

**BIELE PLACE APARTMENTS
(CONTRACT NUMBER 80-RHC-032)
A PROJECT OF THE
CAPITOL AREA DEVELOPMENT AUTHORITY
SACRAMENTO, CALIFORNIA**

Independent Auditor's Reports,
Financial Statements and Supplemental Information

For the Fiscal Years Ended June 30, 2015 and 2014



Certified
Public
Accountants

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority

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Independent Auditor's Report

Board of Directors
Capitol Area Development Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Biele Place Apartments (Contract Number 80-RHC-032) (the Project), a project of the Capitol Area Development Authority (Authority) as of and for the fiscal years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Project'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 audits. We conducted our audits 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 and the requirements of the *California Department of Housing and Community Development Audit Guide for the Rental Housing Construction Program*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Biele Place Apartments (Contract Number 80-RHC-032) as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note A, the financial statements present only the Project and do not purport to, and do not, present fairly, the financial position of the Authority as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 13 to 19 is presented for purposes of additional analysis and is not a required part of the 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. 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the Authority's internal control over financial reporting as it relates to the Project and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Sacramento, California

December 3, 2015

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Statements of Net Position
June 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,290	\$ -
Residential accounts receivable	1,076	1,088
Receivable from CA Housing and Community Development (HCD)	-	11,867
Prepaid expense	48	463
Restricted cash - tenant security deposits	11,488	10,010
Total current assets	18,902	23,428
Noncurrent assets:		
Restricted cash - replacement reserves	58,244	79,279
Capital assets:		
Construction in progress	-	10,600
Building and Improvements	1,242,587	1,231,987
Less: accumulated depreciation	(1,193,984)	(1,183,186)
Total capital assets	48,603	59,401
Total noncurrent assets	106,847	138,680
Total assets	125,749	162,108
Liabilities		
Current liabilities:		
Accounts payable	1,123	16,407
Unearned revenue - prepaid rent	1,577	1,659
Due to the Authority	-	14,497
Due to CA HCD	31,840	-
Tenant security deposits	11,488	10,010
Notes payable, current portion	-	2,463
Total current liabilities	46,028	45,036
Total liabilities	46,028	45,036
Net Position		
Net investment in capital assets	48,603	56,938
Restricted for replacements	58,244	79,279
Unrestricted	(27,126)	(19,145)
Total net position	\$ 79,721	\$ 117,072

accompanying notes to financial statements.

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Statements of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	2014
Operating revenues		
Rental revenue, net	\$ 142,147	\$ 135,624
Excess program payments	(43,707)	17,066
CADA annuity	2,672	4,980
Coin-operated laundry	1,796	1,565
Miscellaneous	652	377
Total operating revenues	103,560	159,612
Operating expenses		
Payroll:		
Salaries and benefits	38,089	41,661
Administrative:		
Legal and accounting services	4,850	4,850
Management fee	20,724	20,724
Media	564	564
Total administrative	26,138	26,138
Utilities	23,465	22,689
Operating and maintenance:		
Supplies	3,146	4,213
Service contracts	13,854	17,010
Courtesy patrol	2,280	2,280
Decorating and painting	2,828	8,513
Repairs and maintenance	11,623	14,455
Bad debt expense	-	-
Total operating and maintenance	33,731	46,471
Insurance and taxes:		
Insurance	8,535	8,846
Property taxes	713	662
Total insurance and taxes	9,248	9,508
Depreciation	10,798	46,966
Total operating expenses	141,469	193,433
Operating loss	(37,909)	(33,821)
Nonoperating revenues (expenses)		
Interest income	588	633
Interest expense	(30)	(252)
Total nonoperating revenues, net	558	381
Change in net position	(37,351)	(33,440)
Net position, beginning of year	117,072	150,512
Net position, end of year	\$ 79,721	\$ 117,072

See accompanying notes to financial statements.

