594			\$1,952	\$33,312	\$26,659	\$116,523			\$62,202	\$608,533		\$608,533
94500 Employee Benefit Contributions - Ordinary Maintenance								\$112,587			\$170,616	\$283,203		\$283,203
94000 Total Maintenance	\$1,136,788	\$10,258	\$0	\$0	\$2,695	\$78,545	\$66,820	\$722,831	\$0	\$0	\$684,606	\$2,702,543	-\$729,460	\$1,973,083
95100 Protective Services - Labor														
95200 Protective Services - Other Contract Costs	\$1,783					\$1,055	\$216	\$5,266			\$9,341	\$17,661		\$17,661
95300 Protective Services - Other														
95500 Employee Benefit Contributions - Protective Services														
95000 Total Protective Services	\$1,783	\$0	\$0	\$0	\$0	\$1,055	\$216	\$5,266	\$0	\$0	\$9,341	\$17,661	\$0	\$17,661
96110 Property Insurance	\$91,082	\$1,400					\$14,997	\$5,228	\$112,055		\$11,572	\$236,334		\$236,334
96120 Liability Insurance	\$18,511	\$285			\$6,997		\$5,031	\$14,230			\$177	\$45,231		\$45,231
96130 Workmen's Compensation	\$5,610	\$46		\$522	\$6,397	\$2,074	\$595	\$15,230			\$43,179	\$73,653		\$73,653
96140 All Other Insurance					\$1,546	\$15,467		\$3,220			\$10,199	\$30,432		\$30,432
96100 Total Insurance Premiums	\$115,203	\$1,731	\$0	\$522	\$14,940	\$32,538	\$10,854	\$144,735	\$0	\$0	\$65,127	\$385,650	\$0	\$385,650
96200 Other General Expenses	\$2,234	\$1,580			\$2,999	\$2,072	\$12,703	\$19,494			\$380,664	\$421,746		\$421,746
96210 Compensated Absences	\$612	\$269		\$536	\$414		\$964	\$4,779				\$7,574		\$7,574
96300 Payments in Lieu of Taxes	\$126,836											\$126,836		\$126,836
96400 Bad debt - Tenant Rents	\$84,942				\$3,256	\$73	\$4,670	\$16,919				\$109,860		\$109,860
96500 Bad debt - Mortgages														
96600 Bad debt - Other											\$2,361	\$2,361		\$2,361
96800 Severance Expense														
96000 Total Other General Expenses	\$214,624	\$1,849	\$0	\$536	\$6,669	\$2,145	\$18,337	\$41,192	\$0	\$0	\$383,025	\$668,377	\$0	\$668,377
96710 Interest of Mortgage (or Bonds) Payable														
96720 Interest on Notes Payable (Short and Long Term)	\$53,667						\$132,291	\$56,081	\$147,915		\$42,257	\$432,211		\$432,211
96730 Amortization of Bond Issue Costs							\$8,566					\$8,566		\$8,566
96700 Total Interest Expense and Amortization Cost	\$53,667	\$0	\$0	\$0	\$0	\$140,857	\$56,081	\$147,915	\$0	\$0	\$42,257	\$440,777	\$0	\$440,777
96900 Total Operating Expenses	\$3,605,714	\$38,368	\$0	\$93,495	\$1,324,676	\$448,849	\$290,550	\$2,075,403	\$0	\$4,861	\$2,580,021	\$10,461,927	-\$2,159,636	\$8,302,291
97000 Excess of Operating Revenue over Operating Expenses	\$167,966	\$18,794	\$0	\$1,350	\$11,759,141	\$48,478	\$377,880	\$57,708	\$0	\$118,953	\$711,395	\$13,261,665	\$0	\$13,261,665
97100 Extraordinary Maintenance								\$112,019				\$112,019		\$112,019
97200 Casualty Losses - Non-capitalized														
97300 Housing Assistance Payments					\$11,886,601					\$505		\$11,887,106		\$11,887,106
97350 HAP Portability-In					-\$11							-\$11		-\$11
97400 Depreciation Expense	\$615,534	\$15,524			\$5,922	\$173,053	\$58,746	-\$28,230			\$271,341	\$1,111,890		\$1,111,890
97500 Fraud Losses														
97600 Capital Outlays - Governmental Funds														
97700 Debt Principal Payment - Governmental Funds														
97800 Dwelling Units Rent Expense														
90000 Total Expenses	\$4,221,248	\$53,882	\$0	\$93,495	\$13,217,188	\$621,902	\$349,296	\$2,159,192	\$0	\$5,366	\$2,851,362	\$23,572,931	-\$2,159,636	\$21,413,295
10010 Operating Transfer In														
10020 Operating transfer Out														
10030 Operating Transfers from/to Primary Government														
10040 Operating Transfers from/to Component Unit														
10050 Proceeds from Notes, Loans and Bonds														

