SANTA CLARA COUNTY
HOUSING AUTHORITY

Basic Financial Statements and Supplementary Information

For the Year Ended June 30, 2023

Certified
Public
Accountants

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SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
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For the Year Ended June 30, 2023

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Certified Public Accountants

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2023, 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.

We did not audit the financial statements of the Authority's blended component units, which represent 30.7% of assets, 4.2% of net position, and 4.7% of revenues of the business-type activities as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. We also did not audit the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included those component units, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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*.

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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 96.5% of its operating revenues. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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.

Supplemental 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 supplemental information, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual and combining fund financial statements and schedules 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 January 30, 2024, 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
January 30, 2024

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SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis (Unaudited)
June 30, 2023

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, 2023. Please read it in conjunction with the Authority's financial statements, which follows this section.

Financial Highlights

- Beginning of the year net position as of July 1, 2022 was restated from $557.7 million to $565.0 million, an increase of $7.3 million due to the change in reporting entity. The Authority reclassified Rincon Gardens Associates L.P. from a discretely presented to a blended component unit and Bellarmino Place L.P. from a blended to a discretely presented component unit which resulted in a net increase of $7.3 million to the Authority's net position.
- The assets and deferred outflows of resources of the Authority exceeded the liabilities and deferred inflows of resources by $603.5 million (net position); $33.5 million of the net position balance is restricted for specific purposes; $127.5 million is related to the Authority's investment in capital assets and is not available to meet on-going obligations; and $442.5 million is unrestricted and available for meeting on-going obligations.
- Total assets increased by $40.2 million. This is primarily due to the change in reporting entity discussed above, increases in cash and cash equivalents from MTW program operations and real estate activities, increases in notes receivable made to related entities, offset by decreases in receivables from HUD, capital assets, and pension and other postemployment benefits (OPEB) assets.
- Total liabilities increased by $13.7 million. This is primarily due to change in reporting entity discussed above, increases in long-term debt, payables to related entities, and Family Self Sufficiency (FSS) Escrow, offset by a decrease in unearned revenues.
- The Authority's total increase in net position of $38.5 million to $603.5 million is a result of increase from operating activities, which includes $60.1 million from the Moving-To-Work (MTW) and development activities, offset by decreases of $13.8 million from the Housing Authority Reserves Account (HARA) and $8.0 million from Special Purpose Voucher (SPV).

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 OPEB and OSI presents the financial statements of the Authority's combining statements of the discretely presented component unis, combining statements by program/fund on its federal and local programs, and combining statements of the blended component units.

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.

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 $45.8 million as shown in the table below represents an increase of $7.3 million due to the change in reporting entity, and an increase of $38.5 million related to current year operations. For details explaining the restatement of beginning net position and the changes due to current year operations, refer to the Financial Highlights section noted above.

The following table indicates the net position as of June 30, 2023 and 2022 (in thousands):

	June 30		Increase (Decrease)	
	2023	2022	Amount	Percent (%)
Assets:				
Current assets	$ 248,686	$ 274,151	$ (25,465)	-9%
Noncurrent and other assets	243,100	180,942	62,158	34%
Capital assets	232,300	228,825	3,475	2%
Total assets	724,086	683,918	40,168	6%
Deferred outflows of resources related to pensions and OPEB	11,435	3,722	7,713	207%
Liabilities:				
Current liabilities	16,451	12,644	3,807	30%
Noncurrent liabilities	112,849	102,927	9,922	10%
Total liabilities	129,300	115,571	13,729	12%
Deferred inflows of resources related to pensions and OPEB	2,767	14,412	(11,645)	-81%
Net Position				
Net investment in capital assets	127,495	136,421	(8,926)	-7%
Restricted	33,499	58,339	(24,840)	-43%
Unrestricted	442,460	362,897	79,563	22%
Total net position	$ 603,454	$ 557,657	$ 45,797	8%

As previously discussed, the Authority changed its reporting entity and the cumulative effect of this change is reported as restatement of beginning net position as of July 1, 2022 as discussed in Note 1 to the financial statements. Absent the changes in reporting entity, the Authority's increase in total assets of $31.9 million, excluding capital assets, is primarily due to the following:

- A net increase of $38.9 million in cash, cash equivalents and investments from MTW, Public Housing Proceeds and SPV program operations, real estate development activities and proceeds from the sale of the 3553 North First Street property.
- A decrease in the receivables of $51.1 million was primarily due to a net decrease in US Department of Housing and Urban Development (HUD) receivables/reserves by $51.0 million. In FY 2023, the Authority added $44.6 million to the receivable/reserve balance due to additional funding from a higher funding inflation factor for FY 2023 and 98 units of new Fair Share Vouchers received. However, the Authority used $95.6 million of these reserves for acquisition, development, and rehabilitation activities, which resulted in an overall decrease of $51.0 million in receivables.

- A net increase of $64.0 million in long term receivables from component units and related parties primarily due to an increase of $82.9 million in new notes receivables that were issued to affiliate entities in FY 2023. This increase was offset by a decrease of $18.9 million in payoffs and notes receivables that were not eliminated in FY 2023 due to the timing difference between the Authority's and the affiliate entities' fiscal year end.
- A decrease of $16.2 million in pension asset and $3.3 million in OPEB asset is primarily due to a decrease in investment earnings, changes in actuarial assumptions, and a pension expense for FY 2023.
- A decrease of $0.4 million in equity interest in affiliated limited partnerships.

The increase of $7.7 million in deferred outflows of resources is due to changes in pension and OPEB investment earnings and actuarial assumptions.

Absent the restatement due to changes in accounting, the Authority's net increase in total liabilities of $1.4 million is primarily due to the following:

- An increase of $0.6 million in accounts payable and a decrease of $0.5 million in accrued wages are related to timing of disbursements.
- A net increase of $1.2 million in current payables to component units and related parties is because of eliminations due to timing differences in related party transactions and issuance of new notes to affiliate entities in FY 2023.
- The net decrease of $2.3 million in unearned revenues represents advance funding for Emergency Housing Vouchers (EHV) service fees and on-going administrative fees received from HUD in FY 2022 that were earned in FY 2023. The EHV service fee revenues are earned when qualifying service fee expenses are incurred, while on-going administrative fees are earned when units are leased.
- An increase of $0.9 million in FSS Escrow balance is due to increase in the number of participants and their escrow income earned during FY 2023.
- A net decrease of $0.7 million in long-term payables to component units mainly due to debt payments from affiliate entities to the Authority.
- An increase of $2.3 million in long-term debt is explained in detail in the Long-Term Debt Activity section below.

