

**SANTA CLARA COUNTY
HOUSING AUTHORITY**

**Basic Financial Statements and
Supplementary Information**

For the Year Ended June 30, 2021



Certified
Public
Accountants

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

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For the Year Ended June 30, 2021

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Independent Auditor's Report

Members of the Board of Commissioners of the
Santa Clara County Housing Authority
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Santa Clara County Housing Authority, California (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Authority's blended component units, which includes AE Associates, Ltd.; Alvarado Park LP; Avenida Espana HDC, Inc.; Bascom HACSC Associates; Bellarmino Place LP; Blossom River Associates LP; Bracher HDC, Inc.; DeRose HDC, Inc.; HACSC/Choices Family Associates; HACSC/Choices Senior Associates; Helzer Associates LP; Klamath Associates LP; Pinmore HDC, Inc.; Poco Way HDC, Inc.; Rotary Plaza/HACSC HDC, Inc.; San Pedro Gardens Associates, Ltd.; S.P.G. Housing, Inc.; Villa Garcia, Inc.; and Villa San Pedro HDC, Inc.; which collectively represent 28.9% of assets, 3.3% of net position, and 4.0% of revenues of the business-type activities opinion unit. We also did not audit the aggregate discretely presented component units of the Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the blended component units, except for: AE Associates, Ltd.; HACSC/Choices Family Associates; San Pedro Gardens Associates, Ltd.; and S.P.G. Housing, Inc.; and the financial statements of the discretely presented component units, except for Bendorf Drive, LP; Clarendon Street LP; Fairground Luxury Family Apartments, LP; and Huff Avenue, LLC; were not audited in accordance with *Government Auditing Standards*.

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

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (primary government) and the aggregate discretely presented component units of the Authority as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the Authority is dependent on the U.S. Department of Housing and Urban Development (HUD) for 96.1% of its operating revenues. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of pension contributions, schedule of changes in the net other postemployment benefits liability and related ratios, and schedule of other postemployment benefit contributions, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the other supplementary 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 23, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 23, 2021

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SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

This section of the Santa Clara County Housing Authority's (the Authority) financial report presents management's discussion and analysis of the Authority's financial performance during the Fiscal Year (FY) ended June 30, 2021. Please read it in conjunction with the Authority's financial statements, which follows this section.

Financial Highlights

The assets and deferred outflows of resources of the Authority exceeded the liabilities and deferred inflows of resources by \$518.8 million (net position). \$33.7 million of the net position balance is restricted for specific purposes; \$144.8 million is related to the Authority's investment in capital assets and is not available to meet on-going obligations; and \$340.3 million is unrestricted and available for meeting on-going obligations.

The Authority's total increase in net position of \$45.2 million to \$518.8 million is primarily a result of increase in net position of \$35.5 million from the Moving-To-Work (MTW), and the remaining increases relates to Section 8 Rental Vouchers, Public Housing Capital, Special Purpose Vouchers (SPV), Public Housing Proceeds and Blended Component Units (BCU).

Overview of the Financial Statements

The financial statements consist of three parts: the management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include three kinds of statements that present different views of the Authority:

- The first two statements are the government-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. The third statement, the Statement of Cash Flows reports how the Authority obtained and used its cash during the fiscal year. Activities are reported in this statement by its operating, noncapital financing, capital and related financing and investment activities.
- The basic financial statements also include Notes to Financial Statements section that provides further information and explanation on data that are in the Authority-wide and program/fund financial statements.
- The Notes to Financial Statements are followed by Required Supplementary Information (RSI) and Other Supplementary Information (OSI) sections. RSI presents additional information on pension and other postemployment benefits (OPEB) and OSI presents the financial statements of the Authority's combining component unit financial statements, combining schedules by program/fund on its federal and local programs, and other public housing combining schedules.

The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of these statements. The government-wide statements report information about the Authority as a whole, using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the Authority's assets and liabilities as well as its deferred outflows and inflows of resources and net position. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position regardless of when cash is received or paid.

The basic financial statements include both blended and discretely presented component units. Complete financial statements of individual component units can be obtained from the Authority's Finance Department.

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Individual Program Financial Schedules

The combining program financial schedules provide more detailed information about the Authority's programs. The net position of these programs represents accumulated earnings since their inception, which are usually unrestricted for financial statements purposes. However, some of these earnings may be restricted by external funding sources for specific program purposes.

Financial Analysis of the Authority

Net Position - The increase in net position of \$45.2 million as shown in the table below represents an increase in current year operations. For details explaining the changes to the net position refer to the Financial Highlights section noted above.

The following table indicates a condensed summary of the Authority's net position as of June 30, 2021 and 2020 (in thousands):

	June 30		Increase (Decrease)	
	2021	2020	Amount	Percent (%)
Assets:				
Current assets	\$ 258,321	\$ 226,331	\$ 31,990	14%
Noncurrent and other assets	153,203	157,571	(4,368)	-3%
Capital assets	230,915	193,495	37,420	19%
Total assets	<u>642,439</u>	<u>577,397</u>	<u>65,042</u>	11%
Deferred outflows of resources related to pensions and OPEB	<u>5,474</u>	<u>5,967</u>	<u>(493)</u>	-8%
Liabilities:				
Current liabilities	15,813	9,623	6,190	64%
Noncurrent liabilities	110,633	96,646	13,987	14%
Total liabilities	<u>126,446</u>	<u>106,269</u>	<u>20,177</u>	19%
Deferred inflows of resources related to pensions and OPEB	<u>2,627</u>	<u>3,415</u>	<u>(788)</u>	-23%
Net Position				
Net investment in capital assets	144,805	106,221	38,584	36%
Restricted	33,758	30,215	3,543	12%
Unrestricted	340,277	337,244	3,033	1%
Total net position	<u>\$ 518,840</u>	<u>\$ 473,680</u>	<u>\$ 45,160</u>	10%

The Authority's net increase in total assets of \$27.6 million, excluding capital assets is primarily due to the following:

- An increase in the receivables of \$40.8 million from U.S. Department of Housing and Urban Development (HUD) for MTW program funds is primarily related to increase of \$24.0 million in MTW revenues for FY 2021 and the return of \$14.5 million in MTW funds used for the acquisition of the Buena Vista Mobile Home Park.

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- A net decrease of \$6.9 million in cash, cash equivalents, and short-term investment is primarily due to an increase \$9.2 million in cash and cash equivalents due to operations, offset by a decrease of \$16.1 million in short term investments for the acquisition of the property at 3553 N. First Street, San Jose.
- A decrease of \$1.9 million in short-term notes and interest receivables from related parties due to loan and interest payments received from cash flow distribution of affiliate entities.
- An increase of \$2.5 million in restricted long-term investments due to a one-time contribution into the California Employee's Pension Prefunding Trust (CEPPT).
- An increase of \$7.3 million in long-term receivables from component units and related parties because of new notes receivable issued to BCU. These notes could not be eliminated (between related parties) in FY 2021 as these were issued after the year end of December 31, 2020 for the BCUs.
- A decrease of \$13.9 million in long-term investments is due to the usage of funds to partially fund the acquisition of the property at 3553 N. First Street, San Jose.

The decrease of \$0.5 million in deferred outflows of resources is primarily due to decreases in pension and OPEB related balances.

The Authority's net increase in total liabilities of \$20.2 million is primarily due to the following:

- An increase of \$0.3 million in accrued wages and benefits and an increase of \$0.9 million in accounts payable is related to timing of payroll and invoice payments.
- An increase of \$0.3 million in Family Self Sufficiency Escrow balance is due to increase in participants and changes in tenant income during FY 2021.
- An increase of \$0.3 million in accrued sick and vacation is due to increase in employee accrued vacation hours because of new hires, higher pay rates and less vacation hours taken due to the COVID-19 pandemic.
- The net increase in unearned revenues of \$2.9 million relates to \$1.8 million for Emergency Housing Voucher service fee and \$1.1 million in CARES Act funds that were not spent by June 30, 2021.
- Short-term notes and interest payables to component units and related parties increased by \$2.0 million because the debt payment to the Authority from cash flow distributions payable as of December 31, 2020 could not be eliminated (between related parties) in FY 2021. These debt payments were made to the Authority in June 2021 and therefore the offsetting receivable was not available for elimination.
- Long-term notes and interest payables to component units and related parties increased by \$14.8 million primarily because the Buena Vista Mobile Home Park acquisition loan of \$26.0 million payable to the Authority as of December 31, 2020 could not be eliminated entirely between related parties in FY 2021. An acquisition loan of \$14.5 million was obtained from the County of Santa Clara and partial payment was made to the Authority in May 2021 and therefore the offsetting receivable was not available for elimination.
- The above increases were offset by a decrease in long-term obligations of \$1.3 million and accrued interest of \$0.3 million.

The decrease of \$0.8 million in deferred inflows of resources is primarily due to decreases in pension and OPEB related balances.

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Statement of Revenues, Expenses and Changes in Net Position - The statement shows the sources of the Authority's changes in net position as they arise through its various programs and functions. A summary of the activities for the fiscal years ended June 30, 2021 and 2020 is shown in the following table (in thousands):

	June 30		Increase (Decrease)	
	2021	2020	Amount	Percent (%)
Operating revenues				
Rental income	\$ 16,053	\$ 14,583	\$ 1,470	10%
Service fees	313	339	(26)	-8%
Housing assistance payment earned	418,550	390,955	27,595	7%
HUD administrative fees	21,121	19,150	1,971	10%
HUD administrative fees - Cares Act	3,586	3,673	(87)	-2%
Other	7,657	5,156	2,501	49%
Total operating revenues	<u>467,280</u>	<u>433,856</u>	<u>33,424</u>	<u>8%</u>
Operating expenses				
Wages and benefits	21,088	19,261	1,827	9%
Pension and OPEB expense	1,951	2,107	(156)	-7%
Administrative	2,857	2,843	14	0%
Tenant services	901	805	96	12%
Utilities	1,794	1,534	260	17%
Maintenance and operations	3,991	3,507	484	14%
General	1,827	1,552	275	18%
Depreciation and amortization	5,075	4,222	853	20%
Housing assistance payments	380,165	354,438	25,727	7%
Other	4,596	8,031	(3,435)	-43%
Total operating expenses	<u>424,245</u>	<u>398,300</u>	<u>25,945</u>	<u>7%</u>
Operating income	<u>43,035</u>	<u>35,556</u>	<u>7,479</u>	<u>21%</u>
Nonoperating revenues (expenses)				
Gain on disposition of capital assets	460	-	460	n/a
Investment income	5,700	7,100	(1,400)	-20%
Interest expense	(4,035)	(4,108)	73	-2%
Total nonoperating revenues (expenses)	<u>2,125</u>	<u>2,992</u>	<u>(867)</u>	<u>-29%</u>
Change in net position	<u>45,160</u>	<u>38,548</u>	<u>6,612</u>	<u>17%</u>
Net position, beginning of year	<u>473,680</u>	<u>435,132</u>	<u>38,548</u>	<u>9%</u>
Net position, end of year	<u>\$ 518,840</u>	<u>\$ 473,680</u>	<u>\$ 45,160</u>	<u>10%</u>

Revenues: As compared to FY 2020, the FY 2021 operating revenues increased by \$33.4 million primarily due to the following:

- Rental income increased by \$1.5 million due to a \$0.6 million rent increase primarily for Helzer, El Parador and Morrone properties. The remaining \$0.8 million increase represents a full year of operations for the Buena Vista Mobile Home Park, which was taken over by the Authority in October 2019.
- \$27.6 million increase in Housing Assistance Payments (HAP) earned is due to:
 - \$24.1 million increase in HAP earned resulting from an increase in funding inflation factor. The higher inflation factor resulted in a 7% increase in funding from FY 2020 to FY 2021.
 - In addition, there was a net increase of \$3.5 million in HAP earned for SPV due to an increase in HAP expenditures levels for 2020. SPV are funded based on prior year expenditure levels.

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- \$2.0 million increase in HUD administrative fees is related to an increase of approximately 5,900 unit months leased for vouchers (including project-based voucher vacancies), 2% increase in HUD funding proration factor and a 3.5 % increase in administrative fee rates per unit for FY 2021.
- Other operating revenues increased by \$2.5 million due to \$2.4 million in capital grants received by the Authority in FY 2021 and an increase of \$1.0 million in asset management fees and other miscellaneous income. These increases were offset by decreases of \$0.9 million in developer and incentive management fees.

Expenses: As compared to FY2020, the total operating expenses in FY 2021 increased by \$25.9 million, mainly due to the following:

- HAP payments increased by \$25.7 million primarily due to the following reasons:
 - Effective January 1, 2021, the payment standards for Single Room Occupancy (SRO), 1- and 2-bedroom units were increased between 94% and 95% of the HUD's Fair Market Rents (FMR) issued on October 1, 2020. The revised payment standard was applied to MTW and non-MTW vouchers, including Veterans Affairs Supportive Housing (VASH).
 - The continuing impact of COVID-19 pandemic, resulted in loss of family wages which increased the Authority's HAP subsidy.
 - A 3% increase in the lease up rate for the Housing Choice Voucher (HCV) program.
 - In addition, the Authority implemented several temporary policies changes in FY 2020 in response to the COVID-19 pandemic. The continued impact of these policy changes resulted in increased HAP payments for FY 2021.
- Wages and benefits increased by \$1.8 million, due to additional filled positions, a 3% COLA and employee merit increases that were incurred in FY 2021.
- Maintenance, operations and utilities increased by \$0.7 million due to the operations of the BCUs.
- Depreciation and amortization expenses increased by \$0.9 million primarily due to the depreciation related to the newly purchased property at 3553 N. First Street, San Jose.
- Other expenses decreased by \$3.4 million primarily due to one-time occurrence in FY 2020 in which the Authority incurred \$3.0 million for the acquisition of a limited partnership interest in Bascom Associates and returned \$0.4 million in State grants that were not utilized, resulting in a decrease of \$3.4 million in other expenses for FY 2021.

Net Non-Operating Revenues (Expenses): Net non-operating revenues (expenses) decreased by \$0.9 million primarily due to decrease of \$1.4 million in investment income related to declining interest rates, offset by an increase of \$0.5 million due to gain on disposal of assets.

SANTA CLARA COUNTY HOUSING AUTHORITY
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Financial Analysis of the Authority's Programs

At the end of the fiscal year, the unrestricted net position for the MTW program was \$261.6 million. As discussed in Note 15, “Moving-to-Work program”, the eligible uses of MTW funds are defined in the MTW agreements and states that the eligibility would be as under Sections 9(d)(1), 9(e)(1) and 8(o) of the 1937 Act and the Authority may use MTW Reserves for activities that would be eligible for Public Housing and Voucher programs. The Authority also reported unrestricted net position of \$72.7 million for the Public Housing Proceeds program. These funds are related to the disposition of the Authority’s properties under the HUD’s Conventional Housing Program.

In addition, at the end of the fiscal year, the unrestricted net position for the Conventional Housing, the Public Housing Capital, the Section 8 Rental Voucher, the SPV, Section 8 Moderate Rehabilitation, the Real Estate Services, and the Development Services programs were as shown in the table below (in thousands):

Programs	Amount
Conventional Housing	\$ 21
Public Housing Capital	6,191
Section 8 Rental Voucher	1,938
Special Purpose Voucher	1,063
Section 8 Moderate Rehabilitation	166
Real Estate Services	37
Development Services	3,340

Capital Acquisitions and Construction Activities

During the fiscal year ended June 30, 2021, the Authority’s capital assets increased by \$37.4 million primarily due to the following:

- A net increase of \$36.1 million in land and structures is primarily due to the acquisition of the property at 3553 N. First Street, San Jose for \$37.4 million offset by a decrease of \$1.9 million for partial sale of land related to the East Santa Clara Project.
- Net increase in construction in progress of \$4.6 million were mainly due to the development activity for the Buena Vista Mobile Home Park, East Santa Clara, Alvarado, Bellarmino projects and building improvement design costs for the property at 3553 N. First Street.
- Office equipment additions including transfers were \$1.8 million related to the Tenant Portal enhancements and Waitlist project.
- These increases were offset by depreciation expense of \$5.1 million.

Additional information on the Authority’s capital assets can be found in Note 6 “Capital Assets” to the basic financial statements.

SANTA CLARA COUNTY HOUSING AUTHORITY
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Long-Term Debt Activities

A summary of the long-term debt activities for the fiscal years ended June 30, 2021 and 2020 is shown in the following table (in thousands):

	June 30		Increase (Decrease)	
	2021	2020	Amount	Percent (%)
<u>Section 8 Rental Voucher Program</u>				
Notes payable	\$ 972	\$ 972	\$ -	0%
<u>Other Payables</u>				
Accrued vacation and sick leave	2,101	1,836	265	14%
Other blended component units	85,139	86,301	(1,162)	-1%
Interest payable	10,151	10,458	(307)	-3%
Total primary government	<u>\$ 98,363</u>	<u>\$ 99,567</u>	<u>\$ (1,204)</u>	-1%

Long-term debt decreased by \$1.2 million primarily due to \$1.5 million in scheduled debt service payments offset by an increase of \$0.3 million in accrued vacation and sick leave. Additional information on the Authority’s Long-Term Debt Activity can be found in Note 7, “Long Term Obligations”, to the basic financial statements.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding from HUD.
- Future congressional appropriation bills on MTW funding.
- Local and national property rental markets that determine HAP.
- Local labor supply and demand, which can affect employment costs such as salary and wage rates.
- Local inflationary, economic and employment trends that can affect residents' income and therefore impact the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.

Contact

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Santa Clara County Housing Authority, CFO/Director of Finance, 505 W. Julian Street, San Jose, CA 95110.

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2021

	Primary Government - Business-type Activities	Discretely Presented Component Units
Operating revenues:		
Rental income	\$ 16,052,605	\$ 43,991,381
Service fees	312,765	-
HUD housing assistance payments earned	418,550,084	-
HUD administrative fees	21,121,587	-
HUD administrative fees - CARES Act	3,585,720	-
Other	7,657,366	458,030
Total operating revenues	<u>467,280,127</u>	<u>44,449,411</u>
Operating expenses:		
Wages and benefits	21,088,186	-
Pension and OPEB expense (Notes 12 and 13)	1,951,474	-
Administrative	2,857,829	4,827,701
Tenant services	901,463	-
Utilities	1,793,490	2,773,660
Maintenance and operations	3,990,835	5,208,589
General	1,826,862	750,977
Depreciation and amortization (Note 6)	5,074,944	13,225,035
Housing assistance payments	380,164,602	-
Other	4,596,311	1,502,712
Total operating expenses	<u>424,245,996</u>	<u>28,288,674</u>
Operating income	<u>43,034,131</u>	<u>16,160,737</u>
Nonoperating revenues (expenses):		
Gain on disposition of capital assets (Note 6)	460,000	-
Investment income	5,700,085	54,954
Interest expense	(4,034,768)	(11,929,169)
Other nonoperating expenses, net	-	(4,360,909)
Total nonoperating revenues (expenses)	<u>2,125,317</u>	<u>(16,235,124)</u>
Income (loss) before capital contributions	45,159,448	(74,387)
Capital contributions	-	19,420,527
Change in net position	45,159,448	19,346,140
Net position, beginning of year	473,680,462	98,350,665
Net position, end of year	<u>\$ 518,839,910</u>	<u>\$ 117,696,805</u>

See accompanying notes to the basic financial statements

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Statement of Cash Flows

For the Year Ended June 30, 2021

	Primary Government - Business-type Activities
Cash flows from operating activities:	
Receipts from tenants	\$ 16,327,188
Receipts from customers and others	12,669,945
Receipts from housing assistance programs	402,453,568
Payments to suppliers for goods and services	(15,058,101)
Housing assistance payments on behalf of tenants	(380,164,602)
Payments to employees for services	(22,348,832)
Net cash provided by operating activities	<u>13,879,166</u>
Cash flows from noncapital financing activities:	
Loan disbursements to related parties and component units	(7,395,429)
Loan proceeds received from related parties and component units	16,818,216
Net cash provided by noncapital financing activities	<u>9,422,787</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	2,350,000
Acquisition of capital assets	(44,385,177)
Repayments of short-term and long-term liabilities	(1,162,355)
Interest and other fees paid	(4,341,528)
Net cash used in capital and related financing activities	<u>(47,539,060)</u>
Cash flows from investing activities:	
Interest received	5,969,526
Proceeds from sale of investments	16,985,869
Purchase of investments	(5,617,426)
Net cash provided by investing activities	<u>17,337,969</u>
Net change in cash and cash equivalents	<u>(6,899,138)</u>
Cash and cash equivalents, beginning of year	<u>101,072,193</u>
Cash and cash equivalents, end of year	<u>\$ 94,173,055</u>

(Continued)

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Statement of Cash Flows (Continued)

For the Year Ended June 30, 2021

	Primary Government - Business-type Activities
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 43,034,131
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,074,944
Decrease (increase) in:	
Receivables	(39,119,154)
Prepaid expenses	61,694
Net pension asset	610,708
Net OPEB asset	(174,647)
Other assets	(141,328)
Deferred outflows of resources	492,357
Increase (decrease) in:	
Accounts payable	874,440
Accrued wages and benefits	285,453
Tenant security deposits and FSS escrow	344,839
Unearned revenues	2,944,889
Accrued vacation and sick leave	264,713
Other liabilities	113,883
Deferred inflows of resources	(787,756)
Net cash provided by operating activities	<u>\$ 13,879,166</u>
Cash and cash equivalents:	
Unrestricted cash and cash equivalents	\$ 29,994,284
Unrestricted short term investments	44,958,236
Restricted cash and cash equivalents	18,470,175
Restricted short term investments	<u>750,360</u>
Total cash and cash equivalents	<u>\$ 94,173,055</u>
Noncash investing activities	
Decrease in accrued interest receivables	\$ (100,578)

See accompanying notes to the basic financial statements

SANTA CLARA COUNTY HOUSING AUTHORITY

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

Note 1 - The Financial Reporting Entity

Primary government

The Housing Authority of the County of Santa Clara (the "Authority") was established in 1967 by the Santa Clara County (the "County") Board of Supervisors to administer a federal rent subsidy program authorized under the United States Housing Act of 1937. To mark the Authority's 50-year anniversary, on July 1, 2017, the Authority changed its name from the Housing Authority of the County of Santa Clara to Santa Clara County Housing Authority. The Authority's (the "Primary Government") mission is to provide and inspire affordable housing solutions to enable low-income people in Santa Clara County to achieve financial stability and self-reliance. It exists to make housing safe and affordable for low-income families and individuals through voucher programs and rental properties. It also provides information, referrals, incentives, and services that help its clients stabilize their lives and increase their capacity to be economically self-sufficient. The Authority's general operation is overseen by the Board of Commissioners (the "Board"), members of which are appointed by the County Board of Supervisors. The Board consists of seven commissioners, one from each of the five supervisorial districts and two tenants of the Authority, one being a senior citizen. Each member is appointed for a four-year term except the resident commissioners, who are appointed for two-year terms. Because of the County's appointment of the voting majority of the Board, the Authority has been reported as a discretely presented component unit of the County.

Component units

Component units (CUs) are legally separate organizations for which a Primary Government has some degree of control, or from which it receives a financial benefit or burden. CUs are included within the primary government's financial statements as discretely presented or blended units. CUs are discretely presented unless they qualify as a blended unit, which includes the governing board being substantially the same as the primary government's governing board and (1) there is a financial benefit or burden relationship between the primary government and the CU or (2) management of the primary government has operational responsibility for the CU. A CU can also be blended if the total outstanding debt of the CU is expected to be paid with resources of the primary government.

The Authority's basic financial statements include both discretely presented and blended CUs. The discretely presented CUs are reported in a separate column within the government-wide financial statements because the Authority does not have majority control over these entities and their outstanding debt is not expected to be paid by the Authority.

Conversely, the blended CUs' financial statements are incorporated with the primary government financial statements as previously noted. The following section discusses the Authority's blended and discretely presented CUs.

Blended component units

The blended CUs are combined with the primary government's financial statements and have a December 31, 2020 year-end, except for the Housing Development Corporation which has a June 30, 2021 year-end.

Blended Component Units

Housing Development Corporation ("HDC") - A non-profit public benefit corporation organized on September 14, 1983, in the State of California. The HDC engaged in the construction of the Authority's central office building and the leasing of such property to the County. The Authority subleased the building to be used as the site of its central offices. The HDC's policies are determined by a five-member board. The HDC has no employees and all staff work is done by the Authority staff or by consultants to the HDC. In

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

addition, the HDC and the Authority have a financial and operational relationship which requires that the HDC's financial statements be blended into the Authority's financial statements. HDC did not have any activity or balances to report for fiscal year 2021.

AE Associates, Ltd. - A California limited partnership formed in August 1991 to develop and operate an 84-unit affordable housing complex for the elderly located in San Jose, California. AE Associates, Ltd.'s General Partner, Avenida Espana HDC, Inc., an Authority affiliated non-profit general partner, maintains 1% ownership. The Authority, as the limited partner, owns 99% of the partnership. As the majority partner, the Authority can impose its will on AE Associates, Ltd. As a result, it is presented as a blended component unit.

Alvarado Park, L.P. - A California limited partnership formed on December 4, 2017, to develop and operate housing complexes located in San Jose, California. Alvarado Park, L.P.'s General Partner, Villa Garcia, Inc., is an Authority affiliated non-profit public benefit corporation that maintains a 0.01% ownership interest. The Authority, as the limited partner, owns 99.99% of the partnership. As the majority partner, the Authority can impose its will on Alvarado Park, LP. As a result, it is presented as a blended component unit.

Avenida Espana HDC, Inc. - A non-profit corporation organized in April 1990, serves as the general partner in four limited partnerships (AE Associates, Ltd., Rincon Gardens Associates, L.P., Julian Street Partners, L.P. and McCreery Avenue LP). Avenida Espana HDC, Inc.'s three-member Board of Directors is appointed by the majority of the current board where no more than one of the three board members can be current commissioners, officers or employees of the primary government. Avenida Espana HDC, Inc. is a blended component unit of the Authority because the Authority is legally obligated to finance operating deficits and provide tax indemnification guarantees of Avenida Espana HDC, Inc. In addition, one of the board members is the Executive Director of the Authority and the Authority has operational and financial responsibility for Avenida Espana HDC, Inc.

Bascom HACSC Associates - A California limited partnership formed on April 6, 2000 to develop and operate a 125-unit affordable housing complex for the elderly in Campbell, California, operating under the name of El Parador Apartments. Bascom HACSC Associates' General Partner, DeRose HDC, Inc., is an Authority affiliated non-profit public benefit corporation that maintains a 0.01% ownership interest. On July 31, 2019, the Authority paid \$3.0 million to acquire the 99.99% limited partnership interest. As the majority partner, the Authority can impose its will on Bascom HACSC Associates. As a result, it is presented as a blended component unit.

Bellarmino Place L.P. - A California limited partnership formed on December 4, 2017, to develop and operate housing complexes located in San Jose, California. Bellarmino Place, LP's General Partner, Villa Garcia, Inc., is an Authority affiliated non-profit public benefit corporation that maintains a 0.01% ownership interest. The Authority, as the limited partner, owns 99.99% of the partnership. As the majority partner, the Authority can impose its will on Bellarmino Place, LP. As a result, it is presented as a blended component unit.