Housing Authority of the County of Yolo (CA044)
WOODLAND, CA

Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
10060 Proceeds from Property Sales														
10070 Extraordinary Items, Net Gain/Loss														
10080 Special Items (Net Gain/Loss)														
10091 Inter Project Excess Cash Transfer In														
10092 Inter Project Excess Cash Transfer Out														
10093 Transfers between Program and Project - In														
10094 Transfers between Project and Program - Out														
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$447,568	\$3,270	\$0	\$1,350	-\$133,371	-\$124,575	\$319,134	-\$26,081	\$0	\$118,448	\$440,054	\$150,661	\$0	\$150,661
11020 Required Annual Debt Principal Payments	\$57,689	\$0	\$0	\$0	\$3,418	\$59,119	\$51,924	\$0	\$0	\$0	\$123,274	\$295,424		\$295,424
11030 Beginning Equity	\$9,449,614	\$160,053	\$0	-\$2,522	-\$447,705	\$1,539,334	\$554,979	\$763,087	\$125,974	\$0	\$6,087,828	\$18,230,642		\$18,230,642
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					\$0	\$0						\$0		\$0
11050 Changes in Compensated Absence Balance														
11070 Changes in Unrecognized Pension Transition Liability														
11080 Changes in Special Term/Severance Benefits Liability														
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents														
11100 Changes in Allowance for Doubtful Accounts - Other														
11170 Administrative Fee Equity					-\$457,767							-\$457,767		-\$457,767
11180 Housing Assistance Payments Equity					-\$123,309							-\$123,309		-\$123,309
11190 Unit Months Available	5172	84		20919	576	564			22	0	27337			27337
11210 Number of Unit Months Leased	5105	84		16712	569	558			1	0	23029			23029
11270 Excess Cash	\$671,775											\$671,775		\$671,775
11610 Land Purchases	\$0										\$0	\$0		\$0
11620 Building Purchases	\$0										\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0										\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0										\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0										\$3,831,937	\$3,831,937		\$3,831,937
11660 Infrastructure Purchases	\$0										\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0										\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0										\$0	\$0		\$0



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Yolo County Housing

Single Audit Reports

June 30, 2019

Yolo County Housing

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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*

To the Housing Commission
Yolo County Housing

We have audited, 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, the financial statements of Yolo County Housing ("YCH") and its discretely presented component unit, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control over Financial Reporting

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

CohnReznick LLP

Sacramento, California
December 9, 2019

Independent Auditor's Report on Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by the Uniform Guidance and Report on the Schedule of
Expenditures of Federal Awards

To the Housing Commission
Yolo County Housing

Report on Compliance for Each Major Federal Program

We have audited Yolo County Housing ("YCH")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of YCH's major federal programs for the year ended June 30, 2019. YCH's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 YCH'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 YCH'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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of YCH's compliance.

Basis for Qualified Opinion on Public and Indian Housing Program – CFDA No. 14.850

As described in the accompanying schedule of findings and questioned costs, YCH did not comply with requirements regarding the following:

<u>Finding Number</u>	<u>CFDA Number</u>	<u>Program Name or Cluster</u>	<u>Compliance Requirement</u>
2019-001	14.850	Public and Indian Housing Program	Eligibility

Compliance with such requirements is necessary, in our opinion, for YCH to comply with the requirements applicable to that program.

Qualified Opinion on Public and Indian Housing Program – CFDA No. 14.850

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, YCH complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Public and Indian Housing Program for the year ended June 30, 2019.