The decrease of $11.6 million in deferred inflows of resources is mainly due to changes in pension and OPEB related balances for the net difference between projected and actual earnings on plan investments.

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, 2023 and 2022 is shown in the following table (in thousands):

	June 30		Increase (Decrease)	
	2023	2022	Amount	Percent (%)
Operating revenues				
Rental income	$ 21,910	$ 16,006	$ 5,904	37%
Service fees	2,091	403	1,688	419%
HUD housing assistance payment earned	470,228	445,116	25,112	6%
HUD administrative fees	28,439	24,299	4,140	17%
HUD administrative fees - Cares Act	-	1,110	(1,110)	-100%
FSS coordinator fees	511	395	116	29%
Operating subsidy	19	18	1	6%
Developer fee	1,448	4,135	(2,687)	-65%
Asset management fee	821	958	(137)	-14%
Other operating revenues	1,632	3,886	(2,254)	-58%
Total operating revenues	527,099	496,326	30,773	6%
Operating expenses				
Wages and benefits	24,306	22,845	1,461	6%
Pension and OPEB expense	2,021	971	1,050	108%
Administrative	4,041	2,970	1,071	36%
Tenant services	2,984	1,110	1,874	169%
Utilities	2,277	1,870	407	22%
Maintenance and operations	5,316	4,473	843	19%
General	2,056	2,345	(289)	-12%
Depreciation and amortization	6,847	5,611	1,236	22%
Housing assistance payments	434,980	407,573	27,407	7%
Other	5,067	5,417	(350)	-6%
Total operating expenses	489,895	455,185	34,710	8%
Operating income (loss)	37,204	41,141	(3,937)	-10%
Nonoperating revenues (expenses)				
Loss on disposal of capital assets	(12,297)	(1,073)	(11,224)	1046%
Investment income	5,289	2,529	2,760	109%
Interest expense	(5,251)	(3,925)	(1,326)	34%
Other nonoperating revenues	221	145	76	52%
Total nonoperating revenues (expenses)	(12,038)	(2,324)	(9,714)	418%
Capital contributions - grants	14,328	-	14,328	n/a
Capital distribution	(1,009)	-	(1,009)	n/a
Change in net position	38,485	38,817	(332)	-1%
Net position, beginning of year, as previously reported	557,657	518,840	38,817	7%
Change in reporting entity	7,312	-	7,312	n/a
Net position, beginning of year, as reclassified	564,969	518,840	46,129	9%
Net position, end of year	$ 603,454	$ 557,657	$ 45,797	8%

Revenues: Absent the restatement due to changes in accounting, the Authority's operating revenues increased by $25.2 million primarily due to the following:

- An increase of $0.3 million in rental income from affiliate entities.
- An increase of $1.7 million in EHV service fee revenues. EHV service fee revenues are earned when qualifying service fee expenses are incurred. In FY 2023, the Authority incurred higher qualifying service fee expenses such as owner incentives, utility/security deposits, rental applications, and furniture, resulting in higher service fee revenues earned.
- An increase of $25.1 million HAP earned primarily due to:
  - An increase of $28.9 million in MTW Section 8 Housing Choice Voucher (HCV) funding based on a higher inflation factor for CY 2023. Inflation factor increased from 2.736% in CY 2022 to 7.505% in CY 2023. In addition, the Authority received funding for 98 units of new Fair Share Vouchers.
  - An increase of $3.8 million in HAP revenues from SPV due to higher HAP expenditures levels in CY 2022. SPV vouchers are funded based on prior year expenditure levels.
  - The above increases are offset by a decrease of $7.6 million in HAP funding from the EHV program, due to prior year HAP reserves held by the Authority.
- HUD administrative fees increased by $4.1 million due to an increase of:
  - Vouchers leased increased by 5,935 unit months.
  - HUD funding proration factor increased by 6.8% for FY 2023.
  - HUD administrative fee rate per unit increased by 6.4 % for FY 2023.
- A decrease of $1.1 million in CARES Act grant funding that was not available in FY 2023.
- An increase of $0.1 million in FSS coordinator fees earned due to an increase in the HUD allowed salaries/benefits limit per FSS coordinator. The FSS coordinator fees are earned when qualifying expenses are incurred.
- A decrease of $2.7 million in developer fees due to $3.2 million of deferred developer fees from Park Avenue Senior apartment project that were paid in FY 2022 and not available in FY 2023, which is offset by a $0.5 million increase in developer fees received from the Bellarmino Place project.
- A net decrease of $2.3 million in other operating revenues includes a decrease of $0.6 million from DeRose Senior Housing land lease due to the cancellation of the old land lease agreement. Under the new lease agreement, effective January 1, 2022, land lease related payments from DeRose were based on actual cash flow distributions. In addition, there was a $1.6 million decrease in pension income based on actuarial valuation.

Expenses: Absent the restatement due to changes in accounting, the total operating expenses in FY 2023 increased by $31.5 million, mainly due to the following:

- Wages and benefits increased by $1.2 million primarily due to a 2.5% COLA increase and employee merit increases paid in FY 2023.
- Net pension and OPEB expenses increased by $1.1 million because the Authority recognized a pension expense for FY 2023 instead of pension income for FY 2022. This was primarily due to unfavorable market conditions that led to lower investment return for pension plan assets.