Blossom River Associates L.P. - A California limited partnership formed in August 1996 to develop and operate a 144-unit affordable housing complex in San Jose, California, which is currently operating under the name Blossom River Apartments. The partnership is comprised of its general partner, DeRose HDC, Inc., an Authority affiliate, and the Authority as its limited partner. The Authority owns a majority of the entity and can impose its will on it. As a result, it is presented as a blended component unit.

Bracher HDC, Inc. - A California non-profit corporation organized in August 1993 to provide housing for low-income persons, where no adequate housing exists for such groups. It is serving as a general partner in two limited partnerships (HACSC/Choices Senior Associates and HACSC/Choices Family Associates) and as a Limited Partner for Willows/HACSC Associates. Bracher HDC, Inc.'s three-member board is comprised of three Directors appointed by the Authority's Executive Director. Bracher HDC, Inc. is a

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blended component unit of the Authority because it is legally obligated to finance operating deficits of Bracher HDC, Inc. and to provide tax indemnification guarantees on behalf of Bracher HDC, Inc. for its partnerships.

DeRose HDC, Inc. - A California non-profit corporation created in October 1988 to serve as the general partner of two limited partnerships (Blossom River Associates and Bascom HACSC Associates). The Villa Hermosa Apartments, previously owned by Thunderbird Associates, was acquired by Hermocilla LLC on August 3, 2015. Hermocilla LLC is controlled by Derosé HDC, Inc., its sole member, DeRose HDC, Inc. is a blended component unit of the Authority because the Authority's Board appoints the directors of DeRose HDC, Inc. and may remove any of its directors with or without cause. The three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority has also provided a Demand Note guarantee on behalf of DeRose HDC, Inc. for one of its partnerships and has operational and financial responsibility for DeRose HDC, Inc.

HACSC / Choices Family Associates L.P. - A California limited partnership organized in February 2000 to develop and operate a 100-unit affordable housing complex located in Santa Clara, California is currently operating under the name of River Town Apartments. On January 31, 2019, the Authority acquired the 99.99% limited partnership interest. Bracher, HDC, Inc., which is a non-profit organization affiliated with the Authority, owns 0.01% of the entity. As the majority partner, the Authority can impose its will on HACSC / Choices Family Associates L.P. As a result, it is presented as a blended component unit.

HACSC / Choices Senior Associates L.P. - A California limited partnership organized in February 2000 to develop and operate a 100-unit affordable housing complex located in Santa Clara, California is currently operating under the name of John Burns Apartments. On January 31, 2019, the Authority acquired the 99.99% limited partnership interest. Bracher, HDC, Inc., which is a non-profit organization affiliated with the Authority, owns 0.01% of the entity. As the majority partner, the Authority can impose its will on HACSC / Choices Senior Associates L.P. As a result, it is presented as a blended component unit.

Helzer Associates, L.P. - A California limited partnership organized in March 1998. Pinmore HDC, Inc. is the 0.1% general partner and the Authority as the limited partners owns 99.9% of the entity. As a result, the Authority can impose its will on this partnership; therefore, it is presented as a blended component unit.

Klamath Associates, L.P. A California limited partnership formed in November 1993 to develop and operate a 17-unit affordable housing complex located in Santa Clara, California, which is currently operating under the name of Klamath Gardens Apartments. S.P.G. Housing Inc., which is a non-profit organization affiliated with the Authority, is its general partner with a 1% interest. Its limited partner is the Authority with a 99% interest. Since the Authority is the majority partner it can impose its will on Klamath Associates, L.P. as such the partnership is presented as a blended component unit.

Pinmore HDC, Inc. - A California non-profit corporation established in September 1993 to serve as a general partner in six limited partnerships which include Helzer Associates, Willows/HACSC Associates, Fairgrounds Luxury Family Apartments and Fairgrounds Senior Housing. In 2015, Pinmore HDC, Inc. became the general partner for Park Avenue Seniors, L.P. and Laurel Grove Family, L.P., which have commenced development activities for a 100 unit affordable senior housing project and an 82 unit affordable housing project, respectively. Pinmore HDC, Inc. is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is legally obligated to finance deficits of Pinmore HDC, Inc. and has operational and financial responsibility.

Poco Way HDC, Inc. - A California non-profit corporation was established in July 1994 as a nonprofit benefit corporation to provide housing for low and moderate income persons, and to serve as the general partner in limited partnerships which own and operate housing for the benefit of low and moderate income persons. The Organization previously operated a 130-unit affordable housing complex, Poco Way Apartments, which was sold on February 20, 2015 to an affiliate, McCreerty Avenue LP.

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In September 2017, Poco Way HDC, Inc. acquired land in Palo Alto, California, from a third-party, which is currently operating under the name of Buena Vista Mobile Home Park (Buena Vista). Buena Vista includes 104 occupied mobile homes spaces, 12 studio units, and one single-family home, of which eight mobile home spaces and two studios are located on land leased from a third-party.

Poco Way HDC, Inc. is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is legally obligated to finance deficits of Poco Way HDC, Inc. and has operational and financial responsibility.

Rotary Plaza/HACSC HDC, Inc. - A California non-profit corporation established in May 1991. Its purpose is to provide affordable housing for economically and otherwise disadvantaged persons. In April 2013, Rotary Plaza/HACSC HDC, Inc. acquired Morrone Gardens, a 102-unit apartment complex located in San Jose, California from Morrone Gardens Associates; a California limited partnership, of which Rotary Plaza/HACSC HDC, Inc. was the general partner. Rotary Plaza was the general partner of Huff Avenue Associates, which owned a 73-unit affordable housing complex located in San Jose, California, operating under the name of Huff Gardens Apartments. On December 11, 2015, Huff Gardens was transferred to Huff Avenue LLC, of which Rotary Plaza/HACSC HDC, Inc. is the sole member. Rotary Plaza/HACSC HDC, Inc. is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff. The Authority is legally obligated to finance deficits of Poco Way HDC, Inc. and has operational and financial responsibility.

San Pedro Gardens Associates, Ltd. - A California limited partnership formed in August 1990 to develop and operate a 20-unit affordable housing complex located in Morgan Hill, California, operating under the name of San Pedro Gardens. S.P.G. Housing, Inc., an Authority affiliated non-profit general partner, hold 1% ownership and the Authority holds 99% ownership. The Authority, as the majority owner can impose its will on the entity. As a result, San Pedro Gardens Associates is presented as a blended component unit.

S.P.G. Housing, Inc. - A California non-profit corporation established in March 1992 serves as a general partner in two limited partnerships (San Pedro Gardens Associates, Ltd. and Klamath Associates). It previously served as the limited partner for Bracher Associates and Pinmore Associates. However, the properties associated with these partnerships were sold to South Drive LLC and Branham Lane LLC. South Drive LLC, the owner of Bracher Garden Apartments, and Branham Lane LLC, the owner of Pinmore Garden Apartments, are both wholly owned by S.P.G. Housing, Inc. In addition, S.P.G. Housing Inc. wholly owns Halford LLC and Poinciana LLC, two former public housing properties it acquired in 2015.

In 2005, S.P.G. Housing, Inc. acquired DeRose Senior Housing, a 76-unit housing complex for the elderly located in San Jose, California from DeRose Housing Associates, a California limited partnership. The Authority's Board appoints its three-member governing board and may remove any of these members with or without cause. S.P.G. Housing, Inc. is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff, the Authority is legally obligated to provide guarantees on behalf of its partnership and has operational and financial responsibility.

Villa Garcia, Inc. ("VGI") - A California non-profit corporation established in December 1970 to manage Villa Garcia Apartments, an 80-unit apartment project subject to U.S. Housing and Urban Development ("HUD") regulations. VGI is the managing general partner of Clarendon Street, L.P. ("Clarendon"), a California limited partnership, which was formed on June 28, 2012, to acquire, rehabilitate, and operate the Villa Garcia Apartments. In November 2012, Clarendon acquired the apartments from VGI. On December 4, 2017, Alvarado Park L.P. and Bellarmino Place L.P. were formed with VGI as the General Partner with 0.01% ownership interest, to develop and operate affordable housing complexes located in San Jose, California. VGI is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff, the Authority is legally obligated to provide guarantees on behalf of its partnership and has operational and financial responsibility.

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Villa San Pedro HDC, Inc. (“VSP”) - A non-profit corporation established in March 1990 to provide low-income families with housing facilities and services. VSP is the managing general partner of Bendorf Drive, L.P. (“Bendorf”), a California limited partnership, which was formed on February 7, 2013, to acquire, rehabilitate, and operate the Villa San Pedro Apartments. VSP is a blended component unit of the Authority because the three-member governing board is comprised of the Executive Director of the Authority and two Authority staff, the Authority is legally obligated to provide guarantees on behalf of its partnership and has operational and financial responsibility.

For all of the above blended component units, refer to Note 16 for blended CUs’ condensed financial statements and Note 17 for detailed debt and other information.

Discretely presented component units

The Authority’s discretely presented CUs are reported in a separate column within the government-wide financial statements and have a December 31, 2020 year-end. The Authority’s tax credit partnerships do not have board representation and its affiliated non-profit general partner entities serve as the general partner for these partnerships. However, the Authority’s affiliated general partners do not hold a majority control of these entities because they are 99% or more owned by unaffiliated limited partners.

In addition, the Authority has six other discretely presented CUs, Branham Lane LLC, Halford LLC, Hermocilla LLC, Huff Avenue LLC, Poinciana LLC and South Drive LLC. These limited liability corporations (LLCs) are 100% owned by Authority affiliated non-profit general partner entities and the Authority does not bear any financial responsibility for the LLCs’ debts. In addition, HACSC Housing Partnerships, LLC, which is owned by Pinmore HDC, Inc. did not have any financial activity for the year ended December 31, 2020.

Refer to Note 17 for detailed debt and other information on the Authority’s discretely presented component units.

Note 2 - Summary of significant accounting policies

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows) report information of the primary government and its component units. The effect of inter-fund activity has been removed from these statements. The primary government is reported separately from certain legally separate discretely presented component units for which the primary government is financially accountable.

For financial reporting purposes, the Authority reports all of its operations as a single business-type activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same. Separate financial schedules are provided for the Authority's individual programs and included in the other supplementary information section of this report. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) standards.

Measurement focus, basis of accounting and financial statement presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Authority receives value without directly giving equal value in exchange, include revenues from federal, state and local assistance programs. Revenue from these sources is recognized in the fiscal year in which all eligibility requirements have been met.

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Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are HUD housing assistance payments earned, HUD administrative fees and rental income from its public housing units.

Operating expenses include employee services, services and supplies, administrative expenses, utilities, depreciation on capital assets and housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

For financial reporting purposes, the Authority considers its HUD grants and contracts associated with operations as operating revenues because these funds more closely represent revenues generated from operating activities rather than non-operating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net position.

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

Deferred outflows of resources and deferred 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, 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.

Summary of significant programs

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD and other governmental entities. A summary of each significant program is provided below:

Section 8 Rental Voucher Program is used to account for the operations of the low-income housing program which is funded by HUD under the annual contributions contract numbers CA-056VO and CA-059VO for approximately 18,473 units.

Moving to Work ("MTW") Program includes the Authority's demonstration program operations to design and test innovative approaches in assisted housing. The purpose of the Authority's demonstration program is to provide incentives to families to become economically self-sufficient, to reduce the Authority's costs and achieve greater cost effectiveness, and to increase housing choice for low-income families.

The accompanying basic financial statements also include the activities of other local programs. A summary of each significant program is provided below:

Real Estate Services Program is responsible for managing Property Management contracts which includes, operations related to Property Management and Maintenance Services, Resident Services, and Program Compliance Monitoring Services. It is also responsible for Asset Management activities. The asset management unit oversees approximately 2,926 low-income residential housing units, which includes occupied mobile home spaces, that are owned by the Authority and its affiliate entities. Additionally, it manages, monitors and reports on all financial activity, which includes bonds, loans, promissory notes, and partners' interest. The Real Estate Services revenues are mostly derived from the fees earned from these activities.

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Development Services Program is used to account for the operations of development activities related to the development and construction of new housing properties through various different financial arrangements including tax credit, tax revenue bonds, and local soft funding. The program also accounts for the major rehabilitation of existing low-income housing units/projects. It earns development fees and certain specialized revenues.

Cash and cash equivalents

The Authority considers all highly-liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes non-negotiable certificates of deposit with financial institutions and deposits with the State of California Local Agency Investment Fund (“LAIF”).

Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents and investments represent deposits that are used as collateral for loans made by a bank, used for replacement reserve and impound accounts, insurance reserves, security deposits, and residual receipts accounts.

All investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Receivables

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD and other governments represent reimbursable expenses, contract revenues or grant subsidies earned that have not been collected as of year-end; these amounts are considered fully collectible.

Capital assets

The Authority defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Land, structures and equipment are recorded at cost. Depreciation has been provided over estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

Buildings	27.5 - 40 years
Site improvements and modernization.....	10 - 40 years
Dwelling and non-dwelling equipment.....	3 - 5 years
Vehicles	5 years
Computer hardware and software	3 - 5 years

Impairment of capital assets

The Authority 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, 2021, there has been no impairment of the capital assets.

Investments in partnerships

Certain blended component units have investments in limited partnerships and account for their investments under the equity method of accounting. Investee partnerships are included as discretely presented component units.

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Pension plan

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

Other postemployment benefit (OPEB) plan

For purposes of measuring the net OPEB asset/liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to/deduction from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust Fund Program ("CERBT"). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. OPEB plan investments are reported at fair value.

Unearned revenue

Unearned revenue is recorded for transactions for which revenue has not yet been earned. At June 30, 2021, the unearned revenue was comprised of grants and lease payments (Note 9) received in advance that have not been earned.

Compensated absences

Employees of the Authority are entitled to paid vacation, depending on job classification, length of service and other factors. Additionally, employees may accumulate unused sick leave benefits based on length of service. The estimated liability for vested leave benefits is recorded as an expense when earned and the cumulative unpaid amount is reported as a liability.

Permanent loan costs

Costs incurred in order to obtain permanent financing are stated at cost and amortized on a straight-line basis into interest expense over the term of the loan. Permanent loan costs are reported as a direct deduction from the face amount of the related debt.

Family Self Sufficiency (FSS) escrow account

The FSS escrow account is an interest bearing account reported as part of restricted cash and investments and established by the Authority for each participating family in the Section 8 Housing Choice FSS Program. An escrow credit reported as a liability is based on increases in earned income of the family. A monthly deposit is made to each escrow account by the Authority during the term of the FSS contract. The Authority may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education.

If the family completes the contract and no member of the family is receiving subsidy, the amount of the FSS Escrow Account is paid to the head of the family. If the Authority terminates the contract, or if the family fails to complete the contract before its expiration, the family's FSS Escrow Account is forfeited.

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Eliminations

Inter-program due from/due to and transfers - In the normal course of operations, certain programs may pay for common costs or advance funds for operational shortfalls that create inter-program receivables or payables. The inter-program receivables and payables net to zero and are eliminated for presentation of the Authority's government-wide financial statements. For the year ended June 30, 2021, offsetting amounts of \$2,361,078 were eliminated. The Authority also eliminated \$54,884,625 related to other material intercompany balances between and within programs from the consolidated financial statements. Furthermore, inter-program transfers of \$377,680,601 were eliminated.

Internal charges - The Authority internally charges its costs of support service, indirect costs allocations interest payments, and rent provided by one department to other Authority departments on a cost-reimbursement basis. For financial reporting purposes, \$9,683,986 of internal charges for services and rent and \$3,766,351 of prepaid rent payments has been eliminated for the year ended June 30, 2021.

Cumulative gains from related party sales - The Authority may acquire or sell capital assets from other commonly controlled affiliates. Generally accepted accounting principles required that the buyer record the transaction based on the seller's carrying value of the assets at the time of acquisition. The cumulative amount of the excess of the purchase price over the carrying value of the property acquired by the discretely presented component units totaling \$20,499,638 is eliminated for presentation of the Authority's government-wide financial statements.

Net position

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

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

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

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

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management of the Authority to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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New accounting pronouncements

During the year ended June 30, 2021, the Authority implemented the following GASB Statements:

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2021. Implementation of this statement did not have any impact on the Authority's financial statements for the fiscal year ended June 30, 2021.
- In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2021. Implementation of this statement did not have a significant impact on the Authority's financial statements for the fiscal year ended June 30, 2021.
- In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR and eliminates the prior name and acronym in generally accepted accounting principles for state and local governments. No changes were made to the report's structure or content. Implementation of this statement did not have a significant impact on the Authority's financial statements for the fiscal year ended June 30, 2021.

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

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.
- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

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- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosure. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.
- In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.
- In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.
- In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.
- In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.
- In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

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Note 3 – Cash, cash equivalents and investments

Cash, cash equivalents and investments are presented on the accompanying statements of net position as of June 30, 2021, for the primary government and as of the various fiscal year ends of the individual presented component units are as follows:

	Primary Government	Discretely Presented Component Units	Total
Unrestricted cash and cash equivalents	\$ 29,994,284	\$ 18,633,623	\$ 48,627,907
Unrestricted short term investments	44,958,236	-	44,958,236
Restricted cash and cash equivalents	18,470,175	19,456,427	37,926,602
Restricted short term investments	750,360	-	750,360
Long term investments	2,273,562	-	2,273,562
Restricted long term investments	2,499,703	-	2,499,703
Total	<u>\$ 98,946,318</u>	<u>\$ 38,090,050</u>	<u>\$ 137,036,368</u>
Deposits with financial institutions	\$ 48,464,459	\$ 38,090,050	\$ 86,554,509
Investments	50,481,860	-	50,481,860
Total	<u>\$ 98,946,318</u>	<u>\$ 38,090,050</u>	<u>\$ 137,036,368</u>

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The Authority entered into collateralization agreements with the custodian of its deposits pursuant to the California Government Code which requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investments authorized by the Authority

The Authority is empowered by the HUD Notice 96-33 (extended indefinitely by HUD Notice PIH 2002-13) to invest HUD funds in the following:

- A. United States Treasury bills, notes and bonds.
- B. Obligations issued by Agencies or Instrumentalities of the U.S. Government.
- C. State or Municipal Depository Funds, such as the Local Agency Investment Fund (“LAIF”).
- D. Insured Demand and Savings Deposits, provided that deposits in excess of the insured amount must be 100% collateralized by securities listed in A and B above.
- E. Insured Money Market Deposit Accounts, provided that deposits in excess of the insured amount must be 100% collateralized by securities listed in A and B above.
- F. Insured Super NOW accounts, provided that deposits in excess of the insured amount must be 100% collateralized by securities listed in A and B above.
- G. Repurchase Agreements of any securities authorized above. Securities purchased under repurchase agreements shall be no less than 102% of market value.

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- H. Reverse Repurchase Agreements of any U.S. Treasury and Federal Agency securities in the portfolio. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- I. Sweep accounts that are 100% collateralized by securities listed in A and B above.
- J. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized above (money market mutual funds). Such funds must carry the highest rating of at least two national rating agencies. Not more than 15% or 20% of surplus funds can be invested in Money Market Mutual Funds.
- K. Funds held under the terms of a Trust Indenture or other contract or agreement, including the HUD/Public Housing Agency Annual Contributions Contract, may be invested according to the provisions of those indentures or contracts.
- L. Any other investment security authorized under the provisions of HUD Notice 96-33, as extended by HUD Notice PIH 2002-13.

The Authority is empowered by the California Government Code Sections 5922 and 53601 et seq. and its Investment Policy to invest non-HUD funds in the following:

- A. Bonds issued by local government agencies with a maximum maturity of five years.
- B. United States Treasury Bills, Notes and Bonds.
- C. Registered warrants, treasury notes or bonds issued by the State of California.
- D. Bonds, notes, warrants or other evidence of debt issue by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurer, other local agencies or joint power agencies.
- E. Obligations issued by Agencies or instrumentalities of the U.S. Government.
- F. Bankers Acceptances with a term not to exceed 270 days. Not more than 40% of surplus funds can be invested in Bankers' Acceptances and no more than 30% of surplus funds can be invested in the Bankers' Acceptances of any single commercial bank.
- G. Prime Commercial Paper with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service ("Moody's") or Standard & Poor's Corporation ("S&P"). Commercial Paper cannot exceed 15% of total surplus funds, provided that if the average maturity of all Commercial Paper does not exceed 31 days, up to 30% of surplus funds can be invested in Commercial Paper.
- H. Repurchase Agreements of any securities authorized by this section. Securities purchased under repurchase agreements shall be no less than 102% of market value.
- I. Reverse Repurchase Agreements of any U.S. Treasury and Federal Agency Securities in the portfolio. Securities purchased under reverse repurchase agreements shall be for temporary and unanticipated cash flow needs only.
- J. Medium term notes (not to exceed five years) of U.S. Corporations rated "A" or better by Moody's or S&P. Not more than 30% of surplus funds can be invested in medium term notes.
- K. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this section ("Money Market Mutual Funds"). Such funds must carry the highest rating of at least two national rating agencies. Not more than 15% of surplus funds can be invested in Money Market Mutual Funds.
- L. Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.
- M. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code ("UCC") or applicable federal security regulations.

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- N. Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category must be rated AA or better by a national rating service. No more than 30% of surplus funds can be invested in this category of securities.
- O. Any other investment security authorized under the provisions of the California Government Code section 5922 and 53601.

For the Authority's investment in California Employers' Pension Prefunding Trust (CEPPT), the Authority has applied the investment guidelines and policy of the CalPERS for the CEPPT which authorized the investments in global equities, fixed income, treasury inflation-protected securities, real estate investment trusts, and liquidity assets.

Interest rate and credit risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit ratings of securities other than LAIF are presented based on Moody's Credit Rating.

The Authority is a participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are U.S. Treasuries, federal agency obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. LAIF's weighted average to maturity is 291 days. More information on LAIF investment pool can be found at <http://www.treasurer.ca.gov/pmia-laif/laif/>.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The Authority diversifies its portfolio by limiting the percentage of the portfolio that can be invested in any one issuer's name. Investments in U.S. Treasuries, U.S. Agency securities explicitly backed by the U.S., and mutual and pooled funds are not subject to this limitation.

A summary of the Authority's investments at June 30, 2021 is shown below:

Investment	Credit Rating	June 30, 2021	Maturities (in years)		
			Less than 1	1-3	3-5
Money Market Mutual Fund	Not rated	\$ 329,619	\$ 329,619	\$ -	\$ -
State Local Agency Investment Fund	Not rated	43,567,732	43,567,732	-	-
California Employers' Pension Prefunding Trust	Not rated	2,499,703	2,499,703	-	-
Negotiable Certificates of Deposits	Not rated	3,280,450	1,305,034	1,715,730	259,686
Medium Term Bonds:					
Goldman Sachs Group Inc Mtn	A2	298,146	-	-	298,146
Toyota Motor Credit Corp Mtn	A1	506,210	506,210	-	-
Total investments		\$ 50,481,860	\$ 48,208,298	\$ 1,715,730	\$ 557,832

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The Authority categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs include inputs that are directly observable for the investment (including quoted price for similar investments) and inputs that are not directly observable but are derived from observable market data through correlation; and Level 3 inputs are significant unobservable inputs.

A summary of the Authority's hierarchy of inputs of its investments at June 30, 2021 is shown below:

<u>Type of Investment</u>	
Investment by fair value hierarchy - Level 1:	
Corporate Bonds	\$ 804,356
Investment by fair value hierarchy - Level 2:	
Negotiable Certificate of Deposits	3,280,450
Investment not subject to fair value hierarchy:	
Money Market Mutual Funds	329,619
State Local Agency Investment Fund	43,567,732
California Employers' Pension Prefunding Trust	2,499,703
Subtotal investment not subject to fair value hierarchy	<u>46,397,054</u>
Total investments	<u>\$ 50,481,860</u>

Note 4 – Long-term receivables with non-related parties

Ford Road Family Housing note receivable

In January 2013, the Authority entered into an Amended and Restated Promissory Note (Note) with the Ford Road Family Housing, L.P., a California limited partnership in the amount of \$5,760,000. The principal due under this Note will bear simple interest at the rate of zero percent per year and the Note matures on the earliest of the occurrence of an event of default; or fifty-five years from the Commencement Date of the Affordability Covenants. Payments on the Note are due and payable annually on July 1 and the annual payment is equal to the Authority's Proportionate Share of Net Cash Flow, as defined in the agreements. As of June 30, 2021, the amount due to the Authority is \$5,670,782.

Note 5 - Disposition of public housing properties

As of June 30, 2021, the Authority has one remaining public housing project known as Deborah Drive (CA059016) with a total of 4 rental units managed under HUD's Public Housing rules and regulations. The Authority is waiting for the final confirmation from HUD in order to dispose of these remaining public housing project.

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Note 6 - Capital assets

The primary government's capital assets activity for the year ended June 30, 2021 was as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions/ Transfers</u>	<u>June 30, 2021</u>
Capital assets, not being depreciated:				
Land	\$ 125,910,576	\$ 20,799,676	\$ (1,890,000)	\$ 144,820,252
Construction in progress	4,924,109	5,547,209	(974,140)	9,497,178
Total capital assets, not being depreciated	<u>130,834,685</u>	<u>26,346,885</u>	<u>(2,864,140)</u>	<u>154,317,430</u>
Capital assets, being depreciated:				
Structures	132,414,260	17,238,662	-	149,652,922
Furniture and equipment	7,648,361	799,630	974,140	9,422,131
Total capital assets, being depreciated	<u>140,062,621</u>	<u>18,038,292</u>	<u>974,140</u>	<u>159,075,053</u>
Less accumulated depreciation				
Structures	(72,093,294)	(3,793,501)	-	(75,886,795)
Furniture and equipment	(5,308,716)	(1,281,443)	-	(6,590,159)
Total accumulated depreciation	<u>(77,402,010)</u>	<u>(5,074,944)</u>	<u>-</u>	<u>(82,476,954)</u>
Total capital assets, being depreciated, net	<u>62,660,611</u>	<u>12,963,348</u>	<u>974,140</u>	<u>76,598,099</u>
Total capital assets, net	<u>\$ 193,495,296</u>	<u>\$ 39,310,233</u>	<u>\$ (1,890,000)</u>	<u>\$ 230,915,529</u>

The primary government reported depreciation expense in the amount of \$5,074,944 for the year ended June 30, 2021.

The discretely presented component units' capital assets activity for the year ended December 31, 2020 is as follows:

	<u>January 1, 2019</u>	<u>Additions</u>	<u>Reductions/ Transfers</u>	<u>December 31, 2020</u>
Capital assets, not being depreciated:				
Land	\$ 21,171,963	\$ 435,756	\$ -	\$ 21,607,719
Construction in progress	56,273,157	100,147	(56,160,173)	213,131
Total capital assets, not being depreciated	<u>77,445,120</u>	<u>535,903</u>	<u>(56,160,173)</u>	<u>21,820,850</u>
Capital assets, being depreciated:				
Structures	383,800,433	5,775,238	55,986,656	445,562,327
Furniture and equipment	6,570,983	515,930	-	7,086,913
Total capital assets, being depreciated	<u>390,371,416</u>	<u>6,291,168</u>	<u>55,986,656</u>	<u>452,649,240</u>
Less accumulated depreciation	<u>(88,871,782)</u>	<u>(13,149,362)</u>	<u>63,294</u>	<u>(101,957,850)</u>
Total capital assets, being depreciated, net	<u>301,499,634</u>	<u>(6,858,194)</u>	<u>56,049,950</u>	<u>350,691,390</u>
Total capital assets, net	<u>\$ 378,944,754</u>	<u>\$ (6,322,291)</u>	<u>\$ (110,223)</u>	<u>\$ 372,512,240</u>

The discretely presented component units reported depreciation expense in the amount of \$13,149,362 for the year ended December 31, 2020.