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Rental receipts	\$ 142,077	\$ 135,044
CADA annuity	2,672	4,980
Other receipts	2,448	1,942
Tenant security deposits received	3,276	2,875
Payroll and related costs	(38,089)	(41,661)
Administrative	(26,138)	(26,138)
Utilities	(23,465)	(22,689)
Operating and maintenance	(48,600)	(34,952)
Tenant security deposits paid	(1,798)	(4,255)
Insurance and taxes	(9,248)	(9,508)
Net cash provided by operating activities	<u>3,135</u>	<u>5,638</u>
Cash flows from noncapital financing activities:		
Short-term borrowing (repayment) from the Authority	(14,497)	14,497
Net cash provided by (used in) noncapital financing activities	<u>(14,497)</u>	<u>14,497</u>
Cash flows from capital and related financing activities:		
Principal payment on debt	(2,463)	(4,728)
Interest paid on debt	(30)	(252)
Acquisition of capital assets	-	(10,600)
Net cash used in capital and related financing activities	<u>(2,493)</u>	<u>(15,580)</u>
Cash flows from investing activities:		
Interest receipts	<u>588</u>	<u>633</u>
Net increase (decrease) in cash	(13,267)	5,188
Cash and cash equivalents, beginning of year	89,289	84,101
Cash and cash equivalents, end of year	<u>\$ 76,022</u>	<u>\$ 89,289</u>
Reconciliation to the Statements of Net Position:		
Cash and cash equivalents	\$ 6,290	\$ -
Restricted cash:		
Tenant security deposits	11,488	10,010
Replacement reserves	58,244	79,279
Total cash and cash equivalents	<u>\$ 76,022</u>	<u>\$ 89,289</u>

See accompanying notes to financial statements.

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Statements of Cash Flows (Continued)
For the Fiscal Years Ended June 30, 2015 and 2014

	2015	2014
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (37,909)	\$ (33,821)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	10,798	46,966
Changes in assets and liabilities:		
Residential accounts receivable	12	(93)
Prepaid expense	415	503
Receivable from CA HCD	11,867	(11,867)
Accounts payable	(15,284)	11,016
Unearned revenue -prepaid rent	(82)	(487)
Due to CA HCD	31,840	(5,199)
Tenant security deposits	1,478	(1,380)
Net cash provided by operating activities	\$ 3,135	\$ 5,638

See accompanying notes to financial statements.

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2015 and 2014

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Biele Place Apartments (Project) is a 35-unit apartment complex located in downtown Sacramento, California. It provides housing for eligible low-income families under the State of California Department of Housing and Community Development (HCD) Rental Housing Construction Program (RHCP). This program provides long-term financing to construct the housing project and monthly annuities to fund operating deficits.

In accordance with a regulatory agreement dated December 30, 1982, the Capitol Area Development Authority (Authority) manages the Project. The Authority is a joint powers agency with a Board of Directors comprised of appointees of the City of Sacramento (City) and the State of California. The accompanying financial statements are not intended to present fairly the financial position or changes in financial position and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Project is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows occur. The Project distinguishes operating from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Project's ongoing operations. The principal operating revenue of the Project is rental income from tenants of its housing units. This revenue is recognized on the financial statements net of vacancy loss, low income subsidies, and loss to leases. Operating expenses for the Project include payroll expenses for employee services, administrative expenses, utilities expenses, operating and maintenance expenses, insurance and taxes expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Project's policy to use restricted resources first, then unrestricted resources as needed.

Cash, Cash Equivalents and Restricted Cash

The Project participates in the City's external investment pool. The City Treasurer pools cash and other City funds and invests to maximize income consistent with safe and prudent investment practices within the guidelines of the City's investment policy. The City, as a charter city, has adopted its own investment guidelines to guide investment of City funds by the Treasurer. These guidelines are consistent with the requirements of California Government Code Section 53601. The City Council provides regulatory oversight of the City's investment pool and reviews its investment policy on a quarterly basis. The estimated fair value of investments in the pool is based on quoted market prices. However, the value of the pool shares in the City's investment pool that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Project's position in the pool. The City's investment pool is unrated and the weighted average maturity is 2.15 years and 2.27 years as of June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, the entire amount of the Project's cash and cash equivalents and restricted cash are invested in the City's investment pool. Detailed disclosures, including investment policies and associated risk policies, regarding the Project's cash and investments are included in the notes to the Authority's basic financial statements.