- Administrative expenses increased by $1.0 million mainly due to an increase in building rent related to the lease of the 303 Almaden office, higher legal expenses, and computer contracts due to an increase in Yardi annual fees.
- Tenant services increased by $1.8 million mainly because the Authority incurred higher EHV service fee expenses such as owner incentives, utility/security deposits, rental applications, and furniture.
- Maintenance and operations increased by $0.2 million due to higher maintenance costs related to the 505 Julian Street office.
- General expenses decreased by $0.4 million primarily because COVID expenses are no longer reported in FY 2023 and lease expenses from DeRose Senior Housing were not incurred in FY 2023 (as explained in the Revenue section above), offset by a one-time transfer taxes expense related to the sale of the 3553 North First street property.
- HAP payments increased by $27.4 million primarily due to the following reasons:
  - The Authority increased its payment standards for Single Room Occupancy (SRO), 0 Bedroom (Studios), and 1 Bedroom to 4 Bedroom units. The new payment standards were effective February 18, 2023 and applied to all MTW and non-MTW vouchers.
  - Leasing of new Project Based Voucher (PBV) (208 new units) and the additional leasing of vacant regular PBV, Special Need Direct Referral (SNDR), Chronically Homeless Direct Referral (CHDR), Mainstream, and Veterans Affairs Supportive Housing (VASH) PBVs (200 vacant units).
  - An overall 3% increase in the lease-up rate for all programs, except for the EHV program which increased from 7% to 67% in FY 2023 due to an increase in referrals.
- Other expenses decreased by $0.8 million. The primary decrease was in Administrative Contracts mainly due to the following:
  - Costs were not incurred in FY 2023 for the SCCHA 2.0/Tenant Application Portal (TAP) project. The project was cancelled as the Authority will migrate from the Elite Emphasys software to Yardi.
  - The above decrease was offset by building improvement costs incurred for the 3553 North First Street building that were originally capitalized.

Nonoperating Revenues (Expenses): Absent the restatement due to change in accounting, the Authority's nonoperating revenues decreased by $8.3 million due to a $11.2 million net loss on disposal of capital assets mainly from to the sale of the 3553 North First Street property. This decrease was offset by a $2.8 million increase in investment income, from HARA, Public Housing Proceeds program and Section 8 Rental Vouchers, based on favorable market conditions and additional funds available for investment.

Capital Contributions – Grants: Absent the restatement due to change in accounting, the Authority's Capital grants increased by $14.3 million due to the Homekey Round 2 award the Authority received from the California Department of Housing and Community Development for the acquisition of Pavilion Inn.

Financial Analysis of the Authority's Programs

At the end of the fiscal year, the unrestricted net position for the MTW program was $338.3 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 $74.4 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 Conventional Housing, Public Housing Capital, Section 8 Rental Voucher, Special Purpose Voucher, Section 8 Moderate Rehabilitation, Asset Management and the Development Services programs were as shown in the table below (in thousands):

Conventional Housing	$ 13
Public Housing Capital	6,477
Section 8 Rental Voucher	8,817
Special Purpose Voucher	1,066
Section 8 Moderate Rehabilitation	155
Asset Management	(222)
Development Services	4,323

Capital Acquisitions and Construction Activities

Absent the restatement due to changes in accounting, the Authority's capital assets decreased by $25.1 million primarily due to the following:

- A net decrease of $17.4 million in land was due to the sale of 3553 North First Street and 253 Race Street (Bellarmino Place), offset by the purchase of land at 1490 North 1st Street (North 1st Street Interim Housing) and the land at 1280 N 4th Street (Pavilion Inn).
- A net decrease of $7.1 million in building and building improvements was mainly due to the sale of the building at 3553 North First Street. The above decrease was offset by the purchase of the buildings at 1280 N 4th Street (Pavilion Inn) and 1490 North 1st Street (North 1st Street Interim Housing). .
- An increase of $0.2 million in furniture and equipment was due to the installation of playground equipment at San Pedro Gardens.
- An increase of $3.5 million in assets related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA).
- The above increases were offset by a change in accumulated depreciation of $4.2 million.

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

Long-Term Debt Activity (in thousands)

	June 30		Increase (Decrease)	
	2023	2022	Amount	Percent (%)
Section 8 Rental Voucher Program				
Notes payable	$ 972	$ 972	$ -	0%
Other Payables				
Accrued vacation and sick leave	2,367	2,211	156	7%
Other blended component units	100,571	91,391	9,180	10%
Interest payable	9,352	9,043	309	3%
SBITA	3,262	-	3,262	n/a
Total primary government	$ 116,524	$ 103,617	$ 12,907	12%

Absent the restatement due to change in accounting, the Authority's long-term debt increased by $2.3 million. This was primarily due to the addition of $3.3 million in SBITA liability from the implementation of GASB 96 accounting standards, $0.2 million increase in accrued interest payable, and $0.2 million increase in accrued vacation and sick leave. The increase was offset by a decrease of $1.4 million in scheduled principal payments. Additional information on the Authority's Long-Term Debt Activity can be found in Note 7, "Long-Term Obligations", of the basic financial statements.

Economic Factors

The majority of the Agency's programs depend on Federal financial assistance from HUD, most of which is awarded to the Agency under its Moving-to-Work Agreement. As such, the Agency's budget and revenues are greatly affected by the financial condition of the Federal government and Congress' annual appropriations. Furthermore, local and national property rental markets that determine HAP payments, and local labor supply and demand (which can affect employment costs such as salary and wage rates) have a significant impact on the Agency's finances. Over the past year, inflationary factors have increased costs broadly, including the cost of labor and benefits, utilities, insurance, and goods and supplies.

While costs have increased, housing affordability continues to be a significant priority at both the Federal and State levels, and as such, housing providers have seen increased access to capital and operating dollars over the past year. However, political climates and the economic outlook can change rapidly, so its prudent of the Agency to continue being good stewards of public money while investing in housing, programs, and services that have the greatest impact on Santa Clara County residents. As a community-based and resident-focused housing provider, it is important to utilize our resources efficiently and effectively. In FY 2024, the Agency will invest $520 million into assisting 19,000 households with rental assistance, managing approximately 3,000 units of quality affordable housing, and developing an additional 1,000 homes which will provide more affordable housing to Santa Clara County. The FY 2024 Budget, along with the Agency's Strategic Plan and Santa Clara County's Community Plan to End Homelessness, provides a roadmap that is intended to ensure that the Agency remains fiscally sound while investing in the Agency's future, and delivering services in accordance with our mission.