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Note 7 - Long-term obligations

Outstanding long-term debt consisted of the following at June 30, 2021:

<u>Type of Indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Installment</u>	<u>Original Issue Amount</u>	<u>Balance as of June 30, 2021</u>
Section 8 Choice Voucher Program					
Notes Payable					
City of San Jose	9/23/2024	4%	\$ 972,500	\$ 972,500	\$ 972,500
Blended Component Units (detailed information in Note 17)					85,138,672
Total primary government					<u>\$ 86,111,172</u>

Changes to the primary government's long-term obligations are as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30 2021</u>	<u>Due within one year</u>
Section 8 Rental Voucher Program					
Note Payable to the City of San Jose	\$ 972,500	\$ -	\$ -	\$ 972,500	\$ 20,000
Blended Component Units					
A.E. Associates	4,427,458	-	24,818	4,402,640	25,000
Bascom HACSC Associates	12,004,530	-	105,000	11,899,530	115,000
Blossom River Associates	10,504,251	-	236,367	10,267,884	265,000
HACSC/Choices Family Associates	14,920,345	-	144,781	14,775,564	193,674
HACSC/Choices Senior Associates	10,579,641	-	106,183	10,473,458	120,000
Helzer Associates	13,907,701	-	260,317	13,647,384	295,000
Klamath Associates	1,020,607	-	36,681	983,926	40,646
Poco Way HDC, Inc	14,500,000	-	-	14,500,000	-
Rotary Plaza/Hacsc HDC Inc	1,059,766	-	175,395	884,371	189,860
San Pedro Gardens Associates	1,539,883	-	15,929	1,523,954	17,787
S.P.G. Housing Inc.	1,836,845	-	56,884	1,779,961	1,459,148
Total blended component units	<u>86,301,027</u>	<u>-</u>	<u>1,162,355</u>	<u>85,138,672</u>	<u>2,721,115</u>
Interest Payable					
Other programs	651,959	38,900	20,000	670,859	-
Blended component units	<u>9,806,252</u>	<u>3,474,178</u>	<u>3,799,838</u>	<u>9,480,592</u>	<u>1,449,820</u>
Total interest payable	<u>10,458,211</u>	<u>3,513,078</u>	<u>3,819,838</u>	<u>10,151,451</u>	<u>1,449,820</u>
Accrued Vacation and Sick Leave					
	<u>1,835,848</u>	<u>268,010</u>	<u>3,298</u>	<u>2,100,560</u>	<u>298,232</u>
Total Primary Government	<u>\$ 99,567,586</u>	<u>\$ 3,781,088</u>	<u>\$ 4,985,491</u>	<u>\$ 98,363,183</u>	<u>\$ 4,489,167</u>

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The annual debt service requirements for the primary government's note payable to maturity are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2022	\$ 20,000	\$ 38,900
2023	-	38,900
2024	-	38,900
2025	952,500	8,969
	<u>\$ 972,500</u>	<u>\$ 125,669</u>

The blended component units' long-term debt service is payable from excess distributable cash that are generally subject to changes in net cash flows. See additional information on the debt in Note 17.

Note 8 - Deficit net position

The following blended component units have a deficit net position as of December 31, 2020:

A.E. Associates, LP	\$ (3,589,404)
Alvarado Park, LP	(1,599)
Avenida Espana HDC, Inc.	(2,659,478)
Bellarmino Place, LP	(1,450)
Blossom River Associates, LP	(6,201,123)
Bracher HDC. INC.	(855,091)
DeRose HDC, Inc.	(1,875,102)
HACSC/Choices Senior Associates	(1,083,355)
Helzer Associates, LP	(5,264,491)
Klamath Associates LP	(339,399)
Pinmore HDC, Inc.	(2,972,096)
San Pedro Gardens Associates, Ltd.	(1,557,962)

These entities are the non-profit entities or limited partnerships that were created by the Authority to own and operate low-income residential properties in the County of Santa Clara. The net deficit of these entities are mainly from cumulative operating losses, including depreciation expense on the properties. However, based on the Authority's prior experience, these deficit balances are likely to be recovered from the sale or transfer of the low-income property at fair market value. The remaining deficits can be funded by the Authority's MTW funds under its MTW plan non-traditional activity 2012-4 (Create Affordable Housing Preservation Fund).

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Note 9 - Related parties

The Authority has the following receivables from related parties and other component units as of June 30, 2021:

Long-term Receivables								
Receivables due from Blended Component Units	Short-term receivables	Notes Receivables	Lease/ Mortgage Receivables	Interest on Receivables	Development and Other Services	Subtotal	Elimination	Total
AE Associates Ltd	\$ 30,906	\$ 13,617	\$ 10,000	\$ -	\$ 23,582	\$ 47,199	\$ (78,105)	\$ -
Alvarado Park, L.P.	-	1,470,000	-	95,984	-	1,565,984	(1,544,115)	21,869
Avenida Espana HDC, Inc	-	-	-	-	12,433,849	12,433,849	(12,433,849)	-
Bascom HACSC Assoc, L.P.	23,704	8,164,740	-	12,025	3,750	8,180,515	(23,692)	8,180,527
Bellarmino Place, L.P.	-	4,015,865	-	135,985	-	4,151,850	(1,715,459)	2,436,391
Blossom River Assoc. L.P.	16,760	9,348,469	-	93,790	-	9,442,259	(9,458,848)	171
Derose HDC	10,000	-	-	-	-	-	(10,000)	-
HACSC Family	39,836	-	-	-	26,794	26,794	(62,882)	3,748
HACSC Senior	756	-	-	-	65,725	65,725	(66,481)	-
Helzer Associates	32,094	8,644,435	-	87,402	-	8,731,837	(8,761,754)	2,177
Klamath Associates L.P.	5,385	175,000	-	765	129,736	305,501	(135,121)	175,765
Poco Way HDC, Inc	585	17,462,077	-	140,622	406	17,603,105	(15,047,409)	2,556,281
Rotary Plaza/HACSC HDC, Inc	858	2,915,668	10,000	30,670	-	2,956,338	(2,957,196)	-
San Pedro Garden Associates	191	349,683	4,999	3,820	7,571	366,073	(217,109)	149,155
SPG Housing, Inc	181,253	-	1,130,118	-	-	1,130,118	(1,311,371)	-
Villa San Pedro HDC, Inc.	-	1,051,888	-	9,346	-	1,061,234	(1,061,234)	-
Total	\$ 342,328	\$ 53,611,442	\$ 1,155,117	\$ 610,409	\$ 12,691,413	\$ 68,068,381	\$ (54,884,625)	\$ 13,526,084

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

(Continued)

Long-term Receivables									
Receivables due from Discretely Presented Component Units	Short-term receivables	Notes Receivables	Seller Take-Back Note	Interest on Receivables	Development and Other Services	Subtotal	Total		
Bendorf Drive LP	\$ 327,455	\$ 1,804,808	\$ 9,277,939	\$ 2,131,385	\$ 36,813	\$ 13,250,945	\$	13,578,400	
Branham Lane LLC	118,541	2,591,456	-	155,913	19,594	2,766,963	-	2,885,504	
Clarendon Street, LP	621,127	869,921	5,803,100	11,017	-	6,684,038	-	7,305,165	
Fairgrounds Luxury Family Apartments L.P.	14,979	-	-	-	-	-	-	14,979	
Fairgrounds Senior Housing L.P.	15,029	-	-	-	-	-	-	15,029	
Halford Avenue LLC	242,819	-	2,037,751	-	-	2,037,751	-	2,280,570	
Hermocilla LLC	10,883	-	-	-	-	-	-	10,883	
Huff Avenue LLC	305,158	-	-	-	4,756	4,756	-	309,914	
Julian Street Partners LP,	171,572	-	20,588,845	704,627	-	21,293,472	-	21,465,044	
Laurel Grove Lane, LP	27,175	5,823,982	2,557,609	768,259	30,000	9,179,850	-	9,207,025	
McCreery Avenue LP	26,563	600,000	10,346,647	1,063,034	-	12,009,681	-	12,036,244	
Park Avenue Senior LP	1,757	14,331,633	6,000,000	1,687,839	150,000	22,169,472	-	22,171,229	
Poinciana Drive LLC	161,520	-	867,309	-	-	867,309	-	1,028,829	
Rincon Garden Associates LP	161,118	-	14,779,785	427,905	-	15,207,690	-	15,368,808	
South Drive LLC	10,678	-	-	-	-	-	-	10,678	
Willows/HACSC Associates	41,341	-	-	-	152,160	152,160	-	193,501	
Total	\$ 2,257,715	\$ 26,021,800	\$ 72,258,985	\$ 6,949,979	\$ 393,323	\$ 105,624,087	\$	107,881,802	
Total receivables due from blended component units (from previous page)							13,526,084		
							\$ 121,407,886		
Due from component units and related parties, current portion							\$ 2,259,743		
Due from component units and related parties, net of current portion							119,148,143		
							\$ 121,407,886		

SANTA CLARA COUNTY HOUSING AUTHORITY

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For the Year Ended June 30, 2021

Short-term receivables and other advances

The Authority earns fees for providing partnership management and other services. Outstanding fees are paid in future years from available cash flow of affiliate entities.

Notes receivable

The notes receivable executed between the Authority and the affiliates are approved by the Authority's Board. Significant notes receivables between the Authority and its discretely presented component units are noted below:

Bendorf Drive L.P. - In December 2013, the Authority loaned Bendorf Drive L.P. \$800,000 to pay the pre-existing HUD financing in connection with its acquisition of the Villa San Pedro Apartment complex. The note bears interest at 3.32% compounded annually, matures on December 31, 2069 and is payable from excess/distributable cash. As of June 30, 2021, the balance on the note is \$800,000. Additionally, in October 1, 2015, Bendorf obtained a loan from the Authority for \$1,155,058. The note bears interest at 2.64% compounded annually, payable from excess/distributable cash, with the entire principal and interest due in full in December 2070. As of June 30, 2021, the balance on the note is \$1,004,808.

Branham Lane LLC - In June 2018, the Authority loaned Branham Lane LLC \$2,591,456 to refinance its loan with the City of San Jose loan. The loan bears 2% simple interest, with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2021, the balance on the note is \$2,591,456.

Clarendon Street L.P. - The Authority loaned its affiliated partnership, Clarendon Street, L.P., an original amount of \$1,275,397. This loan bears interest at 2.40%, compounded annually, matures on December 31, 2068, and is payable from excess/distributable cash. The balance as of June 30, 2021 is \$869,921.

Laurel Grove Lane, L.P. - In June 2016, the Authority loaned its affiliate Laurel Grove Lane, L.P. \$679,213. This loan bears interest at 5% compounding annually, is due and payable on the earlier of 55 years after the completion date or June 30, 2073. On September 1, 2018, the loan agreement was amended to increase the loan amount to \$2,679,213. Then in January 2019, the amount was increased to \$5,079,213, and the additional \$2,400,000 amount bears no interest. The balance as of June 30, 2021 is \$4,433,485. In addition, in June 2016, Laurel Grove Lane, L.P. obtained a loan from the Authority for \$1,390,497. The loan bears simple interest at a rate of 5% per annum, is due and payable on the earlier of 55 years after the completion date or June 30, 2073. The balance as of June 30, 2021 is \$1,390,497.

McCreery Avenue L.P. - On December 2019, the Authority loaned its affiliate McCreery Avenue L.P. \$600,000 for capital repairs to Poco Way Apartments. This loan bears simple interest at the rate of the then published long-term applicable federal rate with annual payments from excess/ distributable cash. The balance as of June 30, 2021 is \$600,000.

Park Avenue Seniors, L.P. - In November 2016, the Authority loaned its affiliate Park Avenue Seniors, L.P. \$399,497. On November 1, 2018, the loan agreement was amended to increase the loan amount to \$1,771,391. This loan bears simple interest at 4% per annum. The loan is due in full on the earlier of 55 years after the completion date or November 1, 2073. The balance as of June 30, 2021 is \$1,771,391. In addition, in November 2016, Park Avenue Seniors, L.P. obtained a loan from the Authority for \$5,060,044. On November 1, 2018, the loan agreement was amended to increase the amount to \$13,003,611. The loan bears simple interest at 4% annum. The loan is due in full on the earlier of 55 years after the completion date or November 1, 2073. The balance as of June 30, 2021 is \$12,560,242.

Furthermore, the Authority made loans to its blended component units. The amounts, which are included within the blended component units' December 31, 2020 financial statements, have been eliminated on the statement of net position against the related payables because these component units are reported with the primary government.

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The notes receivables between the Authority and its blended component units are noted below:

AE Associates, Ltd. - In October 1994, The Authority provided an unsecured loan, in the original amount of \$96,693, to the partnership. The balance as of June 30, 2021 was \$13,617. The loan is non-interest bearing and is due October 2024.

Alvarado Park, LP - In December 2017, the Authority loaned Alvarado Park L.P. \$970,000 to pay for pre-development costs associated with the affordable housing project for seniors located at Grand Avenue and Race Street in San Jose, California. On October 4, 2018, the loan agreement was amended to increase the loan amount to \$6,000,000. On June 22, 2021, the loan agreement was amended to increase the loan amount to \$22,910,000. The note bears simple interest at 3% annum and has a maturity date of November 30, 2092. As of June 30, 2021, the balance on the note is \$1,470,000.

Bascom HACSC Associates - In May 2021, the Authority loaned Bascom HACSC Associates \$7,964,740 to refinance its loan with the City of San Jose and loaned another \$1,000,000 for Capital Repairs at El Parador Apartments. These notes bear simple interest at 2% annum, with annual payments from excess/distributable cash, and has a maturity date of December 31, 2076. As of June 30, 2021, the balance on the notes is \$7,964,740 and \$200,000, respectively.

Bellarmino Place LP - In December 2017, the Authority loaned Bellarmino Place L.P. \$1,130,000 to pay for pre-development costs associated with the affordable housing project for families located at Grand Avenue and Race Street in San Jose, California. On October 4, 2018, the loan agreement was amended to increase the loan amount to \$7,200,000. On June 22, 2021, the loan agreement was amended to increase the loan amount to \$33,110,000. The note bears simple interest at 3% annum and has a maturity date of November 30, 2092. As of June 30, 2021, the balance on the note is \$4,015,865.

Blossom River Associates LP - In June 2018, the Authority loaned Blossom River Associates LP \$9,540,474 to refinance its loan with the City of San Jose loan. This note bears 2% interest, compounded annually with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2021, the balance on the loan is \$9,348,469.

Helzer Associates LP - In June 2018, the Authority loaned Helzer Associates LP \$8,753,500 to refinance its loan with the City of San Jose loan. This note bears 2% interest, compounded annually with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2021, the balance on the loan is \$8,644,435.

Klamath Associates LP - In November 2020, the Authority loaned Klamath Associates LP \$350,000 for the use of the property's expenditures. This note bears simple interest at the rate of the published long-term Applicable Federal Rate (interest), with annual payments from excess/distributable cash, due in full by July 1, 2081 or the sale or transfer of the property. As of June 30, 2021, the balance on the loan is \$175,000.

Poco Way HDC, Inc. - On September 29, 2017, the Authority loaned its affiliate, Poco Way HDC, Inc., \$26,000,000 to acquire the Buena Vista property. On May 21, 2021, \$14,500,000 was returned to the Authority and can be subsequently reissued for predevelopment costs for Poco Way HDC, Inc.. This loan bears 3% simple interest, payable from excess/distributable cash to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (a) the date that major improvements to Buena Vista are complete or (b) September 29, 2027. As of June 30, 2021, the balance on the loan is \$11,500,000. On September 1, 2018, the Authority issued a second loan of \$2,000,000 to Poco Way HDC, Inc. to support pre-development costs associated with the development of affordable housing for the Buena Vista Property. On November 23, 2020, the loan agreement was amended to increase the loan amount to \$5,425,000. The note bears 3% simple annual interest. The note is due and payable in one lump sum on the date that is the earliest of: (i) the date that construction financing closes for the project; (ii) the date the property is sold, transferred, or refinanced. As of June 30, 2021, the balance on the second loan is \$5,250,000. On December 19, 2019, the Authority issued a third loan to Poco Way HDC for Buena Vista Mobile Home Park's property expenses. The note bears simple interest at the rate of the then published long-term applicable federal rate and payable out of Net Cash Flow commencing July 1, 2020. As of June 30, 2021, the balance on the third loan is \$150,000. On December 22, 2020, the Authority issued a fourth loan to Poco Way HDC in the amount of \$575,000 for additional expenses incurred in connection with

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the acquisition of the Buena Vista Property. The note bears 3% simple interest and will be paid excess/distributable cash and shall be payable in full on September 29, 2075. Interest shall not begin to accrue until the earlier of (a) the date major improvements to the property are complete and both the City of Palo Alto and the California Department of Housing and Community Development have determined there are no material code violations at the property and (b) September 29, 2027. As of June 30, 2021, the balance on the fourth loan is \$562,077.

Rotary Plaza/HACSC HDC, Inc. – In June 2018, the Authority loaned Rotary Plaza/ HACSC HDC, Inc. \$3,265,770 to refinance its loan obligation with the City of San Jose loan. This loan bears 2% simple interest, with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2021, the balance on the loan is \$2,915,668.

San Pedro Gardens Associates, Ltd. –The Authority provided an unsecured loan to the partnership in the original amount of \$50,000. The loan is non-interest bearing and is due on demand. As of June 30, 2021, the balance on the loan is \$10,000. In December 2019, the Authority provided a loan of \$350,000 to San Pedro Gardens Associates, Ltd for the use of the property's expenditures. This note bears simple interest at the rate of the published long-term applicable federal rate, with annual payments from excess/distributable cash, due in full by July 1, 2080 or the sale or transfer of the property. As of June 30, 2021, the balance on the loan is \$339,683.

Villa San Pedro HDC, Inc. – In March 2013, the Authority provided an unsecured loan to the Villa San Pedro HDC, Inc. \$1,500,000 to pay for pre-development costs associated with the affordable housing project located at 282 Danze Drive, San Jose, California (Villa San Pedro Apartments). The note bears simple interest at the published Applicable Federal Rate and is due at the earlier of the sale or transfer of the property or March 2069. As of June 30, 2021, the balance on the note is \$1,051,888.

Leases/mortgage receivable

Lease/Mortgage receivables are accrued lease payments incurred by land lease agreements between the Authority (Lessor) and several affiliated entities (Lessees), which are paid back to the extent of the entities' available operating cash flow surplus. The Authority made leases and mortgage loans receivables to its blended component units. The amounts have been eliminated on the statement of net position against the related payables because these component units are reported with the primary government. The lease/mortgage receivables between the Authority and its blended component units are noted below:

AE Associates, Ltd. - The Authority (Lessor) and the partnership (Lessee) have entered into a 65-year land lease agreement for the premises on which the 84 residential apartment units are built. The annual rent is \$20,000 and is only payable to the extent of surplus cash. Any unpaid rent shall accrue without interest and is payable at the end of the lease term. As of June 30, 2021, the lease receivable balance is \$10,000.

Rotary Plaza/HACSC HDC, Inc./Morrone Gardens Associates – The Authority (Lessor) and the partnership (Lessee) have entered into a 60-year land lease agreement. The annual rent is \$20,000 and is payable to the extent of surplus cash, as defined. Any unpaid rent shall accrue interest at 7% compounded annually and is payable in subsequent years from surplus cash. As of June 30, 2021, the lease receivable is \$10,000.

San Pedro Gardens Associates, Ltd. - The Authority (Lessor) and the partnership (Lessee) have entered into a 65-year land lease agreement for the premises on which 20 residential apartment units are built. The annual rent is \$10,000 and is payable only to the extent of surplus cash, as defined. Any unpaid rent shall accrue interest at 8% compounded annually. As of June 30, 2021, the lease receivable is \$4,999.

S.P.G. Housing, Inc. - S.P.G. Housing, Inc., subleases the land, on which a 76-unit affordable housing complex for the elderly was built, from the Authority. The sublease ends in 2028 and requires a monthly base payment of \$5,500 to the lessor which is subject to annual increases and annual payment of \$66,000 to the Authority which is payable from distributable cash. The unpaid rent accrues without interest. At the end of the lease term, the Authority has the right to acquire the leasehold improvements at the fair market price as established in the sublease agreement. In 2020, the Authority purchased the land from the owner. The terms of the sublease are still in effect. As of June 30, 2021, the lease receivable is \$1,130,118.

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Seller take-back notes

Seller take-back notes receivable are accrued payments related to a note entered into between the Authority (seller) and the limited Partnership (buyer), when the buyer is not in a position to fully fund the purchase and the parties close the sale with the seller taking from the buyer a purchase money note in lieu of payment of the purchase price in full.

Bendorf Drive, L.P. - In December 2013, Bendorf Drive, L.P. entered into a seller take-back note with Villa San Pedro HDC, Inc. in the amount of \$9,277,939 for a 100-unit affordable housing complex (Villa San Pedro Apartments). The note bears interest at 3.32% compounded annually, payable from excess distributable cash, with the entire principal and interest due in full in December 2069. As of June 30, 2021, the outstanding amount is \$9,277,939.

Clarendon Street, L.P. - In 2013, Clarendon Street, L.P. entered into a seller take-back note with Villa Garcia, Inc. in the amount of \$8,724,603. The note bears interest at 2.4% compounded annually, payable from available excess/distributable cash, with the entire principal and interest due in full by December 31, 2068. As of June 30, 2021, the outstanding amount is \$5,803,100.

Halford LLC - On June 30, 2014, the Authority (Lessor) and the partnership (Lessee) entered into a seller take-back note in the amount of \$2,843,750. The note is secured by a subordinate deed of trust recorded against the Eklund Gardens I property and bears no interest. Payments are due and payable beginning June 1, 2015, continuing on the same day of each year thereafter until the maturity date of December 31, 2044, to the extent of available Net Cash Flow. As of June 30, 2021, the outstanding amount is \$2,037,751.

Julian Street Partners, L.P. - On November 1, 2010, the Authority (Lessor), and the partnership (Lessee) have entered into a seller take-back note in the amount of \$22,802,850 for the premises on which six multifamily rental housing properties (Cypress Gardens, Lenzen Gardens, Sunset Gardens, Lucretia Gardens, Julian Gardens and Miramar Way) are located. The note is secured by a subordinate deed of trust recorded against these properties, bears interest at 4.35% compounded annually, payments are due and payable beginning June 1, 2011 and continues on the first day of each year thereafter until the maturity date, December 31, 2055, to the extent of available net cash flow as defined in the agreement. As of June 30, 2021, the outstanding amount is \$20,588,845.

Laurel Grove Lane L.P. - On June 1, 2016, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of \$2,557,609. The note is secured by a deed of trust recorded against the Laurel Grove Property, bears interest at 5% compounding annually, is due and payable on the earlier of the 55th anniversary of the completion date or June 1, 2073, and payable from residual receipts. As of June 30, 2021, the outstanding amount is \$2,557,609.

McCreery Avenue L.P. - On February 1, 2015, Poco Way HDC (Lessor), and the partnership (Lessee) have entered into a seller take-back note in the amount of \$10,021,352. The note is secured by a deed of trust recorded against the Poco Way Property, bears interest at 2.41% annum, compounding annually, payments are due and payable beginning April 1, 2016 and continues on the first day of each year thereafter until the maturity date, December 31, 2070, to the extent of available net cash flow as defined in the agreement. As of June 30, 2021, the outstanding amount is \$10,021,352. On December 1, 2016, a Recourse, Unsecured Promissory Note was issued between the partnership and the Authority for \$325,295. The note does not bear interest. Payments are due and payable, beginning April 1, 2017, and continuing on the same day each year thereafter until the maturity date of December 31, 2071, to the extent of available net cash flow. As of June 30, 2021, the outstanding amount is \$325,295.

Park Avenue Seniors, L.P. - On November 1, 2016, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of \$6,000,000. The note is secured by a deed of trust recorded against the Park Avenue Property, bears simple interest at 4% annum, is due and payable on the earlier of 55 years after the completion date or November 1, 2073, and payable from residual receipts. As of June 30, 2021, the outstanding amount is \$6,000,000.

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Poinciana LLC - On June 30, 2014, the Authority (Lessor) and the partnership (Lessee) entered into a seller take-back note in the amount of \$1,706,250. The note is secured by a subordinate deed of trust recorded against the Eklund Gardens II property and bears no interest. Payments are due and payable beginning June 1, 2015, continuing on the same day of each year thereafter until the maturity date of December 31, 2044, to the extent of available Net Cash Flow. As of June 30, 2021, the outstanding amount is \$867,309.

Rincon Garden Associates, L.P. - On September 16, 2008, the Authority (Lessor) and the partnership (Lessee) have entered into a seller take-back note in the amount of \$15,670,000 for the premises on which a 200-unit multifamily rental housing property (Rincon Gardens) is located. The note is secured by a subordinate deed of trust recorded against the Rincon Gardens property, bears interest at 5.35% compounding annually, payments are due and payable beginning October 1, 2008 and continues on the first day of each month thereafter until the maturity date October 1, 2063, to the extent of available net cash flow. As of June 30, 2021, the outstanding amount is \$14,779,785.

Development and other services

The Authority advanced funds to affiliated entities for development costs, and/or to finance the repurchase and acquisition of properties. These advances are non-interest bearing. The advance receivables included in the Authority's financial statements from blended component units have been eliminated against the entities' payables, which are also included on their respective financial statements.

Equity interest in affiliated limited partnerships

Equity interest in affiliated limited partnerships as of December 31, 2020 includes the following:

Blended Component Units	Investee Partnerships	Amount
Avenida Espana HDC, Inc.	AE Associates, Ltd.	
	Julian Street Partners, L.P. McCreery Avenue L.P.	\$ 7,675,693
Bracher HDC, Inc.	Rincon Gardens Associates, L.P. HACSC/Choices Senior Associates	
	HACSC/Choices Family Associates	(1,084,599)
DeRose HDC, Inc.	Bascom HACSC Associates Blossom River Associates	
	Hermocilla LLC	(2,431,562)
Pinmore HDC, Inc.	Fairground Luxury Family Apartments L.P. Fairgrounds Senior Housing, L.P.	
	Helzer Associates Laurel Grove Lane L.P.	
	Park Avenue Seniors L.P. Willows HACSC Associates	
		(4,735,846)
Rotary Plaza/HACSC HDC, Inc SPG Housing Inc.	Huff Avenue LLC	5,074,744
	Branham Lane LLC Halford Avenue LLC Klamath Associates L.P. Poinciana Drive LLC	
	San Pedro Gardens Associates, Ltd South Drive LLC	1,415,273
Villa Garcia, Inc.	Clarendon Street L.P. Bellarmino Place L.P.	
	Alvarado Park L.P.	(1,743)
Villa San Pedro HDC, Inc.	Bendorff Drive, LP	1,149,387
Total		<u>\$ 7,061,347</u>

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Land lease credit from related parties

Willows/HACSC Associates - The Authority (Lessor) and the partnership (Lessee) entered into a 60-year land lease agreement. Total cost of the lease was \$1,841,094, which was paid in full at inception of the agreement. The lease revenues are being amortized over the life of the lease. At June 30, 2021, the Authority has an unearned revenue balance in the amount of \$1,150,681 related to this ground lease.