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2015 and 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of the statements of cash flows, the Authority considers cash and cash equivalents to include all pooled cash and investments, including restricted account balances, as these pooled balances have the general characteristic of a demand deposit account. Restricted cash includes replacement reserves and tenant security deposits.

Capital Assets

Capital assets, which are defined by the Authority as assets with an initial, individual cost of more than \$3,000 and an estimated useful life beyond one year, are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of between 10 to 30 years. Maintenance and repair costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

NOTE B - TENANT SECURITY DEPOSITS

The Project collects security deposits from tenants at the inception of the tenant lease. These deposits, which are reported in these financial statements as restricted cash, are refundable to the tenants to the extent there are no unpaid rents or damages to the housing unit. Tenant security deposits held as of June 30, 2015 and 2014 amounted to \$11,488 and \$10,010, respectively.

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2015 and 2014

NOTE C - CAPITAL ASSETS

Information on additions and disposals of capital assets is presented below:

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Capital assets not being depreciated				
Construction in progress	\$ 10,600	\$ -	\$ (10,600)	\$ -
Capital assets being depreciated:				
Buildings and improvements	1,231,987	10,600	-	1,242,587
Less accumulated depreciation for:				
Buildings and improvements	(1,183,186)	(10,798)	-	(1,193,984)
Capital assets being depreciated, net	<u>48,801</u>	<u>(198)</u>	<u>-</u>	<u>48,603</u>
Capital assets, net	<u>\$ 59,401</u>	<u>\$ (198)</u>	<u>\$ (10,600)</u>	<u>\$ 48,603</u>

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 10,600	\$ -	\$ 10,600
Capital assets being depreciated:				
Buildings and improvements	\$ 1,231,987	\$ -	\$ -	\$ 1,231,987
Less accumulated depreciation for:				
Buildings and improvements	(1,136,220)	(46,966)	-	(1,183,186)
Capital assets being depreciated, net	<u>95,767</u>	<u>(46,966)</u>	<u>-</u>	<u>48,801</u>
Capital assets, net	<u>\$ 95,767</u>	<u>\$ (46,966)</u>	<u>\$ -</u>	<u>\$ 59,401</u>

NOTE D - REPLACEMENT RESERVES

Replacement reserves, which are reported in these financial statements as restricted cash, are funded monthly to provide for future major additions, repairs or replacements. The replacement reserve activity for the fiscal years ended June 30 is as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 79,279	\$ 62,785
Interest earned	588	686
CDA annuity	173	-
Required deposits	6,100	6,100
Excess cash deposit	-	12,842
Authorized expenses	(27,896)	(3,134)
Ending balance	<u>\$ 58,244</u>	<u>\$ 79,279</u>

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2015 and 2014

NOTE E - PROGRAM PAYMENTS

As stated in Note A, the CA HCD RHCP provides operating funds to the Project to cover the operating costs not covered by rental revenues. For the fiscal year ended June 30, 2015, unexpended payments adjusted from the fiscal year 2013-14 audit of \$16,667 are due back to CA HCD.

In determining the qualifying operating costs, CA HCD disallows certain expenses reflected in these financial statements. Specifically excluded are depreciation expense, repairs paid out of replacement reserves and asset acquisitions exceeding the authorized budget. For the fiscal year ended June 30, 2015, rental and program revenues exceeded qualifying operating costs by \$15,173, with the adjusted balance either repaid to CA HCD or with CA HCD approval deposited into the Replacement Reserve. Net unexpended program payments are reported as Due to CA HCD on the Project's statements of net position.

The activity in the account for the fiscal years ended June 30, are as follows:

	<u>2015</u>	<u>2014</u>
Due to CA HCD, beginning balance	\$ -	\$ 5,199
Excess cash deposited to replacement reserve	-	(12,842)
Excess program payments for the current year	15,173	-
Excess cash payment to CA HCD per audit	16,667	-
CA HCD adjustment	-	7,643
Due to CA HCD, ending balance	<u>\$ 31,840</u>	<u>\$ -</u>

NOTE F - NOTE PAYABLE

Note payable as of June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Sacramento Housing and Redevelopment Agency (SHRA)	\$ -	\$ 2,463
Less: current portion	-	2,463
Long-term portion	<u>\$ -</u>	<u>\$ -</u>

The note payable to SHRA is payable at a rate of \$415 per month including interest at 5% annually, matured on June 1, 2015.