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 Net Position

June 30, 2023

	Primary Government - Business-type Activities	Discretely Presented Component Units
Assets:		
Current assets:		
Unrestricted cash and cash equivalents (Note 3)	$ 61,171,368	$ 23,723,748
Unrestricted short term investments (Note 3)	31,621,367	-
Accounts receivable:		
Tenants	176,484	347,305
HUD (Note 15)	129,879,969	178,924
Others	371,683	113,828
Interest receivable	123,190	-
Due from component units and related parties (Note 9)	1,403,439	-
Prepaid expenses	952,821	820,889
Restricted cash and cash equivalents (Note 3)	22,498,095	22,819,274
Restricted short term investments (Note 3)	487,161	-
Total current assets	248,685,577	48,003,968
Noncurrent assets:		
Long-term investments (Note 3)	41,148,373	-
Restricted long-term investments (Note 3)	2,269,142	-
Long-term receivables from non-related parties (Note 4)	5,803,995	-
Long-term receivables from component units and related parties (Note 9)	174,484,386	-
Net pension asset (Note 12)	10,719,196	-
Net OPEB asset (Note 13)	2,270,000	-
Equity interest in affiliated limited partnerships (Note 9)	6,405,366	-
Other assets	-	183,921
Capital assets (Note 6):		
Nondepreciable	138,274,070	40,721,367
Depreciable	94,026,246	321,185,736
Total capital assets	232,300,316	361,907,103
Total noncurrent assets	475,400,774	362,091,024
Total assets	724,086,351	410,094,992
Deferred outflows of resources:		
Pension related (Note 12)	9,175,934	-
Other post employment benefits (OPEB) related (Note 13)	2,259,145	-
Total deferred outflows of resources	11,435,079	-

(Continued)

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)
Statement of Net Position (Continued)
June 30, 2023

	Primary Government - Business-type Activities	Discretely Presented Component Units
Liabilities:		
Current liabilities:		
Accounts payable	$ 3,325,362	$ 5,577,598
Accrued wages and benefits	369,228	-
Accrued interest payable (Notes 7 and 17)	1,077,559	528,612
Intergovernmental payable	77,948	-
Payable to component units and related parties	3,019,812	1,289,208
Due to primary government	-	5,381,991
Other accrued liabilities	24,498	-
Tenant security deposits	876,141	1,337,614
Unearned revenue	1,205,881	194,410
Current portion of accrued vacation and sick leave (Note 7)	213,964	-
Current potion of FSS escrow	361,535	-
Current portion of long-term obligations (Notes 7 and 17)	5,899,126	5,545,406
Total current liabilities	16,451,054	19,854,839
Noncurrent liabilities:		
FSS escrow	3,227,299	-
Accrued vacation and sick leave, net of current portion (Note 7)	2,153,055	-
Payable to component units and related parties, net of current portion	287,476	-
Long-term interest payable (Notes 7 and 17)	8,274,884	3,024,722
Long-term obligations, net of current portion (Notes 7 and 17)	98,906,203	165,827,389
Advance from primary government	-	108,802,170
Total noncurrent liabilities	112,848,917	277,654,281
Total liabilities	129,299,971	297,509,120
Deferred inflows of resources:		
Pension related (Note 12)	315,325	-
OPEB related (Note 13)	2,452,127	-
Total deferred inflows of resources	2,767,452	-
Net position:		
Net investment in capital assets	127,494,987	95,514,423
Restricted	33,499,028	16,272,044
Unrestricted	442,459,992	799,405
Total net position	$ 603,454,007	$ 112,585,872

See accompanying notes to the basic financial statements

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, 2023

	Primary Government - Business-type Activities	Discretely Presented Component Units
Operating revenues:		
Rental income	$ 21,910,398	$ 41,935,098
Service fees	2,090,830	-
HUD housing assistance payments earned	470,228,001	-
HUD administrative fees	28,438,672	-
Developer fee	1,447,664	-
Asset management fee	820,889	-
Other	2,162,313	384,732
Total operating revenues	527,098,767	42,319,830
Operating expenses:		
Wages and benefits	24,306,153	-
Pension and OPEB expense (Notes 12 and 13)	2,021,243	-
Administrative	4,041,110	4,922,949
Tenant services	2,983,748	-
Utilities	2,277,359	2,965,332
Maintenance and operations	5,315,369	6,365,759
General	2,055,442	856,752
Depreciation and amortization	6,847,108	12,482,448
Housing assistance payments	434,980,139	-
Other	5,067,261	1,475,434
Total operating expenses	489,894,932	29,068,674
Operating income	37,203,835	13,251,156
Nonoperating revenues (expenses):		
Gain (loss) on disposal of capital assets	(12,296,685)	-
Investment income	5,288,797	22,459
Interest expense	(5,251,190)	(9,784,825)
Other nonoperating revenues (expenses), net	221,062	(3,912,147)
Total nonoperating revenues (expenses)	(12,038,016)	(13,674,513)
Income (loss) before capital contributions	25,165,819	(423,357)
Capital contributions - grants	14,328,401	-
Capital contributions (distribution)	(1,008,844)	5,264,253
Change in net position	38,485,376	4,840,896
Net position, beginning of year, as previously reported	557,656,957	115,056,650
Change in reporting entity (Note 1)	7,311,674	(7,311,674)
Net position, beginning of year, as restated	564,968,631	107,744,976
Net position, end of year	$ 603,454,007	$ 112,585,872

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, 2023

	Primary Government - Business-type Activities
Cash flows from operating activities:	
Receipts from tenants	$ 22,782,087
Receipts from customers and others	4,933,212
Receipts from housing assistance programs	549,351,943
Payments to suppliers for goods and services	(20,686,232)
Housing assistance payments on behalf of tenants	(434,971,913)
Payments to employees for services	(26,523,971)
Net cash provided by operating activities	94,885,126
Cash flows from noncapital financing activities:	
Loan disbursement to related parties and component units	(63,899,925)
Loan repayment made to related parties and component units	(9,667,333)
Net cash used in noncapital financing activities	(73,500,900)
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	32,388,514
Acquisition of capital assets	(24,257,830)
Repayments of long-term liabilities	(2,327,555)
Interest and other fees paid	(4,992,583)
Net cash used in capital and related financing activities	14,130,103
Cash flows from investing activities:	
Interest received	5,204,613
Proceeds from sale of investments	26,205,428
Purchase of investments	(44,421,789)
Net cash used in investing activities	(13,011,748)
Net change in cash and cash equivalents	22,502,581
Cash and cash equivalents, beginning of year	93,275,410
Cash and cash equivalents, end of year	$ 115,777,991