Unmodified Opinion on Housing Voucher Cluster Program – CFDA Nos. 14.871 and 14.879

In our opinion, YCH complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Housing Voucher Cluster Program for the year ended June 30, 2019.

Other Matters

YCH's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. YCH'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 YCH 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 YCH'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 YCH's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2019-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or 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.

YCH's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. YCH'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.

Report on the Schedule of Expenditures of Federal Awards

We have audited, 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, the financial statements of Yolo County Housing and its discretely presented component unit, as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2019. Our audit was performed for the purpose of forming an opinion on the financial statements of YCH as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

This report on the Schedule of Expenditures of Federal Awards is intended solely for the information and use of the Housing Commission and YCH management, and federal awarding agencies and pass-through entities, and is not suitable for any other purpose.



Sacramento, California
December 9, 2019

Yolo County Housing

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

<u>Federal Grantor / Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures Amount</u>	<u>Passed through to subrecipients</u>
<i>Direct Programs</i>				
U.S. Department of Housing and Urban Development				
Public and Indian Housing	14.850 (1)	N/A	\$ 1,242,426	\$ -
Resident Opportunity and Supportive Services	14.870	N/A	94,845	-
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871 (1)	N/A	13,080,164	-
Mainstream Vouchers	14.879 (1)	N/A	123,814	-
Subtotal - Housing Voucher Cluster			<u>13,203,978</u>	<u>-</u>
Public Housing Capital Fund	14.872	N/A	<u>444,394</u>	<u>-</u>
Total - Direct Programs			<u>\$ 14,985,643</u>	<u>\$ -</u>
Total - Federal Awards			<u>\$ 14,985,643</u>	<u>\$ -</u>

(1) Audited as a major program

See Notes to Schedule of Expenditures of Federal Awards.

Yolo County Housing

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Note 1 - Reporting Entity

Yolo County Housing ("YCH") was established pursuant to the State Health and Safety Code in 1950 by the Yolo County Board of Supervisors. YCH is a public entity organized under the laws of the State of California's Health and Safety Code to provide housing assistance to low- and moderate-income families at rents they can afford.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The expenditures included in the Schedule of Expenditures of Federal Awards (the "Schedule") presents the federal awards activity of YCH under programs of the federal government. Federal awards received directly from federal agencies, as well as federal awards passed through from nonfederal agencies or other organizations are included in the Schedule. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). As the Schedule presents only the federal awards activity of YCH, it is not intended to and does not present the financial position, change in net position or cash flows of YCH as a whole.

Significant Accounting Policies

The expenditures included in the Schedule are reported under the accrual basis of accounting. The expenditures are recognized in accordance with the cost principles contained in the Uniform Guidance. YCH has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Reconciliation from the statement of revenues, expenses and changes in net position to the Schedule of Expenditures of Federal Awards

The amounts reported in the Schedule are reconciled to the amounts reported in the financial statements of YCH as follows:

Grant revenue	\$ 16,230,317
Capital grants	444,394
Less grants from state and local governments	<u>(1,689,068)</u>
	<u><u>\$ 14,985,643</u></u>

Yolo County Housing

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Note 4 - Discrete Component Unit Federal Expenditures

YCH has one discretely presented component unit, New Hope Crosswood Associates LP, whose federal expenditures are excluded from the Schedule because its federal expenditures are separately audited and reported to HUD. The federal expenditures for programs of New Hope Crosswood Associates LP for the year ended December 31, 2018 are as follow:

<u>Federal Grantor / Passthrough Grantor Program Title:</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures Amount</u>
<i><u>Direct Programs</u></i>			
U.S. Department of Housing and Urban Development			
Federal Housing Administration - Insured loans under Section 207 and 223(f)	14.155	CA30M000858	\$ 3,145,419
Housing Voucher Cluster Section 8 Housing Choice Vouchers	14.871	N/A	<u>295,881</u>
Total			<u>\$ 3,441,300</u>

Yolo County Housing

**Schedule of Findings and Questioned Costs
June 30, 2019**

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the financial statements: Unmodified

Internal control over financial reporting:

*Material weakness(es) identified? Yes X No

*Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

*Material weakness identified? X Yes No

*Significant deficiency identified? Yes X None reported

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

<u>CFDA Numbers</u>	<u>Type of Opinion</u>
14.871 and 14.879 Housing Vouchers	Unmodified
14.850 Public and Indian Housing	Modified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular? X Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871 and 14.879	Housing Voucher Cluster
14.850	Public and Indian Housing

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee X Yes No

B. Findings - Financial Statements Audit

- None reported

Yolo County Housing

Schedule of Findings and Questioned Costs June 30, 2019

C. Findings And Questioned Costs - Major Federal Award Programs Audit

2019-001 - Eligibility: Public and Indian Housing (CFDA #14.850)

Criteria

HUD requires compliance with annual income reexamination requirements and that rents/utility calculations are adjusted in accordance with HUD requirements and regulations.