Guarantees, commitments and contingencies

Guarantees - The Authority has agreed to guarantee obligations of affiliated entities that are general partners in affordable housing limited partnerships. At June 30, 2021, the Authority's significant guarantees and commitments are summarized as follows:

Properties	Operating Deficit Guarantees	General Partner Demand Note	Tax Indem- nification Guarantees	General Partner & Developer Guaranty	HAP contract, Property Tax, Meals Service Program (if applicable)
A.E. Associates LP	\$ -	\$ 150,000	\$ -	\$ -	-
Bendorf Drive L.P.	-	-	5,896,083	-	HAP Contract
Blossom River Associates LP	-	250,000	-	-	-
Clarendon Street L.P.	575,000	-	3,304,635	-	HAP Contract
DeRose Garden Apartments (SPG Housing, Inc.)	-	175,000	-	-	-
Julian Street Partners L.P.	-	-	2,448,098	6,981,596	HAP Contract
Laurel Grove Lane L.P.	1,000,000	-	15,419,751	-	HAP Contract
McCreery Avenue L.P.	750,000	-	9,231,567	-	HAP Contract
Park Avenue Seniors, L.P.	897,517	-	18,135,556	-	HAP Contract
Rincon Garden Associates, L.P.	-	-	-	1,400,000	HAP Contract
Rotary Plaza/HACSC HDC, Inc.	-	194,000	-	-	-
San Pedro Gardens Associates, Ltd.	-	80,000	-	-	-
Willows/HACSC Associates	643,000	-	-	-	-
Total	\$ 3,865,517	\$ 849,000	\$ 54,435,690	\$ 8,381,596	

Note 10 - Conduit debt

From time-to-time, the Authority has issued multifamily housing revenue bonds to provide funds to developers of multifamily housing projects. The bonds are payable solely from the revenues collected by the developers of these projects. The Authority is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the Authority's basic financial statements.

Conduit debt with the Authority's related parties

Blossom River Associates L.P. - In March 1998, the Authority participated in the issuance of \$13,000,000 of Multifamily Housing Revenue Bonds Series 1998A and 1998A-T. These bonds were issued to provide financing for the construction and development by Blossom River Associates L.P. of a 144-unit multifamily rental housing project, Blossom River Apartments, and related support facilities. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from this project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. The series A-T bonds matured on September 1, 2004. At June 30, 2021, the principal amount payable for the series A was \$10,315,000.

Clarendon Street Associates L.P. - In November 2012, the Authority participated in the issuance of Multifamily Housing Revenue Bonds in the amount of \$13,000,000. These bonds were issued to provide a portion of the financing for the acquisition and construction renovation by Clarendon Street L.P. of an 80-unit multifamily rental housing development project to be known as Clarendon Street Apartments (formerly Villa Garcia Apartments). The tax-exempt bond was

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purchased by Bank of the West and proceeds were distributed through three separate loan notes. The multifamily Housing Revenue Construction Note was paid off at permanent loan conversion in May 2014. At June 30, 2021, principal amount payable for the remaining Multifamily Housing Revenue Construction/Permanent Tranche A and Tranche B were \$3,808,462 and \$818,825, respectively.

HACSC/Choices Family Associates - In August 2001, the Authority participated in the issuance of Multifamily Housing Revenue Bonds Series 2001A in the amount of \$8,865,000. These bonds were issued to provide a portion of the financing for the construction and development by HACSC/Choices Family Associates of 100 apartment units located in the City of Santa Clara for the Rivertown Apartment Project. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from this project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. At June 30, 2021, the principal amount payable was \$6,960,000.

HACSC/Choices Senior Associates - In August 2001, the Authority participated in the issuance of Multifamily Housing Revenue Bonds Series 2001A in the amount of \$6,715,000. These bonds were issued to provide part of the financing for the construction and development by HACSC/Choices Senior Associates of a 100-unit multifamily rental housing development for seniors and related support facilities to be known as John Burns Gardens Apartments. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from this project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. At June 30, 2021, the principal amount payable was \$5,275,000.

Julian Street Partners L.P. - The Authority issued Multifamily Housing Revenue Bonds, 2010 Series A-1 loan in an amount of \$18,035,000 and 2010 Series A-2 in an amount of \$26,115,000 to provide financing to Julian Street Partners L.P. for the acquisition and rehabilitation of six affordable housing complexes. Series A-2 was paid in full in June 2012, as part of the permanent loan conversion. At June 30, 2021, the principal amount payable for the series A-1 was \$9,664,001.

Rincon Garden Associates, LP – In August 2010, the Authority issued Multifamily Housing Revenue Bonds, 2008 Series A-1 loan in the amount of \$13,630,000 and 2008 Series A-2 in the amount of \$3,391,000 to provide financing to Rincon Garden Associates L.P. for the rehabilitation of Rincon Garden Apartments. At June 30, 2021, the principal amount payable for Series A-1 was \$10,955,432 and series A-2 was \$778,085.

Willows/HACSC Associates - In April 2005, the Authority issued multifamily housing revenue bonds in the amount of \$4,284,000 in tax-exempt Series A bonds. The bonds were issued to provide refunding funds related to the acquisition of a leasehold interest in the land and fee interest in the improvements and rehabilitation by Willows/HACSC Associates of the Willows Apartments, a 47-unit multifamily rental housing project. At June 30, 2021, the principal amount payable was \$3,534,000.

Conduit debt with other entities

The Authority participated as a conduit debt issuer for a number of housing development projects that are not part of the Authority's operations. These issues are typically used in multi-family housing acquisition and construction. The Authority usually assigns the financing agreement (including all rights of issuer, except for reserved rights) together with other property to the Trustees. As of June 30, 2021, the Authority has the following outstanding conduit debt with non-Authority related entities:

<u>Partnerships</u>	<u>Projects</u>	<u>Number of Units</u>	<u>Original Issue</u>	<u>Balance June 30, 2021</u>
MP Timberwood Associates	Timberwood	286	\$ 18,415,000	\$ 9,140,000
Monte Vista Associates, LP	Monte Vista Terrace	150	13,000,000	5,867,000
Total		<u>436</u>		<u>\$ 15,007,000</u>

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For the Year Ended June 30, 2021

Note 11 - Risk management

The Authority is exposed to various risks of loss including but not limited to tort liabilities; theft of, damage to, and destruction of assets; injuries to employees; and property loss due to natural disasters. There have been no significant reductions, rather enhancements, in insurance coverage from the previous year. The Authority did not have settled claims that exceeded its insurance coverage in any of the past three fiscal years. The Authority purchased insurance for commercial general liability, all-risk property, commercial auto liability and physical damage, employee theft/crime and director's and officer's liability including employment practices liability from various insurers including the Housing Authority Risk Retention Group, Inc. ("HARRG"), Travelers Insurance Company, Scottsdale Insurance Company, RSUI Indemnity, and United National Insurance Company.

Workers' compensation and employer's liability insurance are provided through California Housing Workers Compensation Authority ("CHWCA"), a joint powers insurance authority, and the excess coverage is provided by the Local Agency Workers Compensation Excess ("LAWCX"), a joint powers authority. The purpose of CHWCA is to pool resources of its members to provide coverage through group self-insurance, purchase insurance beyond what is provided through the pool and obtain favorable rates afforded through purchasing as a pool. Members are assessed premiums to cover both the self-insurance as well as the purchased insurance coverage of this risk management.

<u>Liabilities</u>	<u>Deductible</u>	<u>Coverage</u>	<u>Excess</u>
Commercial Property - Julian building	\$ 25,000	\$ 34,268,684	N/A
Commercial Property - N 1st street	25,000	18,693,465	N/A
Commercial Liability - Others	25,000	10,000,000	N/A
Commercial Automobile Liability	-	3,000,000	N/A
Automobile Physical Damage	500	Actual Cash Value	
Directors and Officers Liability	75,000	4,000,000	N/A
Employment Practices Liability	250,000	4,000,000	N/A
Worker's Compensation			
CHWCA	-	750,000	Statutory
LAWCX	-	5,000,000	Statutory
Fidelity Insurance	6,500	1,000,000	N/A

There were no claims and no changes in the Authority's claims liability during the fiscal years ended June 30, 2021, 2020, and 2019.

Note 12 – Pension plan

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Authority's Miscellaneous Plan (Plan), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and the Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

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Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic and non-classic members with five years of total service are eligible to retire, with statutorily reduced benefits, at age 50 and 52, respectively. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at fiscal year ended June 30, 2021 are summarized as follows:

	Prior to January 1, 2013 (Classic)	On or After January 1, 2013 (Non-classic)
Hire Date		
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 -55	62 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.784%	8.784%

Employees Covered – As of June 30, 2020, the most recent information available, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	155
Active employees	150
Total	<u>385</u>

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

For the measurement period ended June 30, 2020, the employer’s contribution rate for classic employees (employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in CalPERS system) is 8.784 percent and the employee contribution rate is 7 percent of annual pay. The employer’s contribution rate for non-classic members (employees hired after January 1, 2013) is 8.784 percent of annual payroll and the employee’s contribution rate is 6.25 percent. For the year ended June 30, 2021, the Authority contributed the actuarially determined contribution in the amount of \$1,253,959. The contributions made during the year ended June 30, 2021 are reported as deferred outflows of resources on the statement of net position as discussed below.

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California Employers' Pension Prefunding Trust (CEPPT) – In May 2021, the Authority established a Section 115 irrevocable trust with the CEPPT. The Board approved an initial deposit of \$2.5 million into the trust during 2021. Of the deposit, 88.55% were from federal funds and 11.45% from non-federal funds. Participation in CEPPT provides the Authority a strategic means to finance its long-term pension benefit commitment and allows more control and flexibility in investment allocations. At June 30, 2021, the Authority reported the investment in the amount of \$2,499,703 as restricted long-term investments.

B. Net Pension Liability (Asset)

The Authority's net pension liability (asset) for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of its Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. At June 30, 2021, the Authority reported a net pension asset of \$13.3 million for the Plan, a net change of \$0.6 million from the previous year.

A summary of principal assumptions and methods used to determine the net pension liability (asset) is shown below:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Services
Mortality ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 CalPERS Experience Study available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the 2017 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at 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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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 of 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 long-term expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%

¹ An expected inflation of 2.0% used for this period.

² An expected inflation of 2.92% used for this period.

C. Changes in the Net Pension Liability (Asset)

The following table shows the changes in net pension liability (asset) recognized over the measurement period.

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances calculated at July 1, 2020	\$ 69,281,432	\$ 83,231,674	\$ (13,950,242)
Changes for the year:			
Service cost	1,897,315	-	1,897,315
Interest on total pension liability	4,909,723	-	4,909,723
Differences between expected and actual experiences	(160,040)	-	(160,040)
Contributions from employer	-	1,144,719	(1,144,719)
Contributions from employees	-	889,791	(889,791)
Net investment income	-	4,119,116	(4,119,116)
Benefit payments, including refunds of employee contributions	(2,805,163)	(2,805,163)	-
Administrative expense	-	(117,336)	117,336
Net change	3,841,835	3,231,127	610,708
Balances reported at June 30, 2021	\$ 73,123,267	\$ 86,462,801	\$ (13,339,534)

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For the Year Ended June 30, 2021

Pension Plan Fiduciary Net Position

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

Sensitivity of the Net Pension Liability (Asset) to Changes in Discount Rate - The following presents the net pension liability (asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate <u>-1% (6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	Discount Rate <u>+1% (8.15%)</u>
Net Pension Liability (Asset)	\$ (2,915,743)	\$ (13,339,534)	\$ (21,929,496)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Authority recognized pension expense of \$1.8 million. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,253,959	\$ -
Changes of assumptions	468,092	(140,084)
Difference between expected and actual experiences	1,062,845	(121,005)
Net difference between projected and actual earnings on plan investments	<u>958,730</u>	<u>-</u>
Total	<u>\$ 3,743,626</u>	<u>\$ (261,089)</u>

\$1.3 million of deferred outflows of resources shown above relates to contributions subsequent to the measurement date and will be recognized as a reduction of (addition to) the net pension liability (asset) in the year ending June 30, 2022.

Amounts reported as deferred inflows and outflow of resources (except for pension contributions subsequent to measurement date as discussed in the paragraph above) will be recognized as future pension expense as follows.

Year Ended June 30,	
2022	\$ 638,158
2023	619,056
2024	615,228
2025	<u>356,136</u>
	<u>\$ 2,228,578</u>

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Note 13 –Other postemployment benefits

A. General Information about the OPEB Plans

Plan description - The Authority provides eligible employees with post-retirement medical healthcare benefits. Upon retirement, qualified employees and spouses/domestic partners are eligible for continued medical coverage up to the Employer Coverage Cap in effect on the date of the employee's retirement. The medical provider at the time of retirement will be the same medical provider during the final year of employment unless the employee moves from the plan service area. In the event the employee moves out of the plan service area, a supplemental medical plan will be made available at that time. Participation in Part A and Part B of the Medicare plan available at the time of retirement is a requirement of the plan.

The surviving spouse or domestic partner may continue to purchase medical coverage after the death of the retiree at the surviving spouse/partner's expense. The Authority participates in the CalPERS medical program as permitted under the Public Employees' Medical and Hospital and Care Act ("PEMHCA"). As such, the Authority is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued.

Benefits provided - As provided by the PEMHCA, the Authority has been under contract with CalPERS for medical plan coverage since 2008 and has chosen to satisfy its retiree medical benefit commitment using the unequal contribution method.

The Authority has made contributions toward the medical premiums of retirees who meet the conditions set forth in the following table.

Minimum Retirement Age *	Years of Service with the Authority		
	At least 20 and less than 25	At least 25 and less than 30	30 or more
62	80%	90%	100%
63	85%	95%	100%
64	90%	100%	100%
65	100%	100%	100%

* Employee must reach this age while employed.

In addition to its monthly contributions of up to the \$1,780 cap, toward the cost of retiree medical coverage, the Authority pays 100% of the cost of dental and vision insurance for those retirees that opted for the "early retirement option plans" offered by the Authority in the past as an incentive for early retirement. During the year ended June 30, 2010, the Authority entered into an agreement with CalPERS whereby the Authority is a contracting agency under PEMHCA, which is administered by CalPERS for the provision of healthcare insurance programs for both active and retired employees. The Authority participates in the CERBT, an agent-multiple employer postemployment health plan, to prefund other postemployment benefits through CalPERS. The financial statements for CERBT may be obtained by writing the CalPERS, Constituent Relations Office, CERBT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709 or by calling 888-225-7377.

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Employees Covered – As of June 30, 2019, the most recent information available, the following employees were covered by the benefit terms for the OPEB plan:

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>140</u>
Total	<u><u>200</u></u>

Contributions – The Authority makes contributions on an actuarial basis, funding the full Actuarially Determined Contributions. The Authority’s contribution to the plan occur as benefits are paid to the retirees or as contributions to CERBT. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies).

Benefits and other contributions paid by the Authority during the measurement period and those made in the year following the measurement period but prior to June 30, 2021 are shown below.

	Employer Contributions for the	
	Measurement Period	
	<u>July 1, 2019 thru</u> <u>June 30, 2020</u>	<u>July 1, 2020 thru</u> <u>June 30, 2021</u>
Employer contributions in the form of direct benefit payments (not reimbursed by CERBT)	\$ 377,901	\$ 429,984
Implicit contributions	<u>118,878</u>	<u>126,869</u>
Total	<u><u>\$ 496,779</u></u>	<u><u>\$ 556,853</u></u>

The amount of implicit contributions paid are reflected as a reduction in (active) employee premium. The contributions made during the year ended June 30, 2021 are reported as deferred outflows of resources on the statement of net position as discussed below.

B. Net OPEB Liability (Asset)

The Authority’s net OPEB liability (asset) is measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability (asset) is measured as of June 30, 2020 (measurement date), using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures.

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A summary of principal actuarial assumptions and methods used to determine the net OPEB liability (asset) is as follows:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
Salary Increase	3.00%
Medical trend	Medical premium: Healthcare cost trend rate of 6.5% for initial year, fluctuating down to 4.0% in 2076 PMEHCA: 4.0% Dental and vision premium: 3.5%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)

¹ Demographic actuarial assumptions used are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, except for the MacLeod Watts Scale 2020 applied generationally from 2015 as the basis to project future mortality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 15 years of Scale MP-2016 to central year 2015.

Discount Rate - The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return for OPEB plan investments is 5.50 percent. 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. The long-term expected real rate of return by asset class and the target allocation are as follows:

Asset Class	Current Target Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	40.0%	4.80%	5.98%
Fixed Income	43.0	1.10	2.62
REITS	8.0	3.20	5.00
TIPS	5.0	0.25	1.46
Commodities	4.0	1.50	2.87

(1) An expected inflation rate of 2.00% is used for this period.

(2) An expected inflation rate of 2.92% is used for this period.

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C. Changes in the Net OPEB Liability (Asset)

The following table shows the changes in net OPEB liability (asset) for the year ended June 30, 2021:

	Total OPEB Liability	OPEB Plan Net Position	Net OPEB Liability (Asset)
Balances reported at July 1, 2020	\$ 11,128,781	\$ 14,163,507	\$ (3,034,726)
Changes for the year:			
Service cost	457,868	-	457,868
Interest on total OPEB liability	623,604	-	623,604
Contributions from employer	-	496,779	(496,779)
Net investment income	-	766,326	(766,326)
Benefit payments	(496,779)	(496,779)	-
Administrative expense	-	(6,986)	6,986
Net change	584,693	759,340	(174,647)
Balances reported at June 30, 2021	\$ 11,713,474	\$ 14,922,847	\$ (3,209,373)

The following presents the net OPEB liability (asset) of the OPEB plan as of the measurement date, calculated using the discount rate of 5.5 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (4.5 percent) or 1 percentage-point higher (6.5 percent) than the current rate:

	Discount Rate -1% (4.5%)	Current Discount Rate (5.5%)	Discount Rate +1% (6.5%)
Net OPEB Liability (Asset)	\$ (1,626,942)	\$ (3,209,373)	\$ (4,527,133)

The following presents the net OPEB liability (asset) of the OPEB plan as of the measurement date, as well as what the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current rates:

	Heathcare Trend Rate (less 1%)	Current Heathcare Trend Rate	Heathcare Trend Rate (plus 1%)
Net OPEB Liability (Asset)	\$ (4,677,428)	\$ (3,209,373)	\$ (1,402,756)

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report.

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D. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021 the Authority recognized OPEB expense of \$0.1 million. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 556,853	\$ -
Changes of assumptions	1,174,366	218,297
Difference between expected and actual experiences	-	2,034,427
Net difference between projected and actual earnings on plan investments	-	113,338
Total	<u>\$ 1,731,218</u>	<u>\$ 2,366,061</u>

\$0.6 million of deferred outflows of resources shown above relates to contributions subsequent to the measurement date and will be recognized as a reduction of (addition to) the net OPEB liability (asset) in the year ending June 30, 2022.

Other amounts reported as deferred inflows and outflow of resources (except for OPEB contributions subsequent to measurement date as discussed in the paragraph above) will be recognized as future OPEB expense as follows.

Year Ended June 30,	
2022	\$ (184,070)
2023	(174,537)
2024	(178,120)
2025	(163,873)
2026	(205,480)
Thereafter	<u>(285,616)</u>
	<u>\$ (1,191,696)</u>

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Note 14 - Commitments and contingent liabilities

Lawsuit and claims

The Authority is subject to lawsuits and claims which arise out of the normal course of its activities. In the opinion of the management of the Authority and its legal counsel, the disposition of any and all such actions, of which it is aware, will not have a material effect on the financial position of the Authority.

Grants and contracts

The Authority participates in various federally and locally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal and other regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from a review or audit may become a liability of the Authority; however, as of the date of this report, no such liabilities are reflected in the accompanying financial statements.

Concentrations

For the year ended June 30, 2021, approximately 96.1% of operating revenues and 99.7% of accounts receivables reflected in the financial statements are from HUD. The Authority operates in a highly regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

Note 15 - Moving-to-Work program

Pursuant to the 2008 Appropriations Act, HUD and the Santa Clara County Housing Authority (which includes the Housing Authority of the City of San Jose) (collectively, "MTW Authority") entered into Moving-to-Work Demonstration (MTW) agreements on February 26, 2008. These agreements are effective from January 2, 2008 until the MTW Authority's fiscal year 2028. Under MTW, the MTW Authority as provided by Section 204(a) of the 1996 Appropriations Act (Section 204(a)), is able to administer its Section 8 and public housing programs with flexibility to reduce costs and achieve efficiencies; to provide incentives to families that are working, seeking work, or participating in job training; and to increase housing choices for low-income families.

According to Section 204(a), HUD may permit agencies to combine funds appropriated under Section 8 and Section 9 of the 1937 Act. The Conventional Housing Program ("Public Housing") and the Public Housing Capital Reserves are also considered MTW Reserves and are reported as unrestricted net position in its separate programs.

The Section 8 Voucher Housing Assistance Payments ("HAPs") and Administrative Fees revenues that are not utilized to pay HAPs and/or administrative/operating expenses will be part of the unrestricted net position balance in accordance with GAAP. Unrestricted net position also includes, but is not limited to, interest and investment income on HAP investments. The eligible uses of MTW funds are defined in the MTW agreements and states that the eligibility would be as under Sections 9(d)(1), 9(e)(1) and 8(o) of the 1937 Act. Thus, the MTW Authority may use MTW Reserves for activities that would be eligible for Public Housing and Voucher programs. Additionally, MTW funds can be used for activities that fall outside of Section 8 and Section 9 provided these activities are HUD approved through the annual MTW plan. Some of these excess HAP reserves may be subject to recapture by HUD based on future Congressional Appropriations Bills and HUD Rules and Regulations.

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Each fiscal year since 2008, when the Authority became an MTW agency, the Authority has earned and recognized on its financial statements MTW HAPs revenues based on the annual MTW contractual agreement, irrespective if these funds were received, spent and expensed in that year. However, beginning in January 2014, based on HUD PIH Notice 2011-67, issued on December 9, 2011, HUD has implemented the United States Treasury's rule on cash management on all MTW Public Housing Authorities (MTW-PHA), including the Authority, that results in changes associated with HAP accounting and revenue recognition, as follows:

- HUD will limit the disbursement of HAP funds to the amount that is needed by MTW-PHA to make immediate payments.
- Undisbursed HAP fund will be held by HUD as "*HUD Held Program Reserves*", and will be available for future HAPs.

Cash management does not change the amount of HAP funds that are available to the MTW-PHA, as the amount of funds available is still determined by the MTW agreement and Annual Budget Authority. However, the cash management rules will impact the timing when such funds are available to the MTW-PHA. PIH-REAC PHA Accounting Briefs #19, *Revenue Recognition for HAPs and Administrative Fees for HCV Program*, issued in June 2013, states that, as per HUD guidance, HCV program funds that the PHA receives are considered a voluntary non-exchange transaction.

GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* define a voluntary non-exchange transaction as a transaction in which a government gives and receives value without directly receiving or giving something of equal value in return. These transactions, typically resulting from a legislative or contractual agreement, are entered into willingly by two parties. GASB Statement No. 33 also provides that a PHA that treats the HCV program as an enterprise fund and uses the accrual basis (as does the Authority) should recognize revenues under a voluntary non-exchange transaction if it meets four conditions: that the revenues are measurable, probable of collection, meet eligibility requirements and are a legally enforceable claim. Accordingly, PHAs, that are not MTW agencies meet all the conditions of the revenue recognition except that they are not normally considered to have a legally enforceable claim (under their agreements they are entitled to receive what is actually spent, up to the limit of their annual appropriation) and thus these PHAs could not recognize their HCV funds as revenues. The Authority believes that MTW PHAs meet all the conditions of the revenue recognition, and in contrast, have an agreement with HUD that authorizes expenditure of funds up to a stated annual funding level and unspent funds are earned and carried over from year to year. The underlying contract between HUD and a MTW-PHA provides the basis for a legally enforceable claim, and the Authority's management is of the opinion that HUD-Held Program funds should be recognized as revenues on the Authority's financial statement as the funds meet all the criteria and conditions of GASB Statement No. 33 for a voluntary non-exchange transaction. Accordingly, the Authority has recognized these HUD-Held HCV (MTW) Program funds as revenues and receivables (\$159,440,100 as of June 30, 2021) on its financial statements.

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During the year ended June 30, 2021, the unrestricted net position activities of the Moving To Work Programs are as follows:

	MTW - Public Housing	MTW - Section 8 Rental Voucher Program	Moving To Work Program		
	Conventional Housing Program and Public Housing Capital	Section 8 Vouchers Fee Reserves	Construction Projects *	MTW Reserves	Moving To Work Program
Unrestricted net position at June 30, 2020, as reported	\$ 3,642,898	\$ 2,292,395	\$ (18,125)	\$ 224,859,175	\$ 224,841,050
Year ended June 30, 2021 operating activity:					
HAP earned	-	-	-	389,231,672	389,231,672
Administrative fees earned	-	-	-	19,042,815	19,042,815
Admin Fee Earned – CARES Act	-	3,550,481	-	-	-
Public Housing rental income	17,170	-	-	-	-
Operating subsidy	-	-	-	13,178	13,178
Capital grant	-	-	-	2,385,865	2,385,865
Other income	157,174	121,220	16,269	1,764,153	1,780,422
50% of fraud recovery	-	99,785	-	99,785	99,785
FSS Escrow forfeits	-	-	-	79,578	79,578
Gain on the sale of capital assets	-	-	460,000	-	460,000
HAP expense	-	(351,897,955)	-	-	-
Administrative and operational expenses	(67,497)	(23,441,455)	(145,011)	-	(145,011)
Covid 19-expenses	(617)	(217,497)	-	-	-
Net change in capital assets	26,565	(1,133,925)	1,890,000	(713,343)	1,176,657
Year ended June 30, 2021 transfers in (out):					
Transfer reimbursement from HARA for executive compensation per HUD regulations	-	197,533	-	-	-
Transfer related to year-end pension (GASB 68) adjustments	-	36,015	-	-	-
Transfer out for FY 2021 Asset Management activities	-	-	-	(801,827)	(801,827)
Transfer out to NED to cover for HAP funding shortfall	-	-	-	(44,624)	(44,624)
Other interfund transfers between MTW and MTW related programs	2,436,134	374,132,662	-	(376,568,796)	(376,568,796)
Transfer from (to) restricted net position per HUD guidance 24:	-	-	-	-	-
Financial reporting for pension and OPEB.	-	411,774	-	-	-
Transfer to California Employer's Prefunding Pension Trust Fund	-	(2,213,487)	-	-	-
Subtotal year ended June 30, 2021 activity	<u>2,568,929</u>	<u>(354,849)</u>	<u>2,221,258</u>	<u>34,488,456</u>	<u>36,709,714</u>
Unrestricted net position at June 30, 2021	<u>\$ 6,211,827</u>	<u>\$ 1,937,546</u>	<u>\$ 2,203,133</u>	<u>\$ 259,347,631</u>	<u>\$ 261,550,764</u>

* Construction projects include Race Street and East Santa Clara.