(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, 2023

		Primary Government - Business-type Activities
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	37,203,835
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation		6,847,108
Others		221,062
Decrease (increase) in:		
Receivables		51,112,447
Prepaid expenses		(124,864)
Net pension asset		16,195,421
Net OPEB asset		3,337,951
Other assets		357,710
Deferred outflows of resources		(7,712,749)
Increase (decrease) in:		
Accounts payable		817,232
Accrued wages and benefits		(528,794)
Tenant security deposits and FSS escrow		914,390
Unearned revenues		(2,279,424)
Accrued vacation and sick leave		156,207
Other liabilities		3,979
Deferred inflows of resources		(11,644,611)
Net cash provided by operating activities	$	94,885,126
Cash and cash equivalents:		
Unrestricted cash and cash equivalents	$	61,171,368
Unrestricted short term investments		31,621,367
Restricted cash and cash equivalents		22,498,095
Restricted short term investments		487,161
Total cash and cash equivalents	$	115,777,991
Noncash capital and related financing activities:		
Receipt of capital assets from change in reporting entity	$	27,214,124
Receipt of other assets from change in reporting entity		2,935,274
Assumption of long-term obligation and interest payable from change in reporting entity		11,284,451
Assumption of other liabilities from change in reporting entity		11,553,273
SBITA assets and liabiltiies additions		3,211,448

See accompanying notes to the basic financial statements

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, 2022 year-end, except for the Housing Development Corporation which has a June 30, 2023 year-end.

<u>Housing Development Corporation ("HDC")</u> **-** 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 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 2022.

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. On December 15, 2022, an unaffiliated entity replaced the Authority as the limited partner. As a result, it is presented as a discretely presented component unit starting the year ended December 31, 2022.

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 with 99.99% ownership. As the majority partner, the Authority can impose its will on Blossom River Associates L.P. 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 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 was created in October 1988. It serves as the general partner for Blossom River Associates LP and Bascom HACSC Associates LP. In addition, it is the sole member for Hermocilla LLC, which owns The Villa Hermosa Apartments. On September 2, 2021, DeRose HDC, Inc became the sole owner of Bayberry, Hawthorn, and Primrose Senior Apartments LLCs. These three LLCs were created to serve as a general partner with a 0.01% ownership of the Bayberry, Hawthorn, and Primrose Apartments, LPs. The Authority is the Limited Partner for all the three limited partnerships with a 99.99% ownership interest.

DeRose HDC, Inc. is a blended component unit of the Authority because the Authority's Board appoints the directors of DeRose HDC, Inc. and is legally obligated to finance operating deficits and provide tax indemnification on behalf of DeRose HDC, Inc. partnerships.

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.

Hawthorn Senior Apartments L.P. – A California limited partnership formed on September 2, 2021, to develop and operate housing complexes located in San Jose, California. Its General Partner, Hawthorn Senior Apartments LLC 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 Hawthorn Senior Apartments 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.

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.

Rincon Garden Associates L.P. - A California limited partnership formed on September 1, 2008, to develop and operate 200-unit low-income housing project for seniors located in the City of Campbell, Santa Clara County, California. On December 31, 2022, 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. Since the Authority can impose its will on this partnership upon the acquisition of the limited partnership interest, it is presented as a blended component unit starting the year ended December 31, 2022.

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.

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 component units (DCUs) are reported in a separate column within the government-wide financial statements and have a December 31, 2022 year-end.

The Authority's tax credit partnerships do not have board representation. The Authority's affiliated non-profit entities serve as the general partner which holds 1% or less ownership for these partnerships and the unaffiliated limited partners hold 99% or more ownership. Thus, the Authority reported these partnerships as DCUs as the Authority's affiliated non-profit entities do not hold a majority control of these entities.

In addition, there are six entities that are 100% owned by the Authority's affiliated non-profit entities while the Authority does not bear any financial responsibility for these entities' debts. The financial activities of these entities, including Branham Lane LLC, Halford LLC, Hermocilla LLC, Huff Avenue LLC, Poinciana LLC, and South Drive LLC, are presented as DCUs in the financial statements.

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

Change in reporting entity

During the year ended December 31, 2022, the Authority changed its relationship with two of its partnerships as discussed above. The effect of the change in the reporting entity is as follows:

	Primary Government	Component Units
Net position, beginning of year, as previously reported	$ 557,656,957	$ 115,056,650
Change in reporting entity:		
Reclassification of blended component units (BCUs) to discretely presented component units (DCUs):		
Bellarmino Place L.P.	345	(345)
Reclassification of DCUs to BCUs:		
Rincon Garden Associates L.P.	7,311,329	(7,311,329)
Total change in reporting entity	7,311,674	(7,311,674)
Net position, beginning of year, as restated	$ 564,968,631	$ 107,744,976

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.

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 asset 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 asset 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 19,643 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:

Asset Management Department is responsible for the effective stewardship of the Authority's portfolio of over 30 affordable housing communities. The Asset Management Department is entrusted with the responsibility of optimizing the utilization of housing assets, ensuring their sustainability, and maximizing returns on investments. Key areas include property acquisition, maintenance and modernization strategies, risk mitigation, financial reporting, and compliance within regulatory and financial frameworks. The department is also responsible for managing third-party property management contracts which include operations related to property management, maintenance services, resident services, and compliance monitoring. The Asset Management unit oversees more than 2,500 residential housing units, which includes occupied homes that are owned by the Authority and its affiliated entities. The revenues for the Asset Management department is mostly derived from the fees earned from these activities.

Real Estate Development Department is responsible for the strategic planning, acquisition, financing and construction of multi-family and single-family properties to expand the supply of affordable housing and meet the evolving needs of the community. Key duties of the department include site identification, feasibility assessments, project design, financing, zoning and entitlements, community engagement, construction, and overall alignment with the Authority's mission. The department utilizes a wide variety of federal, state and local financing programs and opportunities for the benefit of the project and its residents and manages a wide variety of financing instruments and with a multitude of lenders and investors. The department is also responsible for managing major rehabilitation of existing low-income housing units/projects. Revenues for the department are generated through developer fees and other 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, 2023, 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.