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Notes to the Financial Statements (Continued)
For the Fiscal Years Ended June 30, 2015 and 2014

NOTE F - NOTE PAYABLE (CONTINUED)

The following is a summary of the note payable transactions for the fiscal years ended June 30, 2015 and 2014:

<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amounts due</u> <u>within one year</u>
\$ 2,463	\$ -	\$ 2,463	\$ -	\$ -

<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts due</u> <u>within one year</u>
\$ 7,191	\$ -	\$ 4,728	\$ 2,463	\$ 2,463

NOTE G - LEASED PROPERTY

The land on which the Project is located is owned by the State of California. On August 29, 1980, a 60-year operating lease was entered into between the Authority and the State of California. This lease is without cost, therefore, it is not reflected in these financial statements.

The State of California or the Authority may terminate the lease at any time by giving 60 days' notice. Should this lease be terminated, the developmental ground lease will be honored by the State of California on behalf of the Authority.

SUPPLEMENTAL INFORMATION

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Supplemental Information Required by
Housing and Community Development
For the Fiscal Year Ended June 30, 2015

Account No.

Operating revenues		
5120	Rent Revenue	\$ 118,809
5121	Tenant Assistance Payments	23,338
	Rental revenue	<u>142,147</u>
	HCD annuities	-
	Excess program payments	<u>(43,707)</u>
	Net HCD annuities	<u>(43,707)</u>
	Other revenues:	
	CADA annuity	2,672
5910	Coin-operated laundry	1,796
5190	Miscellaneous	<u>652</u>
	Total operating revenues	<u>103,560</u>
Operating expenses		
	Payroll:	
6330	Manager salaries	23,640
6331	Manager rent fee unit	6,660
6510	Janitor Payroll	<u>7,789</u>
	Salaries and benefits	<u>38,089</u>
	Administrative:	
6350	Accounting services	4,850
6320	Management fee	20,724
6210	Media	<u>564</u>
	Total administrative	<u>26,138</u>
	Utilities	
6450	Electricity	2,396
6452	Gas	4,528
6453	Water/Sewer	15,479
6525	Garbage	<u>1,062</u>
	Total utilities	<u>23,465</u>
	Operating and maintenance:	
6515	Services and supplies	3,146
6530	Courtesy patrol	2,280
6517	Janitor and Cleaning Contracts	9,813
6537	Grounds Contract	2,340
6560	Decorating and painting	2,828
6545	Elevator Maintenance	1,701
6541	Repairs Material	858
6590	Misc. Ops. And Maint. Expense	3,416
	Major Construction	<u>7,349</u>
	Total operating and maintenance	<u>33,731</u>

BIELE PLACE APARTMENTS
(Contract Number 80-RHC-032)
A Project of the Capitol Area Development Authority
Supplemental Information Required by
Housing and Community Development (Continued)
For the Fiscal Year Ended June 30, 2015

Account No.		
	Insurance and taxes:	
6729	Insurance	8,535
6710	Property taxes	713
	Total insurance and taxes	<u>9,248</u>
	Depreciation	<u>10,798</u>
	Total operating expenses	<u>141,469</u>
	Operating loss	<u>(37,909)</u>
Non-operating revenues		
5410	Interest income	588
	Interest expense	<u>(30)</u>
	Change in net position	<u>(37,351)</u>
	Net position, beginning of year	<u>117,072</u>
	Net position, end of year	<u>\$ 79,721</u>
Reconciliation to Form 180		
	Total operating revenues	103,560
	Interest income	588
	Less interest income for equipment reserve with CADA funds	(588)
	Less annuities and excess program payments	43,707
	Less CADA annuity	<u>(2,672)</u>
	Effective gross rent from form 180	<u>\$ 144,595</u>
	Total expenses	141,469
	Less depreciation	(10,798)
	Less major construction expense through replacment reserve	<u>(7,349)</u>
	Total operating cost from form 180	<u>\$ 123,322</u>

Insurance

Insurance premiums are current as of June 30, 2015. The annual renewal policy was paid before the due date.