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Note 16 – Condensed blended component unit information

Condensed net position information of the blended component units is presented as follows:

	AE Associates, Ltd. (1)(2)	Alvarado Park LP (1)(2)	Avenida Espana HDC, Inc. (1)(2)	Bascom HACSC Associates (1)(2)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	HACSC/Choices Family Associates (1)(2)	HACSC/Choices Senior Associates (1)(2)
Current assets	\$ 598,606	\$ 535,185	\$ 2,052,247	\$ 2,046,044	\$ 547,826	\$ 3,726,369	\$ 121,687	\$ 563,060	\$ 2,819,557	\$ 2,154,961
Due from component units and related parties	-	-	402,462	-	-	-	92,621	40,000	-	-
Other noncurrent assets	-	-	7,675,693	-	-	-	(1,084,599)	(2,431,562)	-	-
Capital assets	3,068,473	1,079,885	-	11,913,173	1,255,001	10,601,959	-	-	13,261,547	9,540,681
Total assets	3,667,079	1,615,070	10,130,402	13,959,217	1,802,827	14,328,328	(870,291)	(1,828,502)	16,081,104	11,695,642
Current liabilities	157,074	71,943	11,598	789,091	88,207	705,996	11,300	11,600	603,434	391,967
Due to component units and related parties	108,733	1,544,726	12,778,282	23,692	1,716,070	9,820,571	3,500	35,000	72,176	90,736
Noncurrent liabilities	6,990,676	-	-	12,636,284	-	10,002,884	-	-	15,250,886	12,296,294
Total liabilities	7,256,483	1,616,669	12,789,880	13,449,067	1,804,277	20,529,451	14,800	46,600	15,926,496	12,778,997
Net position:										
Net investment in capital assets	(1,334,167)	1,079,885	-	13,643	1,255,001	334,075	-	-	(1,514,017)	(932,777)
Restricted	383,174	-	-	1,425,662	-	2,923,338	-	-	2,065,411	2,001,620
Unrestricted	(2,638,411)	(1,081,484)	(2,659,478)	(929,155)	(1,256,451)	(9,458,536)	(885,091)	(1,875,102)	(396,786)	(2,152,198)
Total net position	\$ (3,589,404)	\$ (1,599)	\$ (2,659,478)	\$ 510,150	\$ (1,450)	\$ (6,201,123)	\$ (885,091)	\$ (1,875,102)	\$ 154,608	\$ (1,083,355)

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rotary Plaza/ HACSC HDC, Inc. (1)(2)	San Pedro Gardens Associates, Ltd. (1)(2)	S.P.G. Housing, Inc. (1)(2)	Villa Garcia Inc. (1)(2)	Villa San Pedro HDC, Inc. (1)(2)
Current assets	\$ 3,200,434	\$ 76,729	\$ 1,621,130	\$ 2,555,825	\$ 982,212	\$ 373,875	\$ 851,690	\$ 2,927,757	\$ 955,439
Due from component units and related parties	-	-	156,520	11,406,093	304,130	-	347,164	6,423,065	11,431,848
Other noncurrent assets	-	-	(4,735,846)	-	5,074,744	-	1,415,273	(1,743)	1,149,387
Capital assets	15,204,226	1,635,377	-	43,252,380	3,477,262	901,975	4,188,792	-	-
Total assets	18,404,660	1,712,106	(2,958,196)	57,214,298	9,838,348	1,275,850	6,802,919	9,349,079	13,536,674
Current liabilities	1,026,209	87,169	13,900	704,757	305,932	110,839	1,592,126	7,900	7,900
Due to component units and related parties	9,290,558	135,671	-	29,581,998	3,114,685	248,331	1,427,951	-	1,751,888
Noncurrent liabilities	13,352,384	1,828,665	-	14,500,000	794,801	2,474,642	320,813	-	-
Total liabilities	23,669,151	2,051,505	13,900	44,786,755	4,215,418	2,833,812	3,340,890	7,900	1,759,788
Net position:									
Net investment in capital assets	1,556,842	651,451	-	28,752,380	2,592,891	(621,979)	2,408,831	-	-
Restricted	1,663,416	24,535	-	24	158,674	172,042	205,443	-	-
Unrestricted	(8,484,749)	(1,015,385)	(2,972,096)	(16,324,861)	2,871,365	(1,108,025)	847,755	9,341,179	11,776,886
Total net position	\$ (5,264,491)	\$ (339,399)	\$ (2,972,096)	\$ 12,427,543	\$ 5,622,930	\$ (1,557,962)	\$ 3,462,029	\$ 9,341,179	\$ 11,776,886

(1) Component unit was audited by other auditors.
(2) As of December 31, 2020.

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Condensed revenues, expenses, and changes in net position information of the blended component units is presented as follows:

	AE Associates, Ltd. (1)(2)	Alvarado Park LP (1)(2)	Avenida España HDC, Inc. (1)(2)	Bascom HACSC Associates (1)(2)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	HACSC/Choices Family Associates (1)(2)	HACSC/Choices Senior Associates (1)(2)
Operating revenues	\$ 827,477	\$ -	\$ 363,484	\$ 1,901,659	\$ -	\$ 2,874,662	\$ (240,221)	\$ 461,765	\$ 2,004,614	\$ 1,250,368
Operating expenses	948,131	(554)	508,926	1,468,450	297	2,009,577	14,589	46,056	1,420,514	1,161,298
Operating income (loss)	(120,654)	554	(145,442)	433,209	(297)	865,085	(254,810)	415,709	584,100	89,070
Nonoperating revenues (expenses), net	(98,551)	173	184	(508,753)	212	(784,361)	-	-	(554,385)	(365,513)
Change in net position	(219,205)	727	(145,258)	(75,544)	(85)	80,724	(254,810)	415,709	29,715	(276,443)
Net position, beginning of year	(3,370,199)	(2,326)	(2,514,220)	585,694	(1,365)	(6,281,847)	(630,281)	(2,290,811)	124,893	(806,912)
Net position, end of year	\$ (3,589,404)	\$ (1,599)	\$ (2,659,478)	\$ 510,150	\$ (1,450)	\$ (6,201,123)	\$ (885,091)	\$ (1,875,102)	\$ 154,608	\$ (1,083,355)

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rotary Plaza/ HACSC HDC, Inc. (1)(2)	San Pedro Gardens Associates, Ltd. (1)(2)	S.P.G. Housing, Inc. (1)(2)	Villa Garcia Inc. (1)(2)	Villa San Pedro HDC, Inc. (1)(2)
Operating revenues	\$ 3,232,179	\$ 322,993	\$ 85,758	\$ 1,311,242	\$ 1,778,939	\$ 302,640	\$ 1,168,995	\$ 671	\$ 14,328
Operating expenses	2,270,793	285,987	178,651	1,016,298	1,125,388	240,062	1,212,698	9,840	7,351
Operating income (loss)	961,386	37,006	(92,893)	294,944	653,551	62,578	(43,703)	(9,169)	6,977
Nonoperating revenues (expenses), net	(1,098,101)	(64,036)	-	263,169	(148,885)	(47,594)	310,134	153,842	348,344
Change in net position	(136,715)	(27,030)	(92,893)	558,113	504,666	14,984	266,431	144,673	355,321
Net position, beginning of year	(5,127,776)	(312,369)	(2,879,203)	11,869,430	5,118,264	(1,572,946)	3,195,598	9,196,506	11,421,565
Net position, end of year	\$ (5,264,491)	\$ (339,399)	\$ (2,972,096)	\$ 12,427,543	\$ 5,622,930	\$ (1,557,962)	\$ 3,462,029	\$ 9,341,179	\$ 11,776,886

- (1) Component unit was audited by other auditors.
(2) For the year ended December 31, 2020.

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Condensed cash flows information of the blended component units is presented as follows:

	AE Associates, Ltd. (1)(2)	Alvarado Park LP (1)(2)	Avenida España HDC, Inc. (1)(2)	Bascom HACSC Associates (1)(2)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	HACSC/Choices Family Associates (1)(2)	HACSC/Choices Senior Associates (1)(2)
Cash flows from:										
Operating activities	\$ 183,999	\$ 402	\$ 411,786	\$ 63,320	\$ (411)	\$ 716,899	\$ 6,877	\$ 38,444	\$ 135,271	\$ 174,272
Investing activities	(21,272)	(550,632)	46,066	(46,320)	(671,572)	(161,261)	17	360,035	(58,475)	(31,619)
Financing activities	(25,000)	433,147	-	(105,000)	421,680	(245,000)	-	-	(155,017)	(115,000)
Net change in cash and cash equivalents	137,727	(117,083)	457,852	(88,000)	(250,303)	310,638	6,894	398,479	(78,221)	27,653
Cash and cash equivalents, beginning of year	423,012	651,943	1,594,395	2,105,882	797,804	3,298,472	114,793	164,571	2,813,343	2,107,417
Cash and cash equivalents, end of year	\$ 560,739	\$ 534,860	\$ 2,052,247	\$ 2,017,882	\$ 547,501	\$ 3,609,110	\$ 121,687	\$ 563,050	\$ 2,735,122	\$ 2,135,070

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rotary Plaza/ HACSC HDC, Inc. (1)(2)	San Pedro Gardens Associates, Ltd. (1)(2)	S.P.G. Housing, Inc. (1)(2)	Villa Garcia Inc. (1)(2)	Villa San Pedro HDC, Inc. (1)(2)
Cash flows from:									
Operating activities	\$ 1,030,132	\$ 72,999	\$ 46,325	\$ 447,654	\$ 359,206	\$ 57,277	\$ 298,382	\$ 153,404	\$ (7,875)
Investing activities	(73,672)	(17,856)	20	(1,429,576)	170,319	(146,579)	(95,529)	222,746	-
Financing activities	(80,000)	(38,064)	-	2,462,077	(298,805)	182,565	(56,884)	-	-
Net change in cash and cash equivalents	876,460	17,079	46,345	1,480,155	230,720	93,263	145,969	376,150	(7,875)
Cash and cash equivalents, beginning of year	2,236,005	53,184	1,574,785	1,047,177	707,953	265,216	689,239	2,551,607	963,314
Cash and cash equivalents, end of year	\$ 3,112,465	\$ 70,263	\$ 1,621,130	\$ 2,527,332	\$ 938,673	\$ 358,479	\$ 835,208	\$ 2,927,757	\$ 955,439

- (1) Component unit was audited by other auditors.
(2) For the year ended December 31, 2020.

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Note 17 – Summary Financial Information of Component Units

The following entities are considered component units of the Authority. Certain items may have changed for presentation purposes from the separately issued audited financial statements to conform to the Authority’s presentation. The following disclosures are those that are material to the Authority and are not meant to be a full representation of each component unit’s required disclosures. A copy of each component unit’s separately issued audited financial statements can be obtained from the Authority’s management.

The debt obligation noted in the following section, with the exception of land leases, does not include debt related to the Authority or its affiliates.

A. Blended Component Units

AE Associates, LTD

Ground lease

This Partnership leases land on which the Avenida Espana Gardens Project was built from the Authority. The lease is for 65 years and requires annual payments of \$20,000 from excess/distributable cash. Any unpaid rent shall accrue without interest.

Long-Term debt

State of California, Department of Housing and Community Development Rental Housing Construction Program (“RHCP”) Loan - The loan is secured by its project, bears simple interest at 3%, matures in December 2048, and is payable in annual payments of principal and interest from excess/distributable cash.

City of San Jose Note - The note bears no interest, is due in full in October 2022, and is payable in annual payments of \$25,000 with additional payments from excess/distributable cash.

	December 31, 2020			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
RHCP Loan	\$ 2,636,367	\$ 3,285,000	\$ 5,921,367	\$ 23,331
City of San Jose	-	1,122,860	1,122,860	25,000
Subtotal	2,636,367	4,407,860	7,044,227	48,331
Less unamortized permanent loan costs	-	(5,220)	(5,220)	-
Total	<u>\$ 2,636,367</u>	<u>\$ 4,402,640</u>	<u>\$ 7,039,007</u>	<u>\$ 48,331</u>

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Bascom HACSC Associates

Long-term debt

Series 2000A Multifamily Housing Revenue Bonds issued by the City of San Jose - The bonds in the original amount of \$6,130,000 are secured by a direct pay letter of credits from Union Bank of California through the construction period and stabilization period. The bonds bear interest at a rate of 6.1% from the year 2001 to 2030, and 6.2% from the year 2031 to 2041. Payments of principal and interest are due every six months, amortized over a 38-year, 3-month term.

City of San Jose Note - The note is dated December 1, 2000, in the original amount of \$7,370,000 is secured by a deed of trust on the property. The note bears interest at 2.75%, compounded annually, with a maturity date of April 2042. Payments of interest and principal are due annually on May 1, subject to the availability of Adjusted Net Cash Flow as defined in the note.

	December 31, 2020			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Series 2000A Bonds	\$ 151,716	\$ 4,920,000	\$ 5,071,716	\$ 266,716
City of San Jose Note	1,252,260	6,979,530	8,231,790	400,506
Total	<u>\$ 1,403,976</u>	<u>\$ 11,899,530</u>	<u>\$ 13,303,506</u>	<u>\$ 667,222</u>

Blossom River Associates L.P.

Long-term debt

Series 1998A Multifamily Housing Revenue Bonds issued by the Authority - The bonds in the amount of \$13,000,000 bears 6.5% simple interest. Payments of principal and interest which are due every 6 months, and amortized over a 40-year term.

	December 31, 2020			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Series 1998A Bonds	\$ 237,424	\$ 10,445,000	\$ 10,682,424	\$ 502,474
Less unamortized permanent loan costs	-	(177,116)	(177,116)	-
Total	<u>\$ 237,424</u>	<u>\$ 10,267,884</u>	<u>\$ 10,505,308</u>	<u>\$ 502,474</u>

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HACSC/Choices Family Associates

Long-term debt

City of Santa Clara Note (Successor Agency to the Redevelopment Agency of the City of Santa Clara) - The note, originally amounting to \$4,323,000, bears simple interest at 2%, due in full in April 2042, and payable annually in principal and interest from excess/distributable cash.

Series 2001A Multifamily Housing Revenue Bonds issued by the Authority - The bonds, originally amounting to \$8,865,000, bear interest at rates ranging from 3.95% to 6% and mature in August 2041. Monthly principal and interest payments of \$45,385 are made to a trustee, and semi-annual payments to bondholders are made in August and February.

California Department of Housing and Community Development Multifamily Housing Program Loan - The loan bears simple interest at 3%, with an annual payment of 0.42% of the unpaid principal amount, to be repaid in full by October 2058.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
City of Santa Clara Note	\$ 108,599	\$ 3,892,000	\$ 4,000,599	\$ 193,089
Series 2001A Bonds	33,089	7,040,000	7,073,089	142,273
California HCD Loan	822,702	4,050,500	4,873,202	153,706
Subtotal	964,390	14,982,500	15,946,890	489,068
Less unamortized				
permanent loan costs	-	(206,936)	(206,936)	-
Total	\$ 964,390	\$ 14,775,564	\$ 15,739,954	\$ 489,068

HACSC/Choices Senior Associates

Long-term debt

City of Santa Clara (Successor Agency to the Redevelopment Agency of the City of Santa Clara) Loan - The note bears simple interest at 2%, due in full in April 2042, and payable annually in principal and interest from excess/distributable cash.

Series 2001A Multifamily Housing Revenue Bonds issued by the Authority - The bonds, originally amounting to \$6,715,000, bears interest at rates ranging from 3.95% to 6% and mature in August 2041. Monthly principal and interest payments of \$34,419 are made to a trustee, and semi-annual payments to bondholders are made in August and February.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
City of Santa Clara Note	\$ 1,942,836	\$ 5,317,000	\$ 7,259,836	-
Series 2001A Bonds	154,120	5,335,000	5,489,120	274,120
Subtotal	2,096,956	10,652,000	12,748,956	274,120
Less unamortized				
permanent loan costs	-	(178,542)	(178,542)	-
Total	\$ 2,096,956	\$ 10,473,458	\$ 12,570,414	\$ 274,120

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Helzer Associates L.P.

Long-term debt

Series 1999A Multifamily Housing Revenue Bonds issued by the City of San Jose - The bonds, dated May 1, 1999, were issued in the amount of \$16,948,000. They mature December 1, 2041 and are amortized over a 40-year term with a simple interest rate of 6.34%. Payments of principal and interest are due and payable semi-annually on the first day of June and December.

California Housing Finance Agency (“CalHFA”) Note - The note, dated December 1, 2000, in the original amount of \$333,547, bears 0% interest. The outstanding principal amount is due 55 years following the effective date of the Regulatory Agreement.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Series 1999A Bonds	\$ 90,201	\$ 13,708,000	\$ 13,798,201	\$ 385,201
CalHFA Note	-	333,547	333,547	-
Subtotal	90,201	14,041,547	14,131,748	385,201
Less unamortized permanent loan costs	-	(394,163)	(394,163)	-
Total	\$ 90,201	\$ 13,647,384	\$ 13,737,585	\$ 385,201

Klamath Associates L.P.

Long-term debt

Citibank Loan - The loan with an original amount of \$750,000, bears an adjustable interest rate and is payable in monthly installments of \$5,045, that was reduced to \$5,007, until maturity in May 2027. Interest was adjusted in June 2017 to 6.58% and calculated by applying 2.42% over the average monthly 10-year treasury constant maturity yield, not to exceed 12.42% per annum or to fall below 6.42%.

City of Santa Clara Note (Successor Agency to the Redevelopment Agency of the City of Santa Clara) - The note bears simple interest at 6% and is due in full in February 2025. Annual payments of principal and interest are payable from excess/distributable cash.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	\$ 1,721	\$ 313,786	\$ 315,507	\$ 42,367
City of Santa Clara Note	900,974	681,176	1,582,150	15,589
Subtotal	902,695	994,962	1,897,657	57,956
Less unamortized permanent loan costs	-	(11,036)	(11,036)	-
Total	\$ 902,695	\$ 983,926	\$ 1,886,621	\$ 57,956

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Poco Way HDC, Inc.

Buena Vista Mobile Home Park Property Acquisition and Lease

In September 2017, Poco Way HDC, Inc. acquired the property known as Buena Vista for \$40.4 million and entered into loans with the Authority in the amount of \$26 million and with the City of Palo Alto in the amount of \$14.5 million. Pursuant to the Memorandum of Understanding by and among the County of Santa Clara, the City of Palo Alto, and the Authority, Poco Way HDC, Inc. intends to preserve Buena Vista as a mobile home park, or equivalent, for up to 50 years. Poco Way HDC, Inc. expects to complete major improvements and renovations to the property as funding becomes available. Effective November 1, 2019, Poco Way HDC leased a portion of the Buena Vista land directly to tenants.

Long-term debt

City of Palo Alto Note - The note bears 3% simple interest, payable from excess/distributable cash, to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2023.

	December 31, 2020			Amounts due
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>within one year</u>
City of Palo Alto Note	\$ -	\$ 14,500,000	\$ 14,500,000	\$ -

Commitment

Poco Way HDC, Inc. also has a commitment from the County of Santa Clara for a loan in the maximum amount of \$14.5 million, which will bear 3% simple interest, payable from excess/distributable cash, to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2027. Pursuant to the Disbursement Agreement, the County of Santa Clara shall only make disbursements of loan proceeds to Poco Way HDC, Inc. for eligible expenses with proper written requests and supporting documents. There were no disbursements made as of December 31, 2020. The loan was subsequently funded in May 2021 and used to pay off the Authority's acquisition loan.

Rotary Plaza/HACSC HDC, Inc. (Morrone Garden Apartments)

Ground lease

On April 19, 2013, Rotary Plaza/HACSC HDC, Inc. assumed the 60-year ground lease agreement entered into by Morrone Gardens Associates and the Authority on July 22, 1994, for the land on which the Morrone Gardens Apartments (the project) was built. The annual rent is \$20,000 and is payable to the extent of surplus cash. Any unpaid rent accrues interest at 7% compounded annually and is payable in subsequent years from surplus cash.

Long-term debt

California Community Reinvestment Corporation Note ("CCRC") Note - The note is dated September 23, 1994, in the original amount of \$2,982,000, is secured by the Morrone Gardens Apartment building, bears interest at 6.5% per annum and is payable in monthly payment of principal and interest of \$19,688 until maturity on October 1, 2024. This note was assumed by Rotary Plaza/HACSC HDC, Inc. at the time it acquired the project, on April 19, 2013.

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County of Santa Clara Note - The note bears simple interest at 6% per annum, due in full in July 2033.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
CCRC Note	\$ 4,332	\$ 799,711	\$ 804,043	\$ 194,192
County of Santa Clara Note	100,290	95,000	195,290	-
Subtotal	104,622	894,711	999,333	194,192
Less unamortized				
permanent loan costs	-	(10,340)	(10,340)	-
Total	\$ 104,622	\$ 884,371	\$ 988,993	\$ 194,192

San Pedro Gardens Associates, Ltd.

Ground lease

The Partnership leases the land on which the San Pedro Gardens Project was built from the Authority. The lease ends in 2056 and requires an annual payment of \$10,000, which is payable from excess/distributable cash. The unpaid rent accrues interest at 8% compounded annually.

Long-term debt

Citibank (Serviced by Berkadia Commercial Mortgage) Loan - The original loan amount of \$337,400, bears interest at 2% per annum per annum and is payable in monthly installments of \$1,520.

State of California, Department of Housing and Community Development Rental Housing Construction Program (RHCP) Loan - The loan bears simple interest at 3% and is due in full in January 2047. Annual payments of principal and interest are payable from excess/distributable cash.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	\$ -	\$ 37,462	\$ 37,462	\$ 17,787
RHCP Loan	1,042,723	1,489,500	2,532,223	74,248
Subtotal	1,042,723	1,526,962	2,569,685	92,035
Less unamortized				
permanent loan costs	-	(3,008)	(3,008)	-
Total	\$ 1,042,723	\$ 1,523,954	\$ 2,566,677	\$ 92,035

S.P.G. Housing, Inc. (DeRose Gardens Apartments)

Ground lease

S.P.G. Housing, Inc. subleases the land on which DeRose Senior Housing was built from the Authority. The sublease ends in year 2028 and requires a monthly base payment of \$5,500 which is subject to annual increases and an annual payment of \$66,000, which is payable from distributable cash. The unpaid rent accrues without interest.

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Long-term debt

Citibank Loan - The loan in the original amount of \$1,015,000, bears an adjustable interest rate (currently 3.91% per annum), is payable in monthly installments of \$6,079 and is due in full in October 2026.

City of San Jose Note - The note bears interest at 8% compounded annually and is to be repaid in full in December 2020. Any unpaid balance for the year is to be added to the maximum annual payment of the following year. The terms of the loan were amended in 2007 from which date the loan shall not accrue interest and the accumulated interest on the loan was forgiven as part of the amendment.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	\$ 1,238	\$ 379,961	\$ 381,199	\$ 60,386
City of San Jose Note	-	1,400,000	1,400,000	1,400,000
Total	\$ 1,238	\$ 1,779,961	\$ 1,781,199	\$ 1,460,386

B. Discretely Presented Component Units

Bendorf Drive LP

Organization

Bendorf Drive LP, a California limited partnership (“Bendorf”), was formed on February 7, 2013 to acquire, rehabilitate and operate a 100-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Villa San Pedro Apartments. On December 19, 2013, the project was acquired from its general partner, Villa San Pedro HDC, Inc. Bendorf is controlled by its general partner, Villa San Pedro HDC, Inc. (0.009%). The Authority, the initial limited partner, transferred its partnership interest to RSEP Holding, LLC, the limited partner, and Red Stone Equity Manager, LLC, the special limited partner, on December 1, 2013. RESP Holding, LLC and Red Stone Equity Manager, LLC assigned its partnership interest to Red Stone VS Pedro, LLC (99.99%) and Red Stone Equity Manager 2, LLC (0.001%), respectively, on February 14, 2014.

Long-term debt

HDC California Housing Rehabilitation Program (CHRP) Loan - The loan bears simple interest at 3%, with an annual payment of 0.42% of the unpaid principal amount, and the remaining 2.58% interest to be paid from excess/distributable cash after the transition reserve account is fully funded. The entire principal and interest are due in December 2068.

CalHFA Acquisition/Rehabilitation and Permanent Loan - The loan is 50% insured by HUD through the Federal Housing Administration under Section 542(c) of the Housing and Community Development Act of 1992, in the maximum amount of \$20,215,000. The loan bears simple interest at 4% with interest-only payments due monthly until conversion in October 2015, at which time, \$11,710,000 was converted to a 30-year amortizing loan with interest at 5.75%. Payments and interest are due monthly, with the entire principal and interest due in full in October 2045.

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	Interest Payable	Principal	Total	Amounts due within one year
CHRP Loan	\$ 180,987	\$ 4,156,798	\$ 4,337,785	\$ 180,987
CalHFA Loan	51,957	10,843,266	10,895,223	253,598
Subtotal	232,944	15,000,064	15,233,008	434,585
Less unamortized permanent loan costs	-	(254,980)	(254,980)	-
Total	\$ 232,944	\$ 14,745,084	\$ 14,978,028	\$ 434,585

Branham Lane LLC

Organization

Branham Lane LLC, a California limited liability company (“Branham”), was formed on April 1, 2014 to acquire and operate a 51-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Pinmore Gardens. Branham is controlled by its sole member, S.P.G. Housing, Inc.

Long-term debt

Citibank Loan - The loan originally amounting to \$1,976,000 bears interest at 5.65% per annum and is payable in monthly installments of \$12,342. It is due in full in January 2026. An interest rate adjustment will occur in February 2021.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	\$ 9,185	\$ 662,288	\$ 671,473	\$ 122,780
Less unamortized permanent loan costs	-	(36,090)	(36,090)	-
Total	\$ 9,185	\$ 626,198	\$ 635,383	\$ 122,780

Clarendon Street, L.P.

Organization

Clarendon Street, L.P., a California limited partnership (“Clarendon”), was formed on June 28, 2012 to acquire, rehabilitate and operate a 80-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Villa Garcia Apartments. On November 8, 2012, the project was acquired from its general partner, Villa Garcia, Inc. Clarendon is controlled by its general partner, Villa Garcia, Inc. The Authority, the initial limited partner, transferred its partnership interest to MCCC, LLC on November 1, 2012. MCCC, LLC assigned its partnership interest to Merritt Community Capital Fund XV, L.P. on April 10, 2013.

Long-term debt

Bank of the West as the servicer of the HACSC Multifamily Note (“Tranche A”) - The note, in the original amount of \$4,725,000, bears interest at 3.96%, with interest payments only due monthly commencing December 2012. Beginning in May 2014, monthly payments of principal and interest are due based on a 25-year loan amortization, with the entire principal and interest due based on an 11-year loan amortization and due May 2030.

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Bank of the West, as the servicer of the HACSC Multifamily Note (“Tranche B”) - The note, in the original amount of \$2,132,000, bears interest at 2.80%, with interest only payments due monthly commencing December 2012. Beginning in May 2014, monthly payments of principal and interest are due based on an 11-year loan amortization, with the entire principal and interest due in May 2025.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Bank of the West (Tranche A)	\$ 12,805	\$ 3,881,215	\$ 3,894,020	\$ 159,827
Bank of the West (Tranche B)	2,144	919,243	921,387	204,418
Subtotal	14,949	4,800,458	4,815,407	364,245
Less unamortized permanent loan costs	-	(70,732)	(70,732)	-
Total	\$ 14,949	\$ 4,729,726	\$ 4,744,675	\$ 364,245

Fairground Luxury Family Apartments, L.P.