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, 2023, the unearned revenue was comprised of grants and lease payments 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 bank account reported as part of restricted cash and cash equivalents and established by the Authority for participating families in the FSS Program. A monthly deposit (or deduction) is made by the Authority for each participating family during the term of their FSS contract, based on increases (or decreases) in earned income of the family. The Authority may make a portion of the escrow account balance 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 term and no member of the family is receiving subsidy, the full amount of the escrow account balance will be paid to the head of household of the family. However, if the family fails to comply with the FSS contract rules, the family's escrow account may be forfeited.

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, 2023, offsetting amounts of $2,957,559 were eliminated. The Authority also eliminated $82,194,602 related to other material intercompany balances between and within programs from the consolidated financial statements. Furthermore, inter-program transfers of $416,614,211 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, $11,579,253 of internal charges for services and rent and $2,567,091 of prepaid rent payments has been eliminated for the year ended June 30, 2023.

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. At June 30, 2023, the primary government's restricted net position of $33.5 was mainly comprised of $25.3 million of restricted cash, cash equivalents and investments offset by related liabilities of $4.8 million, net pension asset of $10.7 million, and net OPEB asset of $2.3 million.

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 accounting principles generally accepted in the United States of America ("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.

New accounting pronouncements

During the year ended June 30, 2023, the Authority implemented the following GASB Statements:

- 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. Implementation of this statement did not have any impact on the Authority's financial statements for the fiscal year ended June 30, 2023.
- 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. Implementation of this statement did not have any impact on the Authority's financial statements for the fiscal year ended 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 implementation of this statement impacted the financial statements and footnote disclosures for the City for the fiscal year ended June 30, 2023. Please refer to Notes 6 and 7.
- In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The requirements related to leases, public-private partnerships (PPPs), and SBITAs are effective for the Authority's fiscal year ended June 30, 2023. Implementation of these requirements did not have any impact on the Authority's financial statements for the fiscal year ended June 30, 2023.

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

- In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the Authority's fiscal year ending June 30, 2024.

- In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2024.
- In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2025.

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, 2023, 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	$ 61,171,368	$ 23,723,748	$ 84,895,116
Unrestricted short term investments	31,621,367	-	31,621,367
Restricted cash and cash equivalents	22,498,095	22,819,274	45,317,369
Restricted short term investments	487,161	-	487,161
Long term investments	41,148,373	-	41,148,373
Restricted long term investments	2,269,142	-	2,269,142
Total	$ 159,195,506	$ 46,543,022	$ 205,738,528
Deposits with financial institutions	$ 83,669,463	$ 46,543,022	$ 130,212,485
Investments	75,526,043	-	75,526,043
Total	$ 159,195,506	$ 46,543,022	$ 205,738,528

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.
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.
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 260 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, 2023 is shown below:

Investment	Credit Rating	June 30, 2023	Maturities (in years) Less than 1	1-3	3-5
Money Market Mutual Fund	Not rated	$ 1,418,165	$ 1,418,165	$ -	$ -
State Local Agency Investment Fund	Not rated	10,308,706	10,308,706	-	-
California Employers' Pension Prefunding Trust	Not rated	2,269,142	-	2,269,142	-
Negotiable Certificates of Deposits	Not rated	2,744,367	1,362,234	1,168,554	213,067
U.S. Federal Agencies Securities:		-			
Federal Home Loan Bank	Aaa	20,563,400	9,900,956	6,140,753	4,521,691
Federal Farm Cr Bks Bond	Aaa	11,578,193	6,229,098	2,947,988	2,401,107
Federal National Mtg Assn Note	Aaa	2,164,630	-	2,164,630	-
Tennessee Valley Authority Federal BE Bond:	Aaa	1,134,410	-	1,134,410	-
U.S. Treasury Securities:		-			
United States Treasury Notes	Aaa	1,395,380	1,395,380	-	-
United States Treasury Series H and BA	Aaa	2,915,254	1,493,479	1,421,775	-
Corporate Bonds:		-			
Apple Inc	Aaa	2,334,730	-	-	2,334,730
Astrazeneca Finance	A3	902,340	-	902,340	-
Bank New York Mellon Corp	A1	677,203	-	677,203	-
Bank Of America Corp Serv N Mtn	A2	649,035	-	649,035	-
Berkshire Hathaway Inc Del Note	Aa2	1,555,681	-	1,555,681	-
BP Cap Mkts Amer Inc Ser B	A2	756,729	-	756,729	-
Bristol-Myers Squibb Co	A2	334,957	-	334,957	-
Citigroup Inc	A3	713,265	-	713,265	-
Citigroup Inc Ser G Mtc	A3	262,545	-	-	262,545
Costco Wholesale Corporation	Aa3	1,424,190	-	-	1,424,190
Deere John Capital Corp	A2	713,947	-	-	713,947
Exxon Mobil Corp	Aa2	955,820	-	955,820	-
Goldman Sachs Group Inc	A2	479,910	-	479,910	-
Goldman Sachs Group Inc Mtn	A2	262,380	-	-	262,380
JPMorgan Chase & Co	A2	1,826,780	-	1,826,780	-
Microsoft Corp	Aaa	478,630	-	-	478,630
Morgan Stanley Ser F Mtn	A1	702,330	-	-	702,330
Paypal Hldgs Inc	A3	441,346	-	-	441,346
Phillips 66	A3	135,561	-	135,561	-
PNC Financial Svcs Group Inc	A3	922,680	-	-	922,680
Public Storage	A2	447,540	-	-	447,540
Public Service Elec & Gas Co	A1	910,077	-	-	910,077
Tele Communications Inc	A3	441,495	-	-	441,495
Wells Fargo & Co	A1	705,225	-	705,225	-
Subtotal Corporate Bonds		19,034,396	-	9,692,506	9,341,890
Total investments		**$ 75,526,043**	**$ 32,108,018**	**$ 26,939,758**	**$ 16,477,755**