Condition

The results of our testing indicated that for 5 of the tenant files reviewed, YCH did not properly calculate and adjust the tenant's rent or utility calculation in accordance with the HUD requirements and regulations.

Context

We selected a sample of 40 files for review.

Cause

YCH incorrectly calculated and/or did not use the proper income supporting documents in computing tenant's rent payment.

Effect

The calculation of the tenant's rent payment was understated.

Questioned Costs

The discrepancies in the calculations for the 5 tenants resulted in a loss of rents collected and a potential overstatement of the operating subsidy of \$1,753. It is not determinable to extrapolate such effects for the entirety of YCH public housing units.

Recommendation

We recommend that YCH continue to improve their internal processes to ensure tenant files contain the required documentation and rent/utility calculations are properly adjusted.

YCH's Response

This compliance-related finding came as a result of one underperforming employee at AMP 1 who resigned effective June 6, 2019. A performance audit was completed on April 2, 2019 showing serious concerns and a 'Performance Improvement Plan' was approved. Before the plan was implemented, the employee resigned. Since that time, we have reviewed all AMP files to ensure compliance and YCH has implemented corrective action.

As mentioned, after receiving the results of the compliance testing, an internal audit was performed. This took several weeks to complete and our findings revealed the errors found were limited to the time the underperforming employee was completing the re-certifications. Since this person was limited to AMP 1, these issues were not found to be pervasive throughout the portfolio and the effect for the 5 tenants was a loss in rents of \$1,753, or 0.0022% of the total rents collected.

Going forward, YCH will conduct quarterly file audits in order to comply with annual reexamination requirements, and prevent a recurrence of rent miscalculation. The audit will be conducted by a senior housing specialist and shall consist of 20% of the resident files from each AMP.



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Yolo County Housing
Report to the Housing Commission
June 30, 2019

December 9, 2019

To the Housing Commission
Yolo County Housing

We have audited the financial statements of Yolo County Housing ("YCH"), a component unit of the County of Yolo, California, and its discretely presented component unit as of and for the year ended June 30, 2019, and have issued our report thereon dated December 9, 2019.

Professional standards require that we provide you with the following information related to our audit:

- Our responsibility under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and Uniform Guidance.
- Planned Scope and Timing of the Audit
- Significant Audit Findings
- Other Matters

Our comments regarding these issues as they relate to the audit of YCH as of and for the year ended June 30, 2019 are presented in the Attachment to this letter. We will be pleased to review these items at your request.

Very truly yours,



CohnReznick LLP

Our Responsibility under U.S. Generally Accepted Auditing Standards, Governmental Auditing Standards and OMB Uniform Guidance

As stated in our engagement letter dated August 5, 2019, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Yolo County Housing's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Uniform Guidance.

As part of obtaining reasonable assurance about whether YCH's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with OMB Uniform Guidance, we examined, on a test basis, evidence about YCH's compliance with the types of compliance requirements described in the "*Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*" (OMB Uniform Guidance") applicable to each of its major federal programs for the purpose of expressing an opinion on YCH's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on YCH's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the management of YCH.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by YCH are described in note 2 to the financial statements. Also all new significant GASB accounting standards adopted by YCH during the year ended June 30, 2019 are disclosed at Note 2 to the financial statements. The application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by YCH during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most significant estimates reflected in the financial statements include:

- Allowances for accounts receivable and inventories
- Developer fees revenue recognition
- Depreciation estimates for capital assets including depreciation methods and useful lives assigned to the depreciable assets
- Accrued compensated absences
- Other post-employment benefit plans ("OPEB")' employer and employee disclosures and contributions requirements, net OPEB liability, and deferred outflows/inflows of resources related to OPEB
- Net pension liability and deferred outflows/inflows of resources related to pensions.