Organization

Fairground Luxury Family Apartments, L.P., a California limited partnership (“Fairground Family”), was formed on January 14, 2003 to construct and operate a 300-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Corde Terra Family Apartments. The Fairground Family’s managing general partner is Pinmore HDC, Inc., the co-general partner is ROEM Fairgrounds Family, LLC, the special limited partner is Hudson SLP, LLC and the investor limited partner is Hudson Fairgrounds ROEM, LLC.

Long-term debt

California Housing Finance Authority (CalHFA) - On December 17, 2003, CalHFA made a construction loan to the partnership in principal amount of \$40,405,000, which converted to a permanent loan of \$24,235,000 on February 1, 2008. The permanent loan is secured by a deed of trust, bears interest at a fixed rate of 5.7% per annum, is payable in monthly installments of principal and interest of \$128,312 and matures February 1, 2048.

City of San Jose Loan - On September 1, 2005, the City of San Jose made a construction loan and permanent loan to the partnership in the amount of up to \$19,235,050 during the construction period and up to \$21,084,426 for the period of time after the construction loan period. On February 1, 2008, the City of San Jose Loan was converted to a permanent loan. The loan is secured by a deed of trust, bears interest at a fixed rate of 4% per annum, payable out of available cash flow (as defined in the loan agreement) and matures March 1, 2046.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
CalHFA Loan	\$ 106,506	\$ 21,249,812	\$ 21,356,318	\$ 443,724
City of San Jose Note	3,277,851	17,245,082	20,522,933	-
Subtotal	3,384,357	38,494,894	41,879,251	443,724
Less unamortized permanent loan costs	-	(111,807)	(111,807)	-
Total	\$ 3,384,357	\$ 38,383,087	\$ 41,767,444	\$ 443,724

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Fairgrounds Senior Housing, L.P.

Organization

Fairgrounds Senior Housing, L.P., a California limited partnership (“Fairgrounds Senior”), was formed on May 14, 2007 to construct and operate a 201-unit affordable housing project located in San Jose, California, which is currently operating under the name of Fairgrounds Senior Housing Apartments. The Fairground Senior’s managing general partner is Pinmore HDC, Inc., the co-general partner is ROEM FG Senior, LLC, the investor limited partner is Alliant Tax Credit Fund 52, Ltd., a Florida limited partnership, and the administrative limited partner is Alliant ALP 52, LLC, a Florida limited liability company.

Long-term debt

City of San Jose issued Multifamily Housing Revenue Bonds - On May 8, 2008, the bonds, secured by the property, were issued in the amount of \$26,000,000, to provide financing for the Fairgrounds Senior Housing Apartments project. Citicorp Municipal Mortgage Inc. provided notes collateralized by the bond issue. The notes bear interest at a variable rate equal to SIFMA plus 150 basis points during the first 24 months of the interim phase, a 5.5% fixed interest rate for the remaining six months of the interim phase and a 5.5% fixed interest rate during the permanent phase. The bonds mature July 12, 2040.

City of San Jose Loan - The loan, dated May 1, 2008, is secured by a deed of trust, in the amount of up to \$12,300,000. The loan bears interest at a fixed rate of 4% per annum and is payable out of available cash flow, as defined in the loan agreement. The loan matures July 12, 2040.

County of Santa Clara Note - The Note, in the amount of \$1,475,000, is secured by a deed of trust, bears interest at 4% per annum until this project has obtained a notice of completion, and at 3% per annum thereafter until May 1, 2063, (55 years from the date of completion). Annual payments of principal and interest are contingent on available residual receipts, as defined in the note.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
City of San Jose Revenue Bonds	\$ 55,550	\$ 10,324,014	\$ 10,379,564	\$ 260,550
City of San Jose Note	773,823	6,535,176	7,308,999	-
County of Santa Clara Note	58,806	440,917	499,723	-
Subtotal	888,179	17,300,107	18,188,286	260,550
Less unamortized permanent loan costs	-	(314,494)	(314,494)	-
Total	\$ 888,179	\$ 16,985,613	\$ 17,873,792	\$ 260,550

Halford Avenue LLC

Organization

Halford Avenue LLC was formed as a limited liability company on May 13, 2014, to acquire and operate a 10-unit affordable housing complex located in the City of Santa Clara, California, operating under the name of Eklund Gardens I. The company is owned by its sole member, S.P.G. Housing, Inc., which is a nonprofit organization affiliated with the Authority.

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Ground lease

Halford Avenue LLC has a land lease agreement from the Authority, which expires in 2069. Rent for the lease is equal to \$1 annually. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain its project as an affordable housing complex in accordance with the terms and other requirements as specified in the ground lease agreement.

Long-term debt

At December 31, 2020, Halford Avenue LLC does not have unaffiliated long-term debt.

Hermocilla LLC

Organization

Hermocilla LLC, a California limited liability company, was formed on July 29, 2015 to acquire and operate a 100-unit affordable senior housing complex located in San Jose, California, which is currently operating under the name of Villa Hermosa Apartments (the Project). The Project was placed in service in July 1999. Hermocilla LLC is controlled by its sole member, DeRose HDC, Inc., which is a California nonprofit public benefit corporation affiliated with the Authority. On August 3, 2015, Hermocilla LLC acquired the Project from Thunderbird Associates (Thunderbird) and assumed its liabilities.

Long-term debt

Citibank Loan - The loan originally amounting to \$2,525,000 bears variable interest at 5.68% per annum and is payable in monthly installments of \$14,260 and due in full in October 2029.

	December 31, 2020			Amounts due
	Interest Payable	Principal	Total	within one year
Citibank Loan	\$ 6,927	\$ 1,274,231	\$ 1,281,158	\$ 129,920
Less unamortized permanent loan costs	-	(72,713)	(72,713)	-
Total	<u>\$ 6,927</u>	<u>\$ 1,201,518</u>	<u>\$ 1,208,445</u>	<u>\$ 129,920</u>

Huff Avenue LLC

Organization

Huff Avenue LLC, a limited liability company formed on July 3, 2014, to acquire and operate a 72-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Huff Avenue Apartments (the project). The company is owned by its sole member Rotary Plaza/HACSC HDC, Inc., which is a nonprofit organization affiliated with HACSC.

Long-term debt

City of San Jose Note - The note dated March 12, 1997, in the original amount of \$989,181 is secured by Deed of Trust. It bears interest at 2.5% per annum compounded annually. Principal and accrued interest will be repaid annually in an amount of 75% of Net Cash Flow, which shall be applied first to reduce accrued interest, and then to reduce the outstanding principal amount. The remaining unpaid principal and accrued interest will be due on March 11, 2027.

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ARCS Commercial Mortgage Co., L.P. (ARCS) Note - The note dated July 20, 2006, in the original amount of \$3,969,000 is secured by the property. It bears interest at 6.685% per annum. Monthly payments of principal and interest in the amount of \$25,572 are due until maturity on August 1, 2036.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
City of San Jose Note	\$ 8,684	\$ 27,401	\$ 36,085	\$ 36,085
ARCS Note	16,573	2,974,956	2,991,529	127,927
Subtotal	25,257	3,002,357	3,027,614	164,012
Less unamortized permanent loan costs	-	(100,633)	(100,633)	-
Total	\$ 25,257	\$ 2,901,724	\$ 2,926,981	\$ 164,012

Julian Street Partners, L.P.

Organization

Julian Street Partners, L.P. (“Julian”), was formed on September 22, 2009 to acquire, rehabilitate, and operate six affordable housing complexes: Cypress Gardens (125 units in San Jose); Julian Gardens (9 units in San Jose); Lenzen Gardens (94 units in San Jose); Lucretia Gardens (16 units in San Jose); Miramar Way (16 units in Santa Clara); and Sunset Gardens (75 units in Gilroy). The partnership is controlled by its general partner, Avenida Espana HDC, Inc. The special limited partner is Columbia Housing SLP Corporation and the investor limited partner is PNC Real Estate Tax Credit Capital Institutional Fund 45 Limited Partnership.

Ground lease

Julian Street Partners, L.P.’s projects were built on land owned by and leased from the Authority, on a 75-year term, which expires in 2085. Under the terms of the lease, this partnership pays a rent of \$1 per each site per year or \$6 in the aggregate, and title to the improvements reverts to the lessor at the end of the lease.

Long-term debt

Series 2010A-1 Multifamily Housing Revenue Bonds issued by the Authority - The Series 2010A-1 bonds, with U.S. Bank as the trustee, consists of three bonds bearing a current aggregate interest rate of 4.31%. Interest only payments were due monthly until the loan was converted in June 2012 to a 15-year bond amortizing loan, with the entire principal and interest due in full in November 2027.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2010A-1 Bonds	\$ 104,753	\$ 10,280,000	\$ 10,384,753	\$ 1,329,753
Less unamortized permanent loan costs	-	(339,874)	(339,874)	-
Total	\$ 104,753	\$ 9,940,126	\$ 10,044,879	\$ 1,329,753

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Laurel Grove Lane LP.

Organization

Laurel Grove Lane, L.P. (Laurel Grove), a California limited partnership, was formed on March 27, 2015 to develop, own and operate affordable housing complex located in San Jose, California. which is currently operating under the name of Laurel Grove Family Apartments. The project participates in the low-income housing tax credit program under section 42 of the IRS as modified by the State of California. The project was placed in service in October 2018. The Partnership is controlled by its general partner, Pinmore HDC, Inc. which is a nonprofit organization affiliated with the Authority.

Long-term debt

California Municipal Finance Agency (“CalMFA”)/Citibank N.A. Loan - The loan, with original amount of \$27,449,500, bears interest rate at 3.84% per annum. Payments of principal and interest in the amount of \$125,529 are due monthly until maturity in December 2049.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
CalMFA/Citibank Loan	\$ -	\$ 26,910,248	\$ 26,910,248	\$ 518,047
Less unamortized permanent loan costs	-	(190,797)	(190,797)	-
Total	\$ -	\$ 26,719,451	\$ 26,719,451	\$ 518,047

McCreery Avenue L.P.

Organization

McCreery Avenue LP (the partnership), a California limited partnership, was formed on June 13, 2014 to develop and operate a 130-unit affordable housing complex located in San Jose, California, which is currently operating under the name of Poco Way Apartments (the Project). On February 20, 2015, the Project was acquired from an affiliate, Poco Way HDC, Inc., which is a nonprofit organization. A portion of the Project (9 of 21 buildings) was placed in service on various dates from August through December 2015. The rehabilitation of the rest of the Project was completed in June 2016. The Partnership is controlled by its general partner, Avenida Espana HDC, Inc. which is a nonprofit organization affiliated with the Authority. The project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code as modified by the State of California. Various loan, regulatory and other agreements dictate the maximum income levels of new tenants and provide rent and other restrictions through 2071.

Long-term debt

Citibank, N.A Loan - As funding lender of the City of San Jose Multifamily Housing Revenue Note series 2015 A-1, in the maximum amount of \$21,833,354, bears variable interest at 1.4% plus the 1-month LIBOR rate. Interest-only payments are due monthly until December 2016 when \$11,525,000 is converted into a 30-year amortizing loan with interest at 3.95%.

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City of San Jose Loan - The loan bears interest at 2.41% compounded annually, payable from excess/distributable cash, with entire principal and interest due in full in February 2070.

	December 31, 2020			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
Citibank Loan	\$ 36,562	\$ 10,674,895	\$ 10,711,457	\$ 275,483
City of San Jose Note	79,809	2,995,280	3,075,089	135,309
Subtotal	116,371	13,670,175	13,786,546	410,792
Less unamortized permanent loan costs	-	(234,404)	(234,404)	-
Total	<u>\$ 116,371</u>	<u>\$ 13,435,771</u>	<u>\$ 13,552,142</u>	<u>\$ 410,792</u>

Park Avenue Seniors LP.

Organization

Park Avenue Seniors, L.P., a California limited partnership was formed on March 27, 2015 to develop and operate affordable housing complex located in San Jose, California. Pinmore HDC, Inc. has 0.01% ownership interest in Park Avenue Senior, L.P.

Long-term debt

California Municipal Finance Agency (“CalMFA”) Loan - The loan, in the original amount of \$39,030,000, bears a variable interest rate. Payments of principal and interest are due every month with the entire principal and interest due in full in November 1, 2049.

	December 31, 2020			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
CalMFA/Citibank Loan	\$ -	\$ 20,041,304	\$ 20,041,304	\$ 278,903
Less unamortized permanent loan costs	-	(293,791)	(293,791)	-
Total	<u>\$ -</u>	<u>\$ 19,747,513</u>	<u>\$ 19,747,513</u>	<u>\$ 278,903</u>

Poinciana LLC

Organization

Poinciana LLC was formed as a limited liability company on May 13, 2014, to acquire and operate a 6-unit affordable housing complex located in the City of Santa Clara, California, operating under the name of Eklund Gardens II. The company is owned by its sole member, S.P.G. Housing, Inc., which is a nonprofit organization affiliated with the Authority.

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Ground lease

Poinciana LLC has a land lease agreement from the Authority, which expires in 2069. Rent for the lease is equal to \$1 annually. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain its project as an affordable housing complex in accordance with the terms and other requirements as specified in the ground lease agreement.

Long-term debt

At December 31, 2020, Poinciana LLC does not have unaffiliated long-term debt.

Rincon Gardens Associates, L.P.:

Organization

Rincon Gardens Associates, L.P., a California limited partnership (“Rincon Gardens”), was formed on April 1, 2008 to develop and operate a 200-unit affordable housing complex located in Campbell, California, which is currently operating under the name of Rincon Gardens Apartments. Rincon Gardens is controlled by its general partner, Avenida Espana HDC, Inc. Rincon Gardens’ investor limited partner is PNC Multifamily Capital Institutional Fund XXXIX Limited Partnership and the special limited partner is Columbia Housing SLP Corporation.

Ground lease

Rincon Gardens Associates, L. P. leases land from the Authority on a 75- year term, which expires in 2083. Rent for the lease is equal to \$1 annually. The rent has been set at a nominal amount for the specific purpose of assisting the lessee to operate and maintain its project as an affordable housing complex in accordance with the terms and other requirements as specified in the ground lease agreement.

Long-term debt

2008 Series A-1 and A-2 Multifamily Housing Revenue Bonds issued by the Authority - The bonds, in the maximum amount of \$13,630,000 and \$3,391,000, respectively, bear interest at 5.33% and 5.02%, respectively. Interest-only payments were due monthly until the conversion date in August 2010, at which time the Series A-1 loan was converted to a 30-year amortizing loan and the Series A-2 loan was converted to a 13- year amortizing loan.

	December 31, 2020			
	<u>Interest Payable</u>	<u>Principal</u>	<u>Total</u>	<u>Amounts due within one year</u>
2008 Series A-1 and A-2 Bonds	\$ -	\$ 11,997,750	\$ 11,997,750	\$ 643,849
Less unamortized permanent loan costs	-	(184,313)	(184,313)	-
Total	<u>\$ -</u>	<u>\$ 11,813,437</u>	<u>\$ 11,813,437</u>	<u>\$ 643,849</u>

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Notes to Financial Statements

June 30, 2021

South Drive LLC

Organization

South Drive LLC a California limited liability company was formed on June 4, 2014, to acquire and operate a 72-unit affordable housing complex located in Santa Clara, California, which is currently operating under the name of Bracher Garden Apartments. The company is owned by its sole member, S.P.G. Housing, Inc., which is a nonprofit organization affiliated with the Authority. The project was operated by Bracher Associates until it was assumed by South Drive LLC on November 14, 2014.

Long-term debt

Citibank Loan - The loan originally amounting to \$1,950,000 bears interest at 6.5% per annum is payable in monthly installments \$12,736 until maturity in January 2026. The interest rate and monthly payment were adjusted to 4.125% in February 2016. The principal and interest were assigned to South Drive LLC in November 2014, as part of the transfer of the Bracher Senior Housing project from Bracher Associates L.P. to South Drive LLC.

City of Santa Clara Note (Successor Agency to the Redevelopment Agency of the City of Santa Clara) - The note bears simple interest at 6%, is payable from excess/distributable cash and is due in August 2024. The principal and interest were assigned to South Drive LLC in November 2014, as part of the transfer of the Bracher Senior Housing project from Bracher Associates L.P. to South Drive LLC.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	\$ 2,157	\$ 627,464	\$ 629,621	\$ 115,440
City of Santa Clara Note	119,915	1,550,000	1,669,915	130,282
Subtotal	122,072	2,177,464	2,299,536	245,722
Less unamortized permanent loan costs	-	(17,480)	(17,480)	-
Total	\$ 122,072	\$ 2,159,984	\$ 2,282,056	\$ 245,722

Willows/HACSC Associates

Organization

Willows/HACSC Associates, a California limited partnership (“Willows”), was formed on December 1, 1998 to develop and operate a 47-unit affordable housing complex, which is currently operating under the name of The Willows. Willows is controlled by its general partner, Pinmore HDC, Inc. On December 31, 2015, Willows’ limited partner is California Affordable Housing Fund 2000-I, LLC. On June 1, 2017, California Affordable Housing Fund 2000-1, LLC's limited partner (99.9%) interest was assigned to HACSC Housing Partners, LLC which in turn assigned its interest to Bracher HDC, Inc.

Long-term debt

Series 2005A Multifamily Housing Revenue Refunding Bonds issued by the Authority - The bonds, in the original amount of \$4,284,000, bears a variable interest rate, to be repaid in full by April 2040. Payments of principal and interest, which are secured by a direct pay Letter of Credit issued by Union Bank of California, N.A. maturing April 1, 2040 are due every six months on June 1 and December 1.

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Notes to Financial Statements

June 30, 2021

LCD Note - The note, in the original amount of \$427,000, is secured by the project and bears a simple interest rate at 2% per annum. It matures January 1, 2045 and is payable annually from residual receipts up to 50% of the excess cash.

	December 31, 2020			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2005 Bonds	\$ -	\$ 3,576,000	\$ 3,576,000	\$ 85,000
LCD Note	-	-	-	-
Subtotal	-	3,576,000	3,576,000	85,000
Less unamortized permanent loan costs	-	(206,136)	(206,136)	-
Total	\$ -	\$ 3,369,864	\$ 3,369,864	\$ 85,000

Note 18 – Uncertainties

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This pandemic which has continued to spread and its related public health risks, has adversely affected organizations and its workforce. It has also disrupted the normal operations of many governmental organizations, including the Authority. The Authority expects this pandemic to impact operations for future reporting periods. It is not possible for the Authority to predict the duration and magnitude of the results of the pandemic and its effects on the Authority's operations.

SANTA CLARA COUNTY HOUSING AUTHORITY
 Required Supplementary Information (Unaudited)
 Schedule of Changes in Net Pension Liability and Related Ratios
 Last Seven Fiscal Years *

	Fiscal Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Measurement period	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,897,315	\$ 1,942,195	\$ 1,667,037	\$ 1,681,600	\$ 1,375,763	\$ 1,327,942	\$ 1,413,145
Interest on the total pension liability	4,909,723	4,635,577	4,244,612	4,010,164	3,735,363	3,522,787	3,356,632
Differences between expected and actual experience	(160,040)	1,708,139	203,993	400,225	(187,868)	(539,512)	-
Changes of assumptions	-	-	(463,355)	3,588,716	-	(932,527)	-
Benefit payments, including refunds of employee contributions	(2,805,163)	(2,316,995)	(2,261,652)	(2,030,601)	(1,959,484)	(1,856,519)	(2,064,928)
Net change in total pension liability	3,841,835	5,968,916	3,390,635	7,650,104	2,963,774	1,522,171	2,704,849
Total pension liability, beginning	69,281,432	63,312,516	59,921,881	52,271,777	49,308,003	47,785,832	45,080,983
Total pension liability, ending	\$ 73,123,267	\$ 69,281,432	\$ 63,312,516	\$ 59,921,881	\$ 52,271,777	\$ 49,308,003	\$ 47,785,832
Plan fiduciary net position							
Contributions, employer	\$ 1,144,719	\$ 1,085,079	\$ 11,802,799	\$ 820,619	\$ 772,938	\$ 724,610	\$ 824,681
Contributions, employee	889,791	909,487	800,615	714,664	680,032	654,082	670,406
Net investment income	4,119,116	5,079,282	5,688,032	6,350,608	268,603	1,237,885	8,433,099
Plan to plan resource movement	-	-	(183)	-	-	(10)	-
Benefit payments, including refunds of employee contributions	(2,805,163)	(2,316,995)	(2,261,652)	(2,030,601)	(1,959,484)	(1,856,519)	(2,064,928)
Administrative expenses	(117,336)	(56,041)	(97,836)	(84,177)	(34,913)	(64,468)	-
Other miscellaneous income/(expense)	-	183	(185,792)	-	-	-	-
Net change in plan fiduciary net position	3,231,127	4,700,995	15,745,983	5,771,113	(272,824)	695,580	7,863,258
Plan fiduciary net position, beginning	83,231,674	78,530,679	62,784,696	57,013,583	57,286,407	56,590,827	48,727,569
Plan fiduciary net position, ending	\$ 86,462,801	\$ 83,231,674	\$ 78,530,679	\$ 62,784,696	\$ 57,013,583	\$ 57,286,407	\$ 56,590,827
Plan net pension liability (asset)	\$ (13,339,534)	\$ (13,950,242)	\$ (15,218,163)	\$ (2,862,815)	\$ (4,741,806)	\$ (7,978,404)	\$ (8,804,995)
Plan fiduciary net position as a percentage of the total pension liability (asset)	118.2%	120.1%	124.0%	104.8%	109.1%	116.2%	118.4%
Covered payroll	\$ 12,845,735	\$ 12,982,590	\$ 10,764,103	\$ 10,830,164	\$ 9,799,581	\$ 9,296,061	\$ 9,370,369
Plan net pension liability (asset) as a percentage of covered payroll	-103.8%	-107.5%	-141.4%	-26.4%	-48.4%	-85.8%	-94.0%

Note to schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There was no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no change in assumptions during measurement periods 2019 and 2020.

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only seven years of information is shown.

SANTA CLARA COUNTY HOUSING AUTHORITY
 Required Supplementary Information (Unaudited)
 Schedule of Pension Contributions
 Last Eight Fiscal Years *

Miscellaneous Plan

	Fiscal Year Ended June 30							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions (ADC)	\$ 1,253,959	\$ 1,144,719	\$ 1,085,079	\$ 907,800	\$ 820,619	\$ 772,938	\$ 724,610	\$ 824,681
Contributions in relation to the ADC	(1,253,959)	(1,144,719)	(1,085,079)	(11,802,799)	(820,619)	(772,938)	(724,610)	(824,681)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(10,894,999)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,284,788	\$ 12,845,735	\$ 12,982,590	\$ 10,764,103	\$ 10,830,164	\$ 9,799,581	\$ 9,296,061	\$ 9,370,369
Contributions as a percentage of covered payroll	8.78%	8.91%	8.36%	109.65%	7.58%	7.89%	7.79%	8.80%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2021 were as follows:

ADC for fiscal year	June 30, 2021
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.50%
Salary increases	Varies by entry age and services
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of Scale MP-2010 published by the Society of Actuaries.

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only eight years of information is shown.

SANTA CLARA COUNTY HOUSING AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Four Fiscal Years *

	Fiscal Year Ended June 30,			
	2021	2020	2019	2018
Measurement period	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 457,868	\$ 440,022	\$ 426,170	\$ 237,588
Interest on the total OPEB liability	623,604	684,323	654,776	730,136
Differences between expected and actual experience	-	(1,437,355)	-	(1,983,828)
Changes of assumptions	-	(286,621)	-	2,479,214
Benefit payments, including refunds of employee contributions	(496,779)	(547,592)	(567,588)	(623,707)
Net change in total OPEB liability	584,693	(1,147,223)	513,358	839,403
Total OPEB liability, beginning	11,128,781	12,276,004	11,762,646	10,923,243
Total OPEB liability, ending	\$ 11,713,474	\$ 11,128,781	\$ 12,276,004	\$ 11,762,646
Plan fiduciary net position				
Contributions, employer	\$ 496,779	\$ 547,592	\$ 3,181,040	\$ 1,058,897
Net investment income	766,326	929,536	605,459	663,997
Benefit payments, including refunds of employee contributions	(496,779)	(547,592)	(567,588)	(623,707)
Administrative expenses	(6,986)	(2,847)	(5,922)	(4,907)
Other expenses	-	-	(13,275)	-
Net change in plan fiduciary net position	759,340	926,689	3,199,714	1,094,280
Plan fiduciary net position, beginning	14,163,507	13,236,818	10,037,104	8,942,824
Plan fiduciary net position, ending	\$ 14,922,847	\$ 14,163,507	\$ 13,236,818	\$ 10,037,104
Plan net OPEB liability (asset)	\$ (3,209,373)	\$ (3,034,726)	\$ (960,814)	\$ 1,725,542
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	127.4%	127.3%	107.8%	85.3%
Covered payroll	\$ 13,335,529	\$ 13,347,908	\$ 12,060,330	\$ 11,058,300
Plan net OPEB liability (asset) as a percentage of covered payroll	-24.1%	-22.7%	-8.0%	15.6%

Note to schedule:

Changes of Assumptions: During measurement period 2019, the inflation rate was reduced from 2.75 percent to 2.50 percent while the salary increase decreased from 3.25 percent to 3.0 percent. Demographic assumptions were change in accordance to the 2017 CalPERS Experience Study. There was no change in assumptions during measurement period 2020.

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

SANTA CLARA COUNTY HOUSING AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of OPEB Contributions

Last Four Fiscal Years *

OPEB Plan

Fiscal year ended June	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions (ADC)	\$ 226,273	\$ 229,107	\$ 390,670	\$ 594,813
Contributions in relation to the ADC	<u>(556,853)</u>	<u>(496,779)</u>	<u>(547,592)</u>	<u>(3,181,040)</u>
Contribution deficiency (excess)	<u>\$ (330,580)</u>	<u>\$ (267,672)</u>	<u>\$ (156,922)</u>	<u>\$ (2,586,227)</u>
Covered payroll	\$ 14,248,788	\$ 13,335,529	\$ 13,347,908	\$ 12,060,330
Contributions as a percentage of covered payroll	3.91%	3.73%	4.10%	26.38%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2021 were as follows:

ADC for fiscal year	June 30, 2021
Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost, level percent of pay
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	5.50%
Healthcare cost trend rates	Medical premium: Healthcare cost trend rate of 6.5% for initial year, fluctuating down to 4.0% in 2076 PMEHCA: 4.0% Dental and vision premium: 3.5%
Mortality	Derived using CalPE Derived using CalPERS' Membership Data for all Funds

Demographic actuarial assumptions used are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, except for the MacLeod Watts Scale 2020 applied generationally from 2015 as the basis to project future mortality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 15 years of Scale MP-2016 to central year 2015.