Debt Service

The debt was retired as of June 30, 2015.

OTHER REPORT

Project Name: Biele Place

Contract #: 80-RHC-032

Sponsor's Name: Capitol Area Development Authority

Project Fiscal Year: 2014-2015

The sponsor must send one copy of this *Annual Report Sponsor Certification* along with the annual *Audited Financial Statements* to the Department of Housing and Community Development within ninety (90) days (or within the period of time specified in the Regulatory Agreement, if different) after the end of the project fiscal year. The *Annual Report Sponsor Certification* must have original signatures. Please note that if additional information is required for a specific program's *annual reporting requirement*, that information must accompany the *Annual Audited Financial Statements* as a separate attachment. The *Annual Report* includes the *Sponsor Certification*, the *Audited Financial Statements* and all other annual reporting documents.

Sponsor Certification

It is hereby certified that all of the representations made by the sponsor in the Regulatory Agreement and the financial disclosures contained in the *Annual Report* are true and correct, and that there is not any condition, event, or act which would constitute an event of default there under, or which with notice, passage of time, or both, would constitute such an event of default.



Authorized Signature

Diana L. Rutley

Printed Name

Property Manager

Title

11/23/15

Date

Explanation of other Withdrawals:

ADDITIONAL REQUESTED INFORMATION FOR FY:

2014-2015

ITEM	YES	NO	DATES PAID AND COMMENTS
1. Operating Reserves: Funded monthly? If not, how often?			Not Applicable
2. Replacement Reserves: Funded monthly? If not, how often?	X		
3. Security Deposit Acct. : Bal. equal to/greater than security deposit liability plus interest? Explain if "No".			Not Applicable
4. Taxes: Paid current, on time & no late fees incurred?	X		
5. Insurance: Is coverage according to Regulatory Agreement?	X		
6. Insurance: Paid current and the renewal policy paid on time?	X		
7. Required Debt Service: Paid current & always paid by due date?			Not Applicable
8. Debt: Has additional indebtedness been incurred? (If "YES", explain what, when and with whom.)		X	
9. Other Reserve Account?: Name other reserve accounts, how funded, who controls them and their purpose.			Not Applicable
10. Account Insurance: Are all accounts insured by Federal Gov't?	X		

Annual Report

Rental Housing Construction Program -- Original

Actual Operating Costs

7. REPORT OF ACTUAL OPERATING COSTS

AMC 180a (Rev. Oct 2009) (This version is used for RHCP-O only)

Reporting Period: 7/1/2014 to 06/30/2015

Contract No: 80-RHC-032
 Project Name: Biele Place
 Prepared by:
 Date Prepared:

Units/Sq. Ft. - Assisted: 35
 Units/Sq. Ft. - Total: 35
 Unit Months: 420

ACCOUNT NAME	ACCOUNT CODES	UNIT EXPENSES						PROJECT TOTALS		
		Approved Assisted (A)	Actual Assisted	Approved Non-Assisted	Actual Non-Assisted	Proposed Commercial	Actual Commercial	Approved Total Expenses	Total Actual Expenses (B)	Project Variance (C)
MANAGEMENT FEE: 6200/6300										
1 Management Fee or Sponsor Overhead	6320	20,724	20,724	0	0	0	0	20,724	20,724	0
ADMINISTRATIVE EXPENSES: 6200/6300										
2 Advertising	6210	564	564	0	0	0	0	564	564	0
3 Apartment Resale Expense (Cooperatives)	6235	0	0	0	0	0	0	0	0	0
4 Other Renting Expenses	6250	200	150	0	0	0	0	200	150	50
5 Office Salaries	6310	0	0	0	0	0	0	0	0	0
6 Office Supplies	6311	0	0	0	0	0	0	0	0	0
7 Office or Model Apartment Rent	6312	0	0	0	0	0	0	0	0	0
8 Manager and Superintendent Salaries	6330	23,640	23,640	0	0	0	0	23,640	23,640	0
9 Manager's or Superintendent's Rent Free Unit	6331	6,660	6,660	0	0	0	0	6,660	6,660	0
10 Legal Expense - Project	6340	750	0	0	0	0	0	750	0	750
11 Audit Expense - Project	6350	4,850	4,850	0	0	0	0	4,850	4,850	0
12 Bookkeeping Fees/Accounting Services	6351	0	0	0	0	0	0	0	0	0
13 Telephone and Answering Service Expenses	6360	0	0	0	0	0	0	0	0	0
14 Bad Debt Expense	6370	0	0	0	0	0	0	0	0	0
15 Miscellaneous Administrative Expenses (specify)	6390	0	0	0	0	0	0	0	0	0
16 TOTAL ADMINISTRATIVE EXPENSES	6200/6300T	36,664	35,864	0	0	0	0	36,664	35,864	800
UTILITIES EXPENSES: 6400										
17 Fuel Oil/Coal	6420	0	0	0	0	0	0	0	0	0
18 Electricity	6450	2,750	2,396	0	0	0	0	2,750	2,396	354
19 Water	6451	0	0	0	0	0	0	0	0	0
20 Gas	6452	3,300	4,528	0	0	0	0	3,300	4,528	(1,228)
21 Sewer	6453	17,200	15,479	0	0	0	0	17,200	15,479	1,721
22 TOTAL UTILITIES EXPENSES	6400T	23,250	22,403	0	0	0	0	23,250	22,403	847
OPERATING AND MAINTENANCE EXPENSES: 6500										
23 Janitor and Cleaning Payroll	6510	3,730	7,789	0	0	0	0	3,730	7,789	(4,059)
24 Janitor and Cleaning Supplies	6515	1,500	2,996	0	0	0	0	1,500	2,996	(1,496)
25 Janitor and Cleaning Contracts	6517	8,300	9,813	0	0	0	0	8,300	9,813	(1,513)
26 Exterminating Payroll/Contract	6519	0	0	0	0	0	0	0	0	0
27 Exterminating Supplies	6520	0	0	0	0	0	0	0	0	0
28 Garbage and Trash Removal	6525	2,000	1,062	0	0	0	0	2,000	1,062	938
29 Security Payroll/Contract	6530	2,280	2,280	0	0	0	0	2,280	2,280	0
30 Grounds Payroll	6535	0	0	0	0	0	0	0	0	0
31 Grounds Supplies	6536	0	0	0	0	0	0	0	0	0
32 Grounds Contract	6537	2,340	2,340	0	0	0	0	2,340	2,340	0
33 Repairs Payroll	6540	0	0	0	0	0	0	0	0	0
34 Repairs Material	6541	3,300	858	0	0	0	0	3,300	858	2,442
35 Repairs Contract	6542	0	0	0	0	0	0	0	0	0
36 Elevator Maintenance/Contract	6545	1,700	1,701	0	0	0	0	1,700	1,701	(1)
37 Heating/Cooling Repairs and Maintenance	6546	0	0	0	0	0	0	0	0	0
38 Swimming Pool Maintenance/Contract	6547	0	0	0	0	0	0	0	0	0
39 Snow Removal	6548	0	0	0	0	0	0	0	0	0
40 Decorating/Payroll Contract	6560	3,500	2,828	0	0	0	0	3,500	2,828	672
41 Decorating Supplies	6561	0	0	0	0	0	0	0	0	0
42 Vehicle and Maint. Equipment Operation/Repairs	6570	0	0	0	0	0	0	0	0	0
43 Misc. Operating and Maintenance Expenses (specify)	6590	7,700	3,416	0	0	0	0	7,700	3,416	4,284
44 TOTAL OPERATING & MAINTENANCE EXPENSES	6500T	36,350	35,083	0	0	0	0	36,350	35,083	1,267
TAXES AND INSURANCE: 6700										
45 Real Estate Taxes	6710	705	713	0	0	0	0	705	713	(8)
46 Payroll Taxes (Project's Share)	6711	0	0	0	0	0	0	0	0	0
47 Misc. Taxes, Licenses and Permits	6719	0	0	0	0	0	0	0	0	0
48 Property and Liability Insurance (Hazard)	6720	0	0	0	0	0	0	0	0	0
49 Fidelity Bond Insurance	6721	0	0	0	0	0	0	0	0	0
50 Worker's Compensation	6722	0	0	0	0	0	0	0	0	0
51 Health Insurance and Other Employee Benefits	6723	0	0	0	0	0	0	0	0	0
52 Other Insurance	6729	9,025	8,535	0	0	0	0	9,025	8,535	490
53 TOTAL TAXES AND INSURANCE	6700T	9,730	9,248	0	0	0	0	9,730	9,248	482
ASSISTED LIVING/BOARD & CARE EXPENSES: 6900										
54 Food	6932	0	0	0	0	0	0	0	0	0
55 Recreation and Rehabilitation	6980	0	0	0	0	0	0	0	0	0
56 Rehabilitation Salaries	6983	0	0	0	0	0	0	0	0	0
57 Other Service Expenses	6990	0	0	0	0	0	0	0	0	0
58 TOTAL ASSISTED LIVING EXPENSES	6900T	0	0	0	0	0	0	0	0	0
61 TOTAL OPERATING COSTS		126,718	123,322	0	0	0	0	126,718	123,322	3,396