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, 2023 is shown below:

Type of Investment	
Investment by fair value hierarchy - Level 1:	
U.S. Treasury Securities	$ 4,310,634
Investment by fair value hierarchy - Level 2:	
U.S. Federal Agency Securities	35,440,633
Negotiable Certificate of Deposits	2,744,367
Corporate Bonds	19,034,396
Total investments by fair value hierarchy	57,219,396
Investment not subject to fair value hierarchy:	
Money Market Mutual Funds	1,418,165
State Local Agency Investment Fund	10,308,706
California Employers' Pension Prefunding Trust	2,269,142
Subtotal investment not subject to fair value hierarchy	13,996,013
Total investments	**$ 75,526,043**

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

In January 2013, the Authority entered into an Amended and Restated Promissory Note with the Ford Road Family Housing, L.P., a California limited partnership in the amount of $5,760,000. The note bear simple interest at the rate of zero percent per year and 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 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, 2023, the amount due to the Authority is $5,541,001.

In September 2021, Poco Way HDC, Inc. entered into three Secured Promissory Tenant Notes totaling $262,994. No interest shall accrue on the principal balance of these notes except upon the occurrence of an event of default. The entire outstanding principal balance of these notes shall be payable in full on the date which is the date that the property or any interest therein is sold, assigned, transferred, conveyed, or encumbered, or the property is moved out. As of June 30, 2023, the amount due to the Authority is $262,994.

Note 5 - Disposition of public housing properties

As of June 30, 2023, 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.

Note 6 - Capital assets

The primary government's capital assets activity for the year ended June 30, 2023 was as follows:

	July 1, 2022	Change in reporting entity	July 1, 2022, as restated *	Additions	Reductions/ Transfers	June 30, 2023
Capital assets, not being depreciated:						
Land	$ 142,945,252	$ -	$ 142,945,252	$ 10,796,953	$ (28,219,676)	$ 125,522,529
Construction in progress	12,797,966	(2,400,352)	10,397,614	2,906,136	(552,208)	12,751,541
Total capital assets, not being depreciated	155,743,218	(2,400,352)	153,342,866	13,703,089	(28,771,884)	138,274,070
Capital assets, being depreciated:						
Structures	150,354,582	43,027,910	193,382,492	10,341,051	(17,434,427)	186,289,117
Furniture and equipment	10,703,876	571,864	11,275,740	213,690	(20,000)	11,469,430
Total capital assets, being depreciated	161,058,458	43,599,774	204,658,232	10,554,741	(17,454,427)	197,758,547
Less accumulated depreciation						
Structures	(80,156,620)	(13,472,980)	(93,629,600)	(5,215,633)	1,541,112	(97,304,121)
Furniture and equipment	(7,819,893)	(512,318)	(8,332,211)	(1,268,852)	-	(9,601,063)
Total accumulated depreciation	(87,976,513)	(13,985,298)	(101,961,811)	(6,484,485)	1,541,112	(106,905,184)
SBITA assets, being amortized:						
SBITA assets	-	-	324,058	3,211,448	-	3,535,506
Less accumulated amortization	-	-	-	(362,623)	-	(362,623)
SBITA assets, being amortized, net	-	-	324,058	2,848,825	-	3,172,883
Total capital assets, being depreciated and amortized, net	73,081,945	29,614,476	103,020,479	6,919,081	(15,913,315)	94,026,245
Total capital assets, net	$ 228,825,163	$ 27,214,124	$ 256,363,345	$ 20,622,170	$ (44,685,199)	$ 232,300,316

* Beginning balances are restated by $324,058 due to the implementation of GASB Statement No. 96.

The primary government reported depreciation and amortization expenses in the amount of $6,847,108 for the year ended June 30, 2023.

During the year ended June 30, 2023, the Authority sold land of $20,799,676 and building of $15,567,753 (gross value of $16,679,735 with accumulated depreciation of $1,111,982) with total book value of $36,367,429 for a sales price of $24,500,000 and recognized a loss on disposal of capital assets of $11,867,429. The Authority also sold another land at the book value of $7,420,000 to Bellarmino Place L.P., a discretely presented component unit.

The discretely presented component units' capital assets activity for the year ended December 31, 2022 is as follows:

	January 1, 2022	Change in reporting entity	January 1, 2022 as restated	Additions	Reductions/ Transfers	December 31, 2022
Capital assets, not being depreciated:						
Land	$ 21,607,719	$ -	$ 21,607,719	$ 7,420,000	$ -	$ 29,027,719
Construction in progress	325,227	2,400,352	2,725,579	9,347,164	(379,095)	11,693,648
Total capital assets, not being depreciated	21,932,946	2,400,352	24,333,298	16,767,164	(379,095)	40,721,367
Capital assets, being depreciated:						
Structures	447,266,234	(43,027,910)	404,238,324	1,113,374	(104,280)	405,247,418
Furniture and equipment	7,003,552	(571,864)	6,431,688	442,239	-	6,873,927
Total capital assets, being depreciated	454,269,786	(43,599,774)	410,670,012	1,555,613	(104,280)	412,121,345
Less accumulated depreciation	(114,628,376)	13,985,298	(100,643,078)	(12,434,054)	9,866	(113,067,266)
Lease assets, being amortized						
Lease assets	-	-	-	22,131,657	-	22,131,657
Total capital assets, being depreciated and amortized, net	339,641,410	(29,614,476)	310,026,934	11,253,216	(94,414)	321,185,736
Total capital assets, net	$ 361,574,356	$ (27,214,124)	$ 334,360,232	$ 28,020,380	$ (473,509)	$ 361,907,103

The discretely presented component units reported depreciation expense in the amount of $12,463,830 for the year ended December 31, 2022.

As discussed in Note 1, during the year ended December 31, 2021, Bellarmino Place L.P. changed from blended component unit to discretely presented component unit, while Rincon Garden Associates L.P. changed from discretely presented component unit to blended component unit. As a result, the Authority restated the beginning capital assets balance of $2,400,352 for Bellarmino Place L.P. and $29,614,476 for Rincon Garden Associates L.P.