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Discretely Presented Component Units
December 31, 2020

	Bendorf Drive L.P. (1)	Branham Lane LLC (1)	Clarendon Street, L.P. (1)	Fairground Luxury Family Apartments, L.P. (1)	Fairground Senior Housing, L.P. (1)	Halford LLC (2)	Hermocilla LLC (1)	Huff Avenue LLC (1)	Julian Street Partners, L.P. (1)	Laurel Grove Lane, L.P. (1)
Assets:										
Current assets:										
Cash:										
Unrestricted	\$ 335,576	\$ 295,615	\$ 800,047	\$ 2,982,311	\$ 3,090,004	\$ 377,355	\$ 926,448	\$ 418,602	\$ 4,200,840	\$ 370,449
Tenant security deposits	45,481	29,532	57,698	253,325	125,240	2,800	51,468	64,365	190,343	122,575
Total cash	381,057	325,147	857,745	3,235,636	3,215,244	380,155	977,916	482,967	4,391,183	493,024
Accounts receivable:										
Tenants	6,095	2,826	5,877	35,971	5,759	225	3,913	8,888	24,593	5,993
HUD	7,909	-	-	-	-	246	-	114,818	13,571	15,922
Others	4,310	-	1,941	-	-	35	1,915	2,438	24,355	49,441
Total accounts receivable, net	18,314	2,826	7,818	35,971	5,759	506	5,828	126,144	62,519	71,356
Prepaid expenses	22,524	13,802	16,680	113,435	41,304	2,506	21,280	36,026	106,929	67,073
Restricted cash and cash equivalents	2,657,166	121,435	932,259	1,448,045	2,927,976	39,032	64,732	992,856	3,847,234	785,175
Total current assets	3,079,061	463,210	1,814,502	4,833,087	6,190,283	422,199	1,069,756	1,637,993	8,407,865	1,416,628
Noncurrent assets:										
Prepaid costs, net	26,377	-	15,192	10,672	27,817	-	-	-	20,740	48,873
Capital assets:										
Nondepreciable	3,779,006	1,697,718	212,624	40,077	-	19,431	1,524,051	2,902,109	4,436	2,731,360
Depreciable	30,070,598	2,014,628	19,029,171	47,253,336	24,824,516	1,962,385	2,199,490	3,924,823	56,998,923	50,904,109
Total capital assets	33,849,604	3,712,346	19,241,795	47,293,413	24,824,516	1,981,816	3,723,541	6,826,932	57,003,359	53,635,469
Total noncurrent assets	33,875,981	3,712,346	19,256,987	47,304,085	24,852,333	1,981,816	3,723,541	6,826,932	57,024,099	53,684,342
Total assets	36,955,042	4,175,556	21,071,489	52,137,172	31,042,616	2,404,015	4,793,297	8,464,925	65,431,964	55,100,970
Liabilities:										
Current liabilities:										
Accounts payable	56,052	60,677	49,842	778,785	928,222	8,967	28,193	68,632	219,394	60,858
Payable to related parties	-	-	5,971	517,364	704,863	241	-	-	21,218	8,200
Due to primary government	327,255	118,035	734,670	14,979	30,930	187,994	10,821	311,590	3,407,867	353,332
Tenant security deposits	45,970	29,532	57,698	256,635	133,621	2,800	51,468	64,452	190,275	122,500
Unearned revenues	2,682	6,225	2,593	2,895	927	-	10,608	18,526	9,346	2,377
Interest payable	232,944	9,185	14,949	106,506	55,550	-	6,927	25,257	104,753	-
Current portion of long-term obligations	201,641	113,595	349,296	337,218	205,000	-	122,993	138,755	1,225,000	518,047
Total current liabilities	866,544	337,249	1,215,019	2,014,382	2,059,113	200,002	231,010	627,212	5,177,853	1,065,314
Noncurrent liabilities:										
Interest payable, net of current portion	-	-	-	3,277,851	832,629	-	-	-	-	-
Long-term obligations, net of current portion	14,543,443	512,603	4,380,430	38,045,869	16,780,613	-	1,078,525	2,762,969	8,715,126	26,201,404
Advance from primary government	13,220,177	2,741,262	6,673,020	-	-	2,027,274	-	-	20,801,078	10,636,134
Total noncurrent liabilities	27,763,620	3,253,865	11,053,450	41,323,720	17,613,242	2,027,274	1,078,525	2,762,969	29,516,204	36,837,538
Total liabilities	28,630,164	3,591,114	12,268,469	43,338,102	19,672,355	2,227,276	1,309,535	3,390,181	34,694,057	37,902,852
Net position:										
Net investment in capital assets	8,021,773	494,692	7,322,847	8,910,326	7,838,903	(189,326)	2,522,023	3,925,208	24,719,472	18,534,427
Restricted	2,657,166	121,435	932,259	1,448,045	2,927,976	39,032	64,732	992,856	3,847,234	785,175
Unrestricted (deficits)	(2,354,061)	(31,685)	547,914	(1,559,301)	603,382	327,033	897,007	156,680	2,171,201	(2,121,484)
Total net position	\$ 8,324,878	\$ 584,442	\$ 8,803,020	\$ 8,799,070	\$ 11,370,261	\$ 176,739	\$ 3,483,762	\$ 5,074,744	\$ 30,737,907	\$ 17,198,118

(1) Component unit was audited by other auditors.

(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.

(Continued)

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Discretely Presented Component Units (Continued)
December 31, 2020

	McCreery Avenue L.P. (1)	Park Avenue Seniors, L.P. (1)	Poinciana LLC (2)	Rincon Gardens Associates, L.P. (1)	South Drive LLC (1)	Willows HACSC Associates (1)	Elimination/ Adjustment	Total
Assets:								
Current assets:								
Cash:								
Unrestricted	\$ 484,926	\$ 1,512,631	\$ 155,294	\$ 2,350,843	\$ 221,626	\$ 111,056	\$ -	\$ 18,633,623
Tenant security deposits	106,553	101,000	6,000	74,435	50,487	31,454	-	1,312,756
Total cash	591,479	1,613,631	161,294	2,425,278	272,113	142,510	-	19,946,379
Accounts receivable:								
Tenants	1,000	1,103	-	2,576	4,815	12,799	-	122,433
HUD	-	-	-	-	-	56	-	152,522
Others	11,664	101,559	-	6,140	264	1,078	-	205,140
Total accounts receivable, net	12,664	102,662	-	8,716	5,079	13,933	-	480,095
Prepaid expenses	44,773	26,522	1,335	74,254	11,028	41,214	-	640,685
Restricted cash and cash equivalents	664,890	565,283	23,419	2,418,445	66,458	589,266	-	18,143,671
Total current assets	1,313,806	2,308,098	186,048	4,926,693	354,678	786,923	-	39,210,830
Noncurrent assets:								
Prepaid costs, net	41,413	115,752	-	-	-	1,135,339	-	1,442,175
Capital assets:								
Nondepreciable	1,519,990	6,435,756	-	42,667	1,857,880	-	(946,255)	21,820,850
Depreciable	35,637,282	59,746,196	1,198,275	30,640,164	2,398,008	1,442,869	(19,553,383)	350,691,390
Total capital assets	37,157,272	66,181,952	1,198,275	30,682,831	4,255,888	1,442,869	(20,499,638)	372,512,240
Total noncurrent assets	37,198,685	66,297,704	1,198,275	30,682,831	4,255,888	2,578,208	(20,499,638)	373,954,415
Total assets	38,512,491	68,605,802	1,384,323	35,609,524	4,610,566	3,365,131	(20,499,638)	413,165,245
Liabilities:								
Current liabilities:								
Accounts payable	85,122	184,385	8,198	104,412	70,943	33,712	-	2,746,394
Payable to related parties	-	21,667	172	13,842	-	-	-	1,293,538
Due to primary government	71,688	988,428	151,348	1,862,513	10,000	64,646	-	8,646,096
Tenant security deposits	106,467	101,000	6,000	74,300	50,487	32,329	-	1,325,534
Unearned revenues	81	1,474	1	1,845	4,358	9,244	-	73,182
Interest payable	116,371	-	-	-	122,072	-	-	794,514
Current portion of long-term obligations	294,421	278,903	-	643,849	123,650	85,000	-	4,637,368
Total current liabilities	674,150	1,575,857	165,719	2,700,761	381,510	224,931	-	19,516,626
Noncurrent liabilities:								
Interest payable, net of current portion	-	-	-	-	-	-	-	4,110,480
Long-term obligations, net of current portion	13,141,350	19,468,610	-	11,169,588	2,036,334	3,284,864	-	162,121,728
Advance from primary government	11,611,482	26,240,649	859,873	14,779,785	-	128,872	-	109,719,606
Total noncurrent liabilities	24,752,832	45,709,259	859,873	25,949,373	2,036,334	3,413,736	-	275,951,814
Total liabilities	25,426,982	47,285,116	1,025,592	28,650,134	2,417,844	3,638,667	-	295,468,440
Net position:								
Net investment in capital assets	13,124,854	26,102,806	189,618	3,256,344	2,095,904	(1,926,995)	(20,499,638)	104,443,238
Restricted	664,890	565,283	23,419	2,418,445	66,458	589,266	-	18,143,671
Unrestricted (deficits)	(704,235)	(5,347,403)	145,694	1,284,601	30,360	1,064,193	-	(4,890,104)
Total net position	\$ 13,085,509	\$ 21,320,686	\$ 358,731	\$ 6,959,390	\$ 2,192,722	\$ (273,536)	\$ (20,499,638)	\$ 117,696,805

(1) Component unit was audited by other auditors.

(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units
For Year Ended December 31, 2020

	Bendorf Drive L.P. (1)	Branham Lane LLC (1)	Clarendon Street, L.P. (1)	Fairground Luxury Family Apartments, L.P. (1)	Fairground Senior Housing, L.P. (1)	Halford LLC (2)	Hermocilla LLC (1)	Huff Avenue LLC (1)	Julian Street Partners, L.P. (1)	Laurel Grove Lane, L.P. (1)
Operating revenues:										
Rental income	\$ 2,279,002	860,871	\$ 2,041,783	\$ 6,721,336	\$ 4,909,057	\$ 345,091	\$ 1,379,297	\$ 1,685,446	\$ 9,191,320	\$ 2,906,207
Tenant revenue - other	18,487	-	10,302	8,457	-	-	-	-	-	-
Donation and other	3,826	14,142	2,686	14,646	16,587	842	66,350	21,375	92,634	52,413
Total operating revenues	2,301,315	875,013	2,054,771	6,744,439	4,925,644	345,933	1,445,647	1,706,821	9,283,954	2,958,620
Operating expenses:										
Administrative	271,985	199,919	352,749	138,203	69,182	49,272	257,975	290,815	1,105,918	385,391
Utilities	117,700	72,739	81,947	455,424	270,914	13,305	124,194	95,921	488,107	190,079
Maintenance and operations	317,266	166,015	221,396	776,738	184,910	56,920	234,584	325,681	879,197	375,425
Marketing and leasing	1,314	-	650	-	193	-	-	-	3,839	-
Insurance and taxes	95,162	64,387	74,374	178,858	70,889	7,580	75,089	79,549	279,238	123,592
Other general expenses	40,094	-	-	283,859	427,024	-	-	-	-	-
Depreciation and amortization	1,030,002	153,148	646,612	1,947,645	1,029,606	145,700	354,152	240,624	2,113,817	1,434,817
Total operating expenses	1,873,523	656,208	1,377,728	3,780,727	2,052,718	272,777	1,045,994	1,032,590	4,870,116	2,509,304
Operating income (loss)	427,792	218,805	677,043	2,963,712	2,872,926	73,156	399,653	674,231	4,413,838	449,316
Nonoperating revenues (expenses):										
Investment income	12,170	14	1,286	28,088	962	224	126	470	2,391	234
Interest expense	(1,189,510)	(93,713)	(369,463)	(1,913,535)	(887,972)	(441)	(55,835)	(207,355)	(1,607,041)	(1,300,288)
Partnership and asset management fees	(14,328)	(10,000)	(5,971)	(65,612)	(378,244)	-	-	(10,000)	(63,652)	(48,950)
Ground lease	-	-	-	(1,054,032)	(852,147)	-	-	-	(6)	-
Incentive, issuer and investor service fees	-	-	-	(466,732)	(352,392)	-	-	-	(102,105)	-
Bond and loan fees	-	(4,636)	(4,000)	-	(35,066)	-	(2,895)	-	(166,503)	(16,738)
Other nonoperating revenue (expense), net	-	-	-	(350)	-	-	-	-	(21,218)	(67,300)
Total nonoperating revenues (expenses)	(1,191,668)	(108,335)	(378,148)	(3,472,173)	(2,504,859)	(217)	(58,604)	(216,885)	(1,958,134)	(1,433,042)
Income (loss) before capital contributions	(763,876)	110,470	298,895	(508,461)	368,067	72,939	341,049	457,346	2,455,704	(983,726)
Capital contributions (distributions)	-	-	-	(226,054)	(73,066)	-	(360,035)	-	(680,044)	-
Change in net position	(763,876)	110,470	298,895	(734,515)	295,001	72,939	(18,986)	457,346	1,775,660	(983,726)
Net position, beginning of year	9,088,754	473,972	8,504,125	9,533,585	11,075,260	103,800	3,502,748	4,617,398	28,962,247	18,181,844
Net position, ending of year	\$ 8,324,878	\$ 584,442	\$ 8,803,020	\$ 8,799,070	\$ 11,370,261	\$ 176,739	\$ 3,483,762	\$ 5,074,744	\$ 30,737,907	\$ 17,198,118

(Continued)

(1) Component unit was audited by other auditors.

(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units (Continued)
For Year Ended December 31, 2020

	McCreery Avenue L.P. (1)	Park Avenue Seniors, L.P. (1)	Poinciana LLC (2)	Rincon Gardens Associates, L.P. (1)	South Drive LLC (1)	Willows HACSC Associates (1)	Elimination/ Adjustment	Total
Operating revenues:								
Rental income	\$ 2,424,183	\$ 1,757,373	\$ 275,688	\$ 5,317,222	\$ 961,436	\$ 936,069	\$ -	\$ 43,991,381
Tenant revenue - other	35,272	2,375	-	-	-	-	-	74,893
Donation and other	36,435	5,899	50	22,770	4,045	28,437	-	383,137
Total operating revenues	2,495,890	1,765,647	275,738	5,339,992	965,481	964,506	-	44,449,411
Operating expenses:								
Administrative	338,483	303,857	37,905	574,275	259,300	192,472	-	4,827,701
Utilities	221,270	107,289	11,616	343,899	91,141	88,115	-	2,773,660
Maintenance and operations	549,789	161,924	38,571	454,771	196,477	268,925	-	5,208,589
Marketing and leasing	404	-	-	-	-	-	-	6,400
Insurance and taxes	122,779	71,810	1,702	114,062	68,731	68,510	-	1,496,312
Other general expenses	-	-	-	-	-	-	-	750,977
Depreciation and amortization	1,131,581	1,398,200	88,483	1,148,077	165,956	196,615	-	13,225,035
Total operating expenses	2,364,306	2,043,080	178,277	2,635,084	781,605	814,637	-	28,288,674
Operating income (loss)	131,584	(277,433)	97,461	2,704,908	183,876	149,869	-	16,160,737
Nonoperating revenues (expenses):								
Investment income	982	4,916	62	2,501	101	427	-	54,954
Interest expense	(791,024)	(1,820,197)	(316)	(1,531,578)	(121,683)	(39,218)	-	(11,929,169)
Partnership and asset management fees	(30,000)	-	-	(41,527)	(5,000)	(12,162)	-	(685,446)
Ground lease	-	-	-	-	-	(30,685)	-	(1,936,870)
Incentive, issuer and investor service fees	-	-	-	(116,200)	-	-	-	(1,037,429)
Bond and loan fees	(22,194)	-	-	(13,842)	-	(65,092)	-	(330,966)
Other nonoperating revenue (expense), net	(93,818)	(171,107)	-	-	-	(16,405)	-	(370,198)
Total nonoperating revenues (expenses)	(936,054)	(1,986,388)	(254)	(1,700,646)	(126,582)	(163,135)	-	(16,235,124)
Income (loss) before capital contributions	(804,470)	(2,263,821)	97,207	1,004,262	57,294	(13,266)	-	(74,387)
Capital contributions (distributions)	-	21,161,683	-	(401,957)	-	-	-	19,420,527
Change in net position	(804,470)	18,897,862	97,207	602,305	57,294	(13,266)	-	19,346,140
Net position, beginning of year	13,889,979	2,422,824	261,524	6,357,085	2,135,428	(260,270)	(20,499,638)	98,350,665
Net position, ending of year	\$ 13,085,509	\$ 21,320,686	\$ 358,731	\$ 6,959,390	\$ 2,192,722	\$ (273,536)	\$ (20,499,638)	\$ 117,696,805

(1) Component unit was audited by other auditors.

(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs
June 30, 2021

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Assets:										
Current assets:										
Unrestricted cash and cash equivalents	\$ 22,166	\$ 275	\$ -	\$ 1,110,470	\$ 1,128,391	\$ 4,940,553	\$ 3,552,630	\$ 94,051	\$ 59,189	\$ 198,578
Unrestricted short term investments	-	180,113	-	-	-	15,617,051	3,872,269	-	2,536,509	-
Accounts receivable:										
Tenants	-	-	-	-	-	-	-	-	-	-
HUD	-	-	44,959	-	98,430	-	160,389,756	76,240	-	-
Others	851	-	-	2,418	187	-	192,131	11	265	8,530
Interest receivable	-	124	-	-	-	10,549	2,617	-	1,713	-
Due from other programs	-	-	338	869,231	11,849	-	47,954	12,313	688,864	130,177
Due from component units and related parties	-	-	-	117,370	-	274,739	44,263	-	-	199,740
Prepaid expenses	4,966	-	-	130,528	2,967	-	542,112	-	37,738	34,400
Restricted cash and cash equivalents	400	-	-	-	4,569,982	-	-	-	-	15,266
Restricted cash in FSS escrow	-	-	-	1,911,488	58,144	-	-	-	-	-
Restricted short term investments	-	-	-	-	-	-	-	-	-	-
Total current assets	28,383	180,512	45,297	4,141,505	5,869,950	20,842,892	168,643,732	182,615	3,324,278	586,691
Noncurrent assets:										
Long term investments	-	-	-	-	-	-	-	-	-	-
Restricted long term investments	-	-	-	2,213,487	-	-	-	-	171,730	114,486
Long-term receivables from non-related parties	-	-	-	-	-	-	5,670,782	-	-	-
Long-term receivables from component units and related parties	-	6,010,506	-	1,297,503	-	51,840,070	85,058,233	-	406	61,669
Net pension asset	-	-	-	11,332,913	-	-	-	-	1,041,184	1,029,089
Net OPEB asset	-	-	-	2,778,581	-	-	-	-	197,257	254,414
Equity interest in affiliated limited partnerships	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	2,709,059	-	237,104	225,558
Capital assets:										
Nondepreciable	183,935	-	-	4,938,352	-	5,333,062	54,546,252	-	-	238,272
Depreciable	432,754	-	-	1,694,519	-	-	-	-	-	14,478
Total capital assets	616,689	-	-	6,632,871	-	5,333,062	54,546,252	-	-	252,750
Total noncurrent assets	616,689	6,010,506	-	24,255,355	-	57,173,132	147,984,326	-	1,647,681	1,937,966
Total assets	645,072	6,191,018	45,297	28,396,860	5,869,950	78,016,024	316,628,058	182,615	4,971,959	2,524,657
Deferred outflows of resources:										
Pension items	-	-	8,932	3,226,171	48,484	-	-	6,236	251,876	201,927
Other post employment benefits (OPEB) items	-	-	-	1,494,763	19,781	-	-	1,098	97,396	118,180
Total deferred outflows of resources	-	-	8,932	4,720,934	68,265	-	-	7,334	349,272	320,107

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs
June 30, 2021

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Liabilities:										
Current liabilities:										
Accounts payable	5,884	-	32,114	568,420	45,894	-	487,302	643	13,173	20,663
Accrued wages and benefits	-	-	4,476	547,639	11,853	-	-	2,768	46,684	46,228
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	3,793	-	43,740	-	-	-
Due to other programs	38	-	6,554	5,626	98,430	-	-	12,313	268,965	826,881
Due to component units and related parties	-	-	-	-	-	-	-	-	-	-
Other accrued liabilities	1,252	-	-	-	-	-	-	-	-	15,266
Tenant security deposits	400	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	1,110,000	1,807,750	-	-	-	-	-
Current portion of accrued vacation and sick leave	-	-	322	151,075	2,856	-	-	116	12,902	18,557
Current portion of long-term debt	-	-	-	20,000	-	-	-	-	-	-
Total current liabilities	7,574	-	43,466	2,402,760	1,970,576	-	531,042	15,840	341,724	927,595
Noncurrent liabilities:										
FSS escrow	-	-	-	1,911,488	58,144	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	1,831	906,685	16,341	-	-	672	74,914	107,294
Payable to component units and related parties, net of current portion	-	-	-	-	-	-	-	-	-	-
Other obligations, net of current portion	-	-	-	-	-	-	-	-	-	-
Long-term interest payable	-	-	-	670,859	-	-	-	-	-	-
Long-term obligations, net of current portion	-	-	-	952,500	-	-	-	-	-	-
Net pension liability	-	-	8,932	-	48,484	-	-	6,236	-	-
Net OPEB liability	-	-	-	-	19,781	-	-	1,098	-	-
Total noncurrent liabilities	-	-	10,763	4,441,532	142,750	-	-	8,006	74,914	107,294
Total liabilities	7,574	-	54,229	6,844,292	2,113,326	-	531,042	23,846	416,638	1,034,889
Deferred inflows of resources:										
Pension items	-	-	-	233,663	-	-	-	-	14,199	13,227
OPEB items	-	-	-	2,116,941	-	-	-	-	140,217	108,903
Total deferred inflows of resources	-	-	-	2,350,604	-	-	-	-	154,416	122,130
Net position:										
Net investment in capital assets	616,689	-	-	5,660,371	-	5,333,062	54,546,252	-	-	252,750
Restricted	-	-	-	16,324,981	2,762,232	-	-	-	1,410,171	1,397,989
Unrestricted	20,809	6,191,018	-	1,937,546	1,062,657	72,682,962	261,550,764	166,103	3,340,006	37,006
Total net position	\$ 637,498	\$ 6,191,018	\$ -	\$ 23,922,898	\$ 3,824,889	\$ 78,016,024	\$ 316,097,016	\$ 166,103	\$ 4,750,177	\$ 1,687,745

(Continued)

- (1) Component units were audited by other auditors.
(2) As of December 31, 2020

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
June 30, 2021

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Assets:						
Current assets:						
Unrestricted cash and cash equivalents	\$ 681,234	\$ 271,143	\$ 1,452,673	\$ 16,482,931	\$ -	\$ 29,994,284
Unrestricted short term investments	1,303,490	21,448,804	-	-	-	44,958,236
Accounts receivable:						
Tenants	-	-	-	98,619	-	98,619
HUD	-	-	-	-	-	160,609,385
Others	157,701	-	20,649	57,181	-	439,924
Interest receivable	880	13,551	-	-	-	29,434
Due from other programs	-	431,750	168,602	-	(2,361,078)	-
Due from component units and related parties	-	-	-	1,853,338	(229,707)	2,259,743
Prepaid expenses	-	30,002	191,849	330,819	(594,630)	710,751
Restricted cash and cash equivalents	-	173,812	-	11,741,083	-	16,500,543
Restricted cash in FSS escrow	-	-	-	-	-	1,969,632
Restricted short term investments	-	750,360	-	-	-	750,360
Total current assets	2,143,305	23,119,422	1,833,773	30,563,971	(3,185,415)	258,320,911
Noncurrent assets:						
Long term investments	-	2,273,562	-	-	-	2,273,562
Restricted long term investments	-	-	-	-	-	2,499,703
Long-term receivables from non-related parties	-	-	-	-	-	5,670,782
Long-term receivables from component units and related parties	784,109	-	-	28,426,653	(54,331,006)	119,148,143
Net pension asset	-	-	-	-	(63,652)	13,339,534
Net OPEB asset	-	-	-	-	(20,879)	3,209,373
Equity interest in affiliated limited partnerships	-	-	-	7,061,347	-	7,061,347
Other assets	-	-	-	-	(3,171,721)	-
Capital assets:						
Nondepreciable	-	23,020,980	20,513	66,036,064	-	154,317,430
Depreciable	-	20,531,578	580,103	53,344,667	-	76,598,099
Total capital assets	-	43,552,558	600,616	119,380,731	-	230,915,529
Total noncurrent assets	784,109	45,826,120	600,616	154,868,731	(57,587,258)	384,117,973
Total assets	2,927,414	68,945,542	2,434,389	185,432,702	(60,772,673)	642,438,884
Deferred outflows of resources:						
Pension items	-	-	-	-	-	3,743,626
Other post employment benefits (OPEB) items	-	-	-	-	-	1,731,218
Total deferred outflows of resources	-	-	-	-	-	5,474,844

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs
June 30, 2021

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Liabilities:										
Current liabilities:										
Accounts payable	5,884	-	32,114	568,420	45,894	-	487,302	643	13,173	20,663
Accrued wages and benefits	-	-	4,476	547,639	11,853	-	-	2,768	46,684	46,228
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	3,793	-	43,740	-	-	-
Due to other programs	38	-	6,554	5,626	98,430	-	-	12,313	268,965	826,881
Due to component units and related parties	-	-	-	-	-	-	-	-	-	-
Other accrued liabilities	1,252	-	-	-	-	-	-	-	-	15,266
Tenant security deposits	400	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	1,110,000	1,807,750	-	-	-	-	-
Current portion of accrued vacation and sick leave	-	-	322	151,075	2,856	-	-	116	12,902	18,557
Current portion of long-term debt	-	-	-	20,000	-	-	-	-	-	-
Total current liabilities	7,574	-	43,466	2,402,760	1,970,576	-	531,042	15,840	341,724	927,595
Noncurrent liabilities:										
FSS escrow	-	-	-	1,911,488	58,144	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	1,831	906,685	16,341	-	-	672	74,914	107,294
Payable to component units and related parties, net of current portion	-	-	-	-	-	-	-	-	-	-
Other obligations, net of current portion	-	-	-	-	-	-	-	-	-	-
Long-term interest payable	-	-	-	670,859	-	-	-	-	-	-
Long-term obligations, net of current portion	-	-	-	952,500	-	-	-	-	-	-
Net pension liability	-	-	8,932	-	48,484	-	-	6,236	-	-
Net OPEB liability	-	-	-	-	19,781	-	-	1,098	-	-
Total noncurrent liabilities	-	-	10,763	4,441,532	142,750	-	-	8,006	74,914	107,294
Total liabilities	7,574	-	54,229	6,844,292	2,113,326	-	531,042	23,846	416,638	1,034,889
Deferred inflows of resources:										
Pension items	-	-	-	233,663	-	-	-	-	14,199	13,227
OPEB items	-	-	-	2,116,941	-	-	-	-	140,217	108,903
Total deferred inflows of resources	-	-	-	2,350,604	-	-	-	-	154,416	122,130
Net position:										
Net investment in capital assets	616,689	-	-	5,660,371	-	5,333,062	54,546,252	-	-	252,750
Restricted	-	-	-	16,324,981	2,762,232	-	-	-	1,410,171	1,397,989
Unrestricted	20,809	6,191,018	-	1,937,546	1,062,657	72,682,962	261,550,764	166,103	3,340,006	37,006
Total net position	\$ 637,498	\$ 6,191,018	\$ -	\$ 23,922,898	\$ 3,824,889	\$ 78,016,024	\$ 316,097,016	\$ 166,103	\$ 4,750,177	\$ 1,687,745