Annual Report

Actual Cash Flow Analysis

Rental Housing Construction Program -- Original

8. ACTUAL CASH FLOW ANALYSIS

AMC 181a (Rev. Oct 2009) (This version is used for RHCP-O only) 06/30/2015

Contract No: 80-RHC-032
 Project Name: Biele Place
 Prepared by:
 Date Prepared:

Units/Sq. Ft. - Assisted: 35
 Units/Sq. Ft. - Total: 35
 Unit Months: 420

ACCOUNT NAME	Account Codes	ASSISTED UNITS		NON-ASSISTED UNITS		COMMERCIAL		TOTAL PROJECT		PROJECT VARIANCE
		Approved Cashflow (A)	Actual Cashflow (B)	Approved Cashflow (C)	Actual Cashflow (D)	Proposed Cashflow (E)	Actual Cashflow (F)	Approved Cashflow (G)	Actual Cashflow (H)	Cashflow Variance (I)
REVENUE ACCOUNTS/RENT REVENUE: 5100										
1 Rent Revenue	5120	127,608	118,809	0	0	0	0	127,608	118,809	(8,799)
2 Tenant Assistance Payments	5121	23,388	23,388	0	0	0	0	23,388	23,388	(50)
3 Rent revenue - Stores and Commercial	5140	0	0	0	0	0	0	0	0	0
4 Garage and Parking Spaces	5170	0	0	0	0	0	0	0	0	0
5 Flexible Subsidy Revenue	5185	0	0	0	0	0	0	0	0	0
6 Miscellaneous Rent Revenue	5190	100	64	0	0	0	0	100	64	(36)
7 Excess Rent	5191	0	0	0	0	0	0	0	0	0
8 Rent Revenue/Insurance	5192	0	0	0	0	0	0	0	0	0
9 Special Claims Revenue	5193	0	0	0	0	0	0	0	0	0
10 Retained Excess Income	5194	0	0	0	0	0	0	0	0	0
11 GROSS RENT REVENUE	5100T	151,096	142,211	0	0	0	0	151,096	142,211	(8,885)
<i>Total Vacancies (HCD Use Only)</i>	<i>5200T</i>	<i>3,828</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,828</i>	<i>0</i>	<i>0</i>
ASSISTED LIVING/BOARD & CARE REVENUES: 5300										
17 Food	5332	0	0	0	0	0	0	0	0	0
18 Recreation (Activities) and Rehabilitation	5380	0	0	0	0	0	0	0	0	0
19 Rehabilitation	5385	0	0	0	0	0	0	0	0	0
20 Other Service Revenue	5390	0	0	0	0	0	0	0	0	0
<i>Total Living Revenue</i>	<i>6300T</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
FINANCIAL REVENUE: 5400										
21 Financial Revenue - Project Operations	5410	550	588	0	0	0	0	550	588	38
<i>Total Financial Revenue</i>	<i>5400T</i>	<i>550</i>	<i>588</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>550</i>	<i>588</i>	<i>38</i>
OTHER REVENUE: 5900										
22 Laundry and Vending Revenue	5910	1,300	1,796	0	0	0	0	1,300	1,796	496
23 NSF and Late Charges	5920	0	0	0	0	0	0	0	0	0
24 Damages and Cleaning Fees	5930	0	0	0	0	0	0	0	0	0
25 Forfeited Tenant Security Deposits	5940	0	0	0	0	0	0	0	0	0
26 Other Revenue	5990	0	0	0	0	0	0	0	0	0
<i>Total Other Revenue</i>	<i>5900T</i>	<i>1,300</i>	<i>1,796</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,300</i>	<i>1,796</i>	<i>496</i>