Management's estimates and judgments were based on the following:

- Estimated allowances for losses on accounts receivable and inventories were based upon historical collection experience for accounts receivable and management's assessment of the physical inventory items at the end of the year.
- Developer fees are recognized as revenue using the percentage of completion method and the likelihood of collection of the fees due based upon the expected future cash flows of the projects available for the payment of deferred developer fees which have been discounted to record the present value of future collections as developer fees receivable.
- Useful lives and method of depreciation for capital assets were determined by management based upon the nature of the capital assets and their expected service lives.
- Accrual and disclosures of compensated absences were based on accrued eligible hours of vacation and sick leave at current pay rates for eligible employees.
- OPEB plans' employer and employee contribution requirements and disclosures, net OPEB liability, and deferred outflows/inflows of resources related to OPEB were based on the GASB 75 actuarial valuation reports.
- Net pension liability and the deferred inflows/outflows of resources related to pensions were based upon the June 30, 2018 GASB 68 Accounting Valuation Report prepared by CalPERS.

For all significant estimates made by management, we evaluated the key factors and assumptions used to determine that the estimates are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users. The most sensitive disclosures affecting the financial statements are included in Notes 1 through 25 to the financial statements. The disclosures in these notes are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management provided significant adjustments after the initial trial balance was provided to us. All such adjustments have been included in the audited financial statements. The attached schedule summarizes the uncorrected misstatements that have not been included in the financial statements. Management has determined that the uncorrected misstatements on the attached schedule are immaterial both individually and in the aggregate to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 9, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to YCH's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as YCH's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion & Analysis, the Cost Sharing Defined Benefit Pension - Plan Schedule of the Authority's Proportionate Share of the Net Pension Liability, the Cost-Sharing Defined Benefit Pension Plan – Schedule of Contributions, the Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of OPEB Plan Contributions, which is

required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules of net position, revenues, expenses and changes in net position and cash flows, and the Financial Data Schedule, and the Schedule of Public Housing Capital Fund Grants which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Housing Commission and management of YCH and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



CohnReznick LLP
Sacramento, California

Yolo County Housing
Year End: June 30, 2019
PASSED JOURNAL ENTRIES
Date: 7/1/2018 To 6/30/2019

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit
PAJE 1	6/30/2019	Fund Balance	2806.00.000 320	160. 2			52,410
PAJE 1	6/30/2019	Other Income	3000.CR.000 320	160. 2		52,410	
To pass on the depreciation expense effects of truing up accumulated depreciation in the CY							
PAJE 2	6/30/2019	Fund Balance	2806.00.000 501	715. 1			15,072
PAJE 2	6/30/2019	Fund Balance	2806.00.000 502	715. 1			14,502
PAJE 2	6/30/2019	Fund Balance	2806.00.000 503	715. 1			10,055
PAJE 2	6/30/2019	Prior Period Adjustments	6010.00.000 501	715. 1		15,072	
PAJE 2	6/30/2019	Prior Period Adjustments	6010.00.000 502	715. 1		14,502	
PAJE 2	6/30/2019	Prior Period Adjustments	6010.00.000 503	715. 1		10,055	
To pass on the net income effects of running FY 18 activity through the current year P&L							
PAJE 3	6/30/2019	Fund Balance	2806.00.000 310				61,573
PAJE 3	6/30/2019	OPEB Expense	4540.04.000 310			61,573	
To pass on OPEB true ups ran through expense in the CY							
						153,612	153,612



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Yolo County Housing
Yolo County, California

Meeting Date: December 18, 2019

To: County Counsel ✓
Yolo County Housing ✓

12.

Receive Comments from Commissioners

In answer to a Commissioner's question to CEO Lisa Baker about the writeoffs in Agenda Item No. 5, the quarterly un-collected debt, she noted that although 1.2% is low compared to the average of 3-5%, they soon will be allowing residents to pay on-line, which will allow them to be able to report on-time payments for credit card record reports. She also presented a crime statistics map of Yolano Donnelly in Woodland, showing three months of crime data within a one-mile radius of this property. This is a free tool.