(Continued)

- (1) Component units were audited by other auditors.
(2) As of December 31, 2020

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
June 30, 2021

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Assets:						
Current assets:						
Unrestricted cash and cash equivalents	\$ 681,234	\$ 271,143	\$ 1,452,673	\$ 16,482,931	\$ -	\$ 29,994,284
Unrestricted short term investments	1,303,490	21,448,804	-	-	-	44,958,236
Accounts receivable:						
Tenants	-	-	-	98,619	-	98,619
HUD	-	-	-	-	-	160,609,385
Others	157,701	-	20,649	57,181	-	439,924
Interest receivable	880	13,551	-	-	-	29,434
Due from other programs	-	431,750	168,602	-	(2,361,078)	-
Due from component units and related parties	-	-	-	1,853,338	(229,707)	2,259,743
Prepaid expenses	-	30,002	191,849	330,819	(594,630)	710,751
Restricted cash and cash equivalents	-	173,812	-	11,741,083	-	16,500,543
Restricted cash in FSS escrow	-	-	-	-	-	1,969,632
Restricted short term investments	-	750,360	-	-	-	750,360
Total current assets	2,143,305	23,119,422	1,833,773	30,563,971	(3,185,415)	258,320,911
Noncurrent assets:						
Long term investments	-	2,273,562	-	-	-	2,273,562
Restricted long term investments	-	-	-	-	-	2,499,703
Long-term receivables from non-related parties	-	-	-	-	-	5,670,782
Long-term receivables from component units and related parties	784,109	-	-	28,426,653	(54,331,006)	119,148,143
Net pension asset	-	-	-	-	(63,652)	13,339,534
Net OPEB asset	-	-	-	-	(20,879)	3,209,373
Equity interest in affiliated limited partnerships	-	-	-	7,061,347	-	7,061,347
Other assets	-	-	-	-	(3,171,721)	-
Capital assets:						
Nondepreciable	-	23,020,980	20,513	66,036,064	-	154,317,430
Depreciable	-	20,531,578	580,103	53,344,667	-	76,598,099
Total capital assets	-	43,552,558	600,616	119,380,731	-	230,915,529
Total noncurrent assets	784,109	45,826,120	600,616	154,868,731	(57,587,258)	384,117,973
Total assets	2,927,414	68,945,542	2,434,389	185,432,702	(60,772,673)	642,438,884
Deferred outflows of resources:						
Pension items	-	-	-	-	-	3,743,626
Other post employment benefits (OPEB) items	-	-	-	-	-	1,731,218
Total deferred outflows of resources	-	-	-	-	-	5,474,844

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
June 30, 2021

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Liabilities:						
Current liabilities:						
Accounts payable	7,897	70,275	362,414	1,340,163	-	2,954,842
Accrued wages and benefits	-	-	316,065	-	-	975,713
Accrued interest payable	-	-	-	1,449,820	-	1,449,820
Intergovernmental payable	-	-	-	-	-	47,533
Due to other programs	-	209,566	932,705	-	(2,361,078)	-
Due to component units and related parties	-	-	-	2,680,795	(610,560)	2,070,235
Other accrued liabilities	-	-	-	394,873	-	411,391
Tenant security deposits	-	-	-	717,744	-	718,144
Unearned revenue	-	1,747,940	-	75,227	(594,630)	4,146,287
Current portion of accrued vacation and sick leave	-	-	112,404	-	-	298,232
Current portion of long-term debt	-	-	-	2,721,115	-	2,741,115
Total current liabilities	7,897	2,027,781	1,723,588	9,379,737	(3,566,268)	15,813,312
Noncurrent liabilities:						
FSS escrow	-	-	-	-	-	1,969,632
Accrued vacation and sick leave, net of current portion	-	-	694,591	-	-	1,802,328
Payable to component units and related parties, net of current portion	-	-	-	68,739,861	(53,950,153)	14,789,708
Other obligations, net of current portion	-	3,171,721	-	-	(3,171,721)	-
Long-term interest payable	-	-	-	8,030,772	-	8,701,631
Long-term obligations, net of current portion	-	-	-	82,417,557	-	83,370,057
Net pension liability	-	-	-	-	(63,652)	-
Net OPEB liability	-	-	-	-	(20,879)	-
Total noncurrent liabilities	-	3,171,721	694,591	159,188,190	(57,206,405)	110,633,356
Total liabilities	7,897	5,199,502	2,418,179	168,567,927	(60,772,673)	126,446,668
Deferred inflows of resources:						
Pension items	-	-	-	-	-	261,089
OPEB items	-	-	-	-	-	2,366,061
Total deferred inflows of resources	-	-	-	-	-	2,627,150
Net position:						
Net investment in capital assets	-	43,552,558	600,616	34,242,059	-	144,804,357
Restricted	-	924,172	-	11,023,339	(84,531)	33,758,353
Unrestricted	2,919,517	19,269,310	(584,406)	(28,400,623)	84,531	340,277,200
Total net position	\$ 2,919,517	\$ 63,746,040	\$ 16,210	\$ 16,864,775	\$ -	\$ 518,839,910

(1) Component units were audited by other auditors.

(2) As of December 31, 2020

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position by Programs
For the Year Ended June 30, 2021

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Operating revenues:										
Rental income	\$ 17,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service fees	-	-	-	-	-	-	-	-	-	-
HUD housing assistance payments earned	-	-	-	-	27,897,208	-	389,231,672	1,421,204	-	-
HUD administrative fees	-	-	-	-	1,971,968	-	19,042,815	106,804	-	-
HUD administrative fees - CARES Act	-	-	-	3,550,481	35,239	-	-	-	-	-
FSS coordinator fees	-	-	356,526	-	-	-	-	-	-	-
Operating subsidy	-	-	-	-	-	-	13,178	-	-	-
Other operating revenues	673	-	-	221,243	19,219	6	2,570,228	4,161	1,860,001	1,092,524
Total operating revenues	17,843	-	356,526	3,771,724	29,923,634	6	410,857,893	1,532,169	1,860,001	1,092,524
Operating expenses:										
Wages and benefits	4,103	-	-	10,320,594	687,258	-	-	60,050	1,111,292	992,923
Pension and OPEB expense	-	-	-	1,728,035	-	-	-	-	134,063	89,376
Administrative	919	-	-	930,961	57,385	-	-	3,886	63,878	62,118
Tenant services	2,638	-	347,594	214,821	-	-	-	-	-	-
Utilities	4,652	-	-	-	-	-	20,278	-	-	9,851
Maintenance and operations	15,464	-	-	-	-	-	112,952	-	-	15,022
General	7,675	-	-	365,635	12,182	-	11,779	361	32,293	11,750
Indirect allocation	-	-	-	7,954,356	615,999	-	-	34,220	647,646	431,765
Depreciation and amortization	27,378	-	-	433,246	-	-	-	-	-	936
Housing assistance payments	-	-	-	351,897,955	26,845,443	-	-	1,421,204	-	-
Other	5,283	-	-	1,672,404	237,091	-	-	5,622	23,703	629
Total operating expenses	68,112	-	347,594	375,518,007	28,455,358	-	145,009	1,525,343	2,012,875	1,614,370
Operating income (loss)	(50,269)	-	8,932	(371,746,283)	1,468,276	6	410,712,884	6,826	(152,874)	(521,846)
Nonoperating revenues (expenses):										
Gain on sale of capital assets	-	-	-	-	-	-	460,000	-	-	-
Investment income	(1)	156,500	-	(239)	-	1,952,109	1,775,420	-	11,003	(12)
Interest expense	-	-	-	(38,900)	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(1)	156,500	-	(39,139)	-	1,952,109	2,235,420	-	11,003	(12)
Income (loss) before transfers	(50,270)	156,500	8,932	(371,785,422)	1,468,276	1,952,115	412,948,304	6,826	(141,871)	(521,858)
Transfers in	50,269	2,385,865	-	374,366,212	56,473	-	-	-	-	801,827
Transfers out	-	-	(8,932)	-	(22,302)	-	(377,415,248)	(4,781)	-	-
Change in net position	(1)	2,542,365	-	2,580,790	1,502,447	1,952,115	35,533,056	2,045	(141,871)	279,969
Net position, beginning of year	637,499	3,648,653	-	21,342,108	2,322,442	76,063,909	280,563,960	164,058	4,892,048	1,407,776
Net position, end of year	\$ 637,498	\$ 6,191,018	\$ -	\$ 23,922,898	\$ 3,824,889	\$ 78,016,024	\$ 316,097,016	\$ 166,103	\$ 4,750,177	\$ 1,687,745

(Continued)

- (1) Component units were audited by other auditors.
(2) For the year ended December 31, 2020

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position by Programs (Continued)
For the Year Ended June 30, 2021

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Operating revenues:						
Rental income	\$ -	\$ 674,597	\$ -	\$ 16,019,662	\$ (658,824)	\$ 16,052,605
Service fees	-	-	9,683,986	312,765	(9,683,986)	312,765
HUD housing assistance payments earned	-	-	-	-	-	418,550,084
HUD administrative fees	-	-	-	-	-	21,121,587
HUD administrative fees - CARES Act	-	-	-	-	-	3,585,720
FSS coordinator fees	-	-	-	-	-	356,526
Operating subsidy	-	-	-	-	-	13,178
Other operating revenues	157,701	32,779	1	1,329,126	-	7,287,662
Total operating revenues	157,701	707,376	9,683,987	17,661,553	(10,342,810)	467,280,127
Operating expenses:						
Wages and benefits	-	-	6,487,839	1,424,127	-	21,088,186
Pension and OPEB expense	-	-	-	-	-	1,951,474
Administrative	163,811	13,035	1,658,324	562,336	(658,824)	2,857,829
Tenant services	-	-	-	336,410	-	901,463
Utilities	-	24,010	177,605	1,557,094	-	1,793,490
Maintenance and operations	-	68,011	301,638	3,477,748	-	3,990,835
General	-	36,256	260,750	1,088,181	-	1,826,862
Indirect allocation	-	-	-	-	(9,683,986)	-
Depreciation and amortization	-	719,019	291,442	3,602,923	-	5,074,944
Housing assistance payments	-	-	-	-	-	380,164,602
Other	-	249,702	526,344	1,875,533	-	4,596,311
Total operating expenses	163,811	1,110,033	9,703,942	13,924,352	(10,342,810)	424,245,996
Operating income (loss)	(6,110)	(402,657)	(19,955)	3,737,201	-	43,034,131
Nonoperating revenues (expenses):						
Gain on sale of capital assets	-	-	-	-	-	460,000
Investment income	13,250	390,308	-	1,401,747	-	5,700,085
Interest expense	-	-	-	(3,995,868)	-	(4,034,768)
Total nonoperating revenues (expenses)	13,250	390,308	-	(2,594,121)	-	2,125,317
Income (loss) before transfers	7,140	(12,349)	(19,955)	1,143,080	-	45,159,448
Transfers in	-	-	19,955	-	(377,680,601)	-
Transfers out	-	(229,338)	-	-	377,680,601	-
Change in net position	7,140	(241,687)	-	1,143,080	-	45,159,448
Net position, beginning of year	2,912,377	63,987,727	16,210	15,721,695	-	473,680,462
Net position, end of year	\$ 2,919,517	\$ 63,746,040	\$ 16,210	\$ 16,864,775	\$ -	\$ 518,839,910

(1) Component units were audited by other auditors.

(2) For the year ended December 31, 2020

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Blended Component Units
December 31, 2020

	AE Associates, Ltd. (1)	Alvarado Park LP (2)	Avenida España HDC, Inc. (1)	Bascom HACSC Associates (1)	Bellarmino Place LP (2)	Blossom River Associates LP (1)	Bracher HDC, Inc. (1)	DeRose HDC, Inc. (1)	HACSC/Choices Family Associates (1)	HACSC/Choices Senior Associates (1)
Assets:										
Current assets:										
Unrestricted cash and cash equivalents	\$ 137,501	\$ 534,860	\$ 2,052,247	\$ 507,444	\$ 547,501	\$ 570,931	\$ 121,687	\$ 563,050	\$ 608,311	\$ 74,345
Accounts receivable:										
Tenants	1,077	-	-	1,667	-	48,639	-	-	19,196	-
Others	1,109	325	-	1,035	325	37,979	-	10	2,302	889
Due from component units and related parties	-	-	378,880	-	-	-	15,000	40,000	-	-
Prepaid expenses	35,681	-	-	25,460	-	30,641	-	-	62,937	19,002
Restricted cash and cash equivalents	423,238	-	-	1,510,438	-	3,038,179	-	-	2,126,811	2,060,725
Total current assets	598,606	535,185	2,431,127	2,046,044	547,826	3,726,369	136,687	603,060	2,819,557	2,154,961
Noncurrent assets:										
Long-term receivables from component units and related parties	-	-	23,582	-	-	-	77,621	-	-	-
Equity interest in affiliated limited partnerships	-	-	7,675,693	-	-	-	(1,084,599)	(2,431,562)	-	-
Capital assets:										
Nondepreciable	578,596	1,079,885	-	4,073,745	1,255,001	5,870,629	-	-	3,818,724	2,620,788
Depreciable	2,489,877	-	-	7,839,428	-	4,731,330	-	-	9,442,823	6,919,893
Total capital assets	3,068,473	1,079,885	-	11,913,173	1,255,001	10,601,959	-	-	13,261,547	9,540,681
Total noncurrent assets	3,068,473	1,079,885	7,699,275	11,913,173	1,255,001	10,601,959	(1,006,978)	(2,431,562)	13,261,547	9,540,681
Total assets	3,667,079	1,615,070	10,130,402	13,959,217	1,802,827	14,328,328	(870,291)	(1,828,502)	16,081,104	11,695,642
Liabilities:										
Current liabilities:										
Accounts payable	64,177	71,943	11,598	37,080	88,207	60,382	11,300	11,600	51,729	58,654
Accrued interest payable	23,331	-	-	552,222	-	237,424	-	-	295,394	154,120
Due to component units and related parties	64,037	-	448,282	23,692	-	472,102	3,500	35,000	38,588	34,052
Other accrued liabilities	-	-	-	13	-	-	-	-	-	38
Tenant security deposits	40,064	-	-	84,776	-	114,841	-	-	61,400	59,105
Unearned revenue	4,502	-	-	-	-	28,349	-	-	1,237	50
Current portion of long-term debt	25,000	-	-	115,000	-	265,000	-	-	193,674	120,000
Total current liabilities	221,111	71,943	459,880	812,783	88,207	1,178,098	14,800	46,600	642,022	426,019
Noncurrent liabilities:										
Long-term payable to component units and related parties	44,696	1,544,726	12,330,000	-	1,716,070	9,348,469	-	-	33,588	56,684
Long-term interest payable	2,613,036	-	-	851,754	-	-	-	-	668,996	1,942,836
Long-term obligations, net of current portion	4,377,640	-	-	11,784,530	-	10,002,884	-	-	14,581,890	10,353,458
Total noncurrent liabilities	7,035,372	1,544,726	12,330,000	12,636,284	1,716,070	19,351,353	-	-	15,284,474	12,352,978
Total liabilities	7,256,483	1,616,669	12,789,880	13,449,067	1,804,277	20,529,451	14,800	46,600	15,926,496	12,778,997
Net position:										
Net investment in capital assets	(1,334,167)	1,079,885	-	13,643	1,255,001	334,075	-	-	(1,514,017)	(932,777)
Restricted	383,174	-	-	1,425,662	-	2,923,338	-	-	2,065,411	2,001,620
Unrestricted	(2,638,411)	(1,081,484)	(2,659,478)	(929,155)	(1,256,451)	(9,458,536)	(885,091)	(1,875,102)	(396,786)	(2,152,198)
Total net position	\$ (3,589,404)	\$ (1,599)	\$ (2,659,478)	\$ 510,150	\$ (1,450)	\$ (6,201,123)	\$ (885,091)	\$ (1,875,102)	\$ 154,608	\$ (1,083,355)

(Continued)

- (1) Component unit was audited by other auditors.
(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Blended Component Units (Continued)
December 31, 2020

	Helzer Associates LP (1)	Klamath Associates LP (1)	Pinmore HDC, Inc. (1)	Poco Way HDC, Inc. (1)	Rotary Plaza/ HACSC HDC, Inc. (1)	San Pedro Gardens Associates, Ltd. (1)	S.P.G. Housing, Inc. (1)	Villa Garcia Inc. (1)	Villa San Pedro HDC, Inc. (1)	Elimination/ Reclassification	Total
Assets:											
Current assets:											
Unrestricted cash and cash equivalents	\$ 1,283,389	\$ 33,049	\$ 1,621,130	\$ 2,487,653	712,072	\$ 181,380	\$ 563,185	\$ 2,927,757	\$ 955,439	\$ -	\$ 16,482,931
Accounts receivable:											
Tenants	9,479	2,014	-	14,686	1,689	-	172	-	-	-	98,619
Others	-	-	-	1,668	39	11,441	59	-	-	-	57,181
Due from component units and related parties	-	-	126,520	-	304,130	-	197,834	619,965	281,603	(110,594)	1,853,338
Prepaid expenses	78,490	4,452	-	12,139	41,811	3,955	16,251	-	-	-	330,819
Restricted cash and cash equivalents	1,829,076	37,214	-	39,679	226,601	177,099	272,023	-	-	-	11,741,083
Total current assets	3,200,434	76,729	1,747,650	2,555,825	1,286,342	373,875	1,049,524	3,547,722	1,237,042	(110,594)	30,563,971
Noncurrent assets:											
Long-term receivables from component units and related parties	-	-	30,000	11,406,093	-	-	149,330	5,803,100	11,150,245	(213,318)	28,426,653
Equity interest in affiliated limited partnerships	-	-	(4,735,846)	-	5,074,744	-	1,415,273	(1,743)	1,149,387	-	7,061,347
Capital assets:											
Nondepreciable	2,690,280	717,242	-	43,184,595	-	146,579	-	-	-	-	66,036,064
Depreciable	12,513,946	918,135	-	67,785	3,477,262	755,396	4,188,792	-	-	-	53,344,667
Total capital assets	15,204,226	1,635,377	-	43,252,380	3,477,262	901,975	4,188,792	-	-	-	119,380,731
Total noncurrent assets	15,204,226	1,635,377	(4,705,846)	54,658,473	8,552,006	901,975	5,753,395	5,801,357	12,299,632	(213,318)	154,868,731
Total assets	18,404,660	1,712,106	(2,958,196)	57,214,298	9,838,348	1,275,850	6,802,919	9,349,079	13,536,674	(323,912)	185,432,702
Liabilities:											
Current liabilities:											
Accounts payable	79,989	16,438	13,900	630,727	37,732	13,747	65,160	7,900	7,900	-	1,340,163
Accrued interest payable	90,201	17,310	-	-	4,332	74,248	1,238	-	-	-	1,449,820
Due to component units and related parties	436,138	5,935	-	2,935	199,017	48,648	279,463	-	700,000	(110,594)	2,680,795
Other accrued liabilities	394,822	-	-	-	-	-	-	-	-	-	394,873
Tenant security deposits	165,660	12,679	-	39,655	67,927	5,057	66,580	-	-	-	717,744
Unearned revenue	537	96	-	34,375	6,081	-	-	-	-	-	75,227
Current portion of long-term debt	295,000	40,646	-	-	189,860	17,787	1,459,148	-	-	-	2,721,115
Total current liabilities	1,462,347	93,104	13,900	707,692	504,949	159,487	1,871,589	7,900	707,900	(110,594)	9,379,737
Noncurrent liabilities:											
Long-term payable to component units and related parties	8,854,420	129,736	-	29,579,063	2,915,668	199,683	1,148,488	-	1,051,888	(213,318)	68,739,861
Long-term interest payable	-	885,385	-	-	100,290	968,475	-	-	-	-	8,030,772
Long-term obligations, net of current portion	13,352,384	943,280	-	14,500,000	694,511	1,506,167	320,813	-	-	-	82,417,557
Total noncurrent liabilities	22,206,804	1,958,401	-	44,079,063	3,710,469	2,674,325	1,469,301	-	1,051,888	(213,318)	159,188,190
Total liabilities	23,669,151	2,051,505	13,900	44,786,755	4,215,418	2,833,812	3,340,890	7,900	1,759,788	(323,912)	168,567,927
Net position:											
Net investment in capital assets	1,556,842	651,451	-	28,752,380	2,592,891	(621,979)	2,408,831	-	-	-	34,242,059
Restricted	1,663,416	24,535	-	24	158,674	172,042	205,443	-	-	-	11,023,339
Unrestricted	(8,484,749)	(1,015,385)	(2,972,096)	(16,324,861)	2,871,365	(1,108,025)	847,755	9,341,179	11,776,886	-	(28,400,623)
Total net position	\$ (5,264,491)	\$ (339,399)	\$ (2,972,096)	\$ 12,427,543	\$ 5,622,930	\$ (1,557,962)	\$ 3,462,029	\$ 9,341,179	\$ 11,776,886	\$ -	\$ 16,864,775

(1) Component unit was audited by other auditors.

(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position
Blended Component Units
For the Year Ended December 31, 2020

	AE Associates, Ltd. (1)	Alvarado Park LP (2)	Avenida España HDC, Inc. (1)	Bascom HACSC Associates (1)	Bellarmino Place LP (2)	Blossom River Associates LP (1)	Bracher HDC, Inc. (1)	DeRose HDC, Inc. (1)	HACSC/Choices Family Associates (1)	HACSC/Choices Senior Associates (1)
Operating revenues:										
Rental income	\$ 816,725	\$ -	\$ -	\$ 1,876,868	\$ -	\$ 2,825,712	\$ -	\$ -	\$ 1,989,732	\$ 1,243,977
Service fees	-	-	145,179	-	-	-	30,000	30,000	-	-
Other operating revenues	10,752	-	218,305	24,791	-	48,950	(270,221)	431,765	14,882	6,391
Total operating revenues	827,477	-	363,484	1,901,659	-	2,874,662	(240,221)	461,765	2,004,614	1,250,368
Operating expenses:										
Wages and benefits	103,600	-	-	168,907	-	200,251	-	-	146,401	109,398
Administrative	36,625	331	10,900	48,207	297	58,154	12,688	10,907	51,712	46,797
Tenant services	38,283	-	-	49,244	-	38,465	-	-	38,741	37,607
Utilities	133,372	-	-	129,471	-	238,708	-	-	134,916	136,440
Maintenance and operations	271,600	-	-	450,218	-	449,644	-	-	393,024	349,640
General	53,564	-	75	83,028	-	115,925	1,901	149	82,223	42,666
Depreciation and amortization	254,443	-	-	396,195	-	723,428	-	-	451,581	344,109
Other	56,644	(885)	497,951	143,180	-	185,002	-	35,000	121,916	94,641
Total operating expenses	948,131	(554)	508,926	1,468,450	297	2,009,577	14,589	46,056	1,420,514	1,161,298
Operating income (loss)	(120,654)	554	(145,442)	433,209	(297)	865,085	(254,810)	415,709	584,100	89,070
Nonoperating revenues (expenses):										
Investment income	181	173	184	30,768	212	104,536	-	-	80,417	71,799
Interest expense	(98,732)	-	-	(539,521)	-	(888,897)	-	-	(634,802)	(437,312)
Total nonoperating revenues (expenses)	(98,551)	173	184	(508,753)	212	(784,361)	-	-	(554,385)	(365,513)
Change in net position	(219,205)	727	(145,258)	(75,544)	(85)	80,724	(254,810)	415,709	29,715	(276,443)
Net position, beginning of year	(3,370,199)	(2,326)	(2,514,220)	585,694	(1,365)	(6,281,847)	(630,281)	(2,290,811)	124,893	(806,912)
Net position, end of year	\$ (3,589,404)	\$ (1,599)	\$ (2,659,478)	\$ 510,150	\$ (1,450)	\$ (6,201,123)	\$ (885,091)	\$ (1,875,102)	\$ 154,608	\$ (1,083,355)

(Continued)

(1) Component unit was audited by other auditors.

(2) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position (Continued)
Blended Component Units
For the Year Ended December 31, 2020

	Helzer Associates LP (1)	Klamath Associates LP (1)	Pinmore HDC, Inc. (1)	Poco Way HDC, Inc. (1)	Rotary Plaza/ HACSC HDC, Inc. (1)	San Pedro Gardens Associates, Ltd. (1)	S.P.G. Housing, Inc. (1)	Villa Garcia Inc. (1)	Villa San Pedro HDC, Inc. (1)	Total
Operating revenues:										
Rental income	\$ 3,230,350	\$ 318,852	\$ -	\$ 988,634	\$ 1,306,229	\$ 302,485	\$ 1,120,098	\$ -	\$ -	\$ 16,019,662
Service fees	-	-	85,758	-	-	-	7,500	-	14,328	312,765
Other operating revenues	1,829	4,141	-	322,608	472,710	155	41,397	671	-	1,329,126
Total operating revenues	3,232,179	322,993	85,758	1,311,242	1,778,939	302,640	1,168,995	671	14,328	17,661,553
Operating expenses:										
Wages and benefits	226,747	50,212	-	146,816	119,086	46,851	105,858	-	-	1,424,127
Administrative	43,988	25,185	12,900	61,360	53,696	20,007	52,582	8,800	7,200	562,336
Tenant services	38,854	10,110	-	62	37,159	16,980	30,905	-	-	336,410
Utilities	237,015	30,628	-	233,821	157,919	578	124,226	-	-	1,557,094
Maintenance and operations	506,606	75,543	-	361,364	309,087	35,074	275,948	-	-	3,477,748
General	239,567	10,120	3,029	120,887	42,257	21,518	270,157	1,040	75	1,088,181
Depreciation and amortization	794,631	58,090	-	8,698	297,392	75,537	198,819	-	-	3,602,923
Other	183,385	26,099	162,722	83,290	108,792	23,517	154,203	-	76	1,875,533
Total operating expenses	2,270,793	285,987	178,651	1,016,298	1,125,388	240,062	1,212,698	9,840	7,351	13,924,352
Operating income (loss)	961,386	37,006	(92,893)	294,944	653,551	62,578	(43,703)	(9,169)	6,977	3,737,201
Nonoperating revenues (expenses):										
Investment income	4,974	27	-	263,169	204	75	326,017	153,842	365,169	1,401,747
Interest expense	(1,103,075)	(64,063)	-	-	(149,089)	(47,669)	(15,883)	-	(16,825)	(3,995,868)
Total nonoperating revenues (expenses)	(1,098,101)	(64,036)	-	263,169	(148,885)	(47,594)	310,134	153,842	348,344	(2,594,121)
Change in net position	(136,715)	(27,030)	(92,893)	558,113	504,666	14,984	266,431	144,673	355,321	1,143,080
Net position, beginning of year	(5,127,776)	(312,369)	(2,879,203)	11,869,430	5,118,264	(1,572,946)	3,195,598	9,196,506	11,421,565	15,721,695
Net position, end of year	\$ (5,264,491)	\$ (339,399)	\$ (2,972,096)	\$ 12,427,543	\$ 5,622,930	\$ (1,557,962)	\$ 3,462,029	\$ 9,341,179	\$ 11,776,886	\$ 16,864,775

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