27 EFFECTIVE GROSS RENT (EGR)	5152T	149,118	144,595	0	0	0	0	149,118	144,595	(4,523)
28 TOTAL OPERATING EXPENSES	6000T	130,520	123,322	0	0	0	0	130,520	123,322	7,198
29 NET OPERATING INCOME (NOI)	5000T	18,598	21,273	0	0	0	0	18,598	21,273	2,675
FINANCIAL EXPENSES: 6800										
30 Non-Contingent Debt Service (specify lender)	6895	0	0	0	0	0	0	0	0	0
1st Mortgage =		0	0	0	0	0	0	0	0	0
2nd Mortgage =		0	0	0	0	0	0	0	0	0
3rd Mortgage =		0	0	0	0	0	0	0	0	0
31 HCD Required Payments	6890	0	0	0	0	0	0	0	0	0
32 Lease Payment	6890	0	0	0	0	0	0	0	0	0
33 Miscellaneous Financial Expenses	6890	0	0	0	0	0	0	0	0	0
<i>Total Financial Expenses</i>	<i>6800T</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
FUNDED RESERVES:										
34 Escrow Deposits	1310	0	0	0	0	0	0	0	0	0
35 Replacement Reserve-Deposit	1320	6,100	6,100	0	0	0	0	6,100	6,100	0
36 Operating Reserve-Deposit	1300	0	0	0	0	0	0	0	0	0
37 Other Reserves (specify)		0	0	0	0	0	0	0	0	0
#1	1330	0	0	0	0	0	0	0	0	0
#2	1330	0	0	0	0	0	0	0	0	0
#3	1330	0	0	0	0	0	0	0	0	0
<i>Total Reserve Deposits</i>		<i>6,100</i>	<i>6,100</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>6,100</i>	<i>6,100</i>	<i>0</i>
38 PROJECT CASH FLOW (CF)		12,498	15,173	0	0	0	0	12,498	15,173	2,675
ADDITIONAL REVENUE:										
39 RHCP-O Annuity Fund Request (For Assisted Units Only)		0	0	0	0	0	0	0	0	0
40 Withdrawal from Operating Reserves		0	0	0	0	0	0	0	0	0
41 Borrower Contribution		0	0	0	0	0	0	0	0	0
42 Other (specify)		0	0	0	0	0	0	0	0	0
<i>Total Additional Revenue</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
USE OF CASH FLOW:										
43 HCD Interest Payments		0	0	0	0	0	0	0	0	0
44 Asset Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only)		0	0	0	0	0	0	0	0	0
45 Asset Mgmt Fee/Prtshp Costs (MHP/HOME under UMR)		0	0	0	0	0	0	0	0	0
46 Borrower Distributions		0	0	0	0	0	0	0	0	0
47 Residual Receipt Loan Payments		0	0	0	0	0	0	0	0	0
48 Other (specify)		0	0	0	0	0	0	0	0	0
<i>Total Use of Cash Flow</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>



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*

Board of Directors
Capitol Area Development Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Biele Place Apartments (Contract Number 80-RHC-032) (Project), a project of the Capitol Area Development Authority (Authority) as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Project’s basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project’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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Sacramento, California
December 3, 2015