Note 7 - Long-term obligations

Outstanding long-term obligations consisted of the following at June 30, 2023:

Type of Indebtedness (purpose)	Maturity	Interest Rate	Principal Installment	Original Issue Amount	Balance as of June 30, 2023
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)					100,570,525
SBITA Liabilities					3,262,304
Total primary government					$ 104,805,329

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

	July 1, 2022 as restated *	Additions	Retirements	June 30, 2023	Due within one year
Section 8 Rental Voucher Program					
Note Payable to the City of San Jose	$ 972,500	$ -	$ -	$ 972,500	$ 20,000
Total notes payable	972,500	-	-	972,500	20,000
Blended Component Units					
A.E. Associates	4,377,822	-	24,818	4,353,004	1,072,860
Bascom HACSC Associates	4,805,000	-	120,000	4,685,000	130,000
Blossom River Associates	10,011,517	-	276,367	9,735,150	300,000
HACSC/Choices Family Associates	14,592,053	-	225,627	14,366,426	281,878
HACSC/Choices Senior Associates	10,362,275	-	121,183	10,241,092	140,000
Helzer Associates	13,372,067	-	300,500	13,071,567	335,000
Klamath Associates	944,664	-	42,020	902,644	46,346
Poco Way HDC, Inc	29,000,000	-	-	29,000,000	-
Rincon Gardens Associates	11,233,936	-	665,664	10,568,272	651,743
Rotary Plaza/Hacsc HDC Inc	697,059	-	200,027	497,032	216,142
San Pedro Gardens Associates	1,507,672	-	16,644	1,491,028	1,528
S.P.G. Housing Inc.	1,720,813	-	61,503	1,659,310	1,463,951
Total blended component units	102,624,878	-	2,054,353	100,570,525	4,639,448
Interest Payable					
Other programs	689,759	38,900	20,000	708,659	-
Blended component units	8,404,077	3,653,656	3,413,949	8,643,784	1,077,559
Total interest payable	9,093,836	3,692,556	3,433,949	9,352,443	1,077,559
SBITA Liabilities	324,058	3,211,448	273,202	3,262,304	1,239,678
Accrued Vacation and Sick Leave	2,210,812	242,280	86,073	2,367,019	213,964
Total Primary Government	$ 115,226,084	$ 7,146,284	$ 5,847,577	$ 116,524,791	$ 7,190,649

* Beginning balances are restated by $324,058 due to the implementation of GASB Statement No. 96. In addition, as discussed in Note 1, during the year ended December 31, 2021, Rincon Garden Associates L.P. changed from discretely presented component unit to blended component unit. As a result, the Authority restated the beginning long-term debt and interest payable of $11,233,936 and $50,515, respectively.

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

Year Ending June 30,	Principal	Interest
2024	$ 20,000	$ 38,900
2025	952,500	8,969
	$ 972,500	$ 47,869

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.

As part of normal operations, the Authority entered into various subscription-based information technology arrangements (SBITAs) for operations. SBITA liabilities were calculated based on the Net Present Value (NPV) of future subscription payments, discounted using daily treasury par yield curve rates for the term of the contract. The Authority only recorded SBITA liabilities for arrangements with a NPV of $250,000 or more.

The annual payment requirements for the primary government's SBITA liabilities are as follows:

Year Ending June 30,	Principal	Interest
2024	$ 1,239,678	$ 109,104
2025	635,580	77,868
2026	673,554	50,046
2027	713,492	20,566
	$ 3,262,304	$ 257,584

Note 8 - Deficit net position

The following blended component units have a deficit net position as of December 31, 2022:

A.E. Associates, LP	$	(4,118,701)
Alvarado Park, LP		(1,538)
Avenida Espana HDC, Inc.		(2,948,425)
Blossom River Associates, LP		(6,372,031)
Bracher HDC. INC.		(1,281,789)
DeRose HDC, Inc.		(1,488,378)
HACSC/Choices Family Associates		(12,069)
HACSC/Choices Senior Associates		(1,509,761)
Hawthorn Senior, LP		(628)
Helzer Associates, LP		(5,063,837)
Klamath Associates LP		(409,241)
Pinmore HDC, Inc.		(2,820,073)
San Pedro Gardens Associates, Ltd.		(1,680,207)

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).

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, 2023

Note 9 - Related parties

The Authority has the following receivables from related parties and other component units as of June 30, 2023:

		Long-term Receivables							
Receivables due from Blended Component Units	**Short-term receivables**	**Notes Receivables**	**Lease/ Mortgage Receivables**	**Seller Take-Back Note**	**Interest on Receivables**	**Development and Other Services**	**Subtotal**	**Elimination**	**Total**
AE Associates Ltd	$ 73,973	$ 7,099	$ 10,000	$ -	$ -	$ -	$ 17,099	$ (44,542)	$ 46,530
Alvarado Park, L.P.	-	22,910,000	-	-	264,903	-	23,174,903	(2,866,901)	20,308,002
Avenida Espana HDC, Inc	-	-	-	-	-	12,759,163	12,759,163	(12,657,060)	102,103
Bascom HACSC Assoc, L.P.	16,303	7,970,127	-	-	106,217	3,750	8,080,094	(8,096,305)	92
Blossom River Assoc. L.P.	16,796	8,836,106	-	-	90,131	-	8,926,237	(8,942,899)	134
HACSC Family	16,281	-	-	-	-	11,794	11,794	(28,016)	59
HACSC Senior	11,873	-	-	-	-	72,974	72,974	(84,846)	-
Hawthorn Senior L.P.	-	17,790,000	-		-	-	17,790,000	(1,000,000)	16,790,000
Helzer Associates	17,281	8,515,289	-	-	93,929	-	8,609,218	(8,622,469)	4,030
Klamath Associates L.P.	7,662	350,000	-	-	13,729	129,787	493,516	(497,777)	3,401
Poco Way HDC, Inc	484	20,562,077	-	-	9,840	-	20,571,917	(19,469,999)	1,102,402
Rincon Garden Associates L.P.	172,562	-	-	13,013,688	400,056	-	13,413,744	(13,586,306)	-
Rotary Plaza/HACSC HDC, Inc	812	2,648,140	10,000	-	28,916	-	2,687,056	(2,687,868)	-
San Pedro Garden Associates	43,656	1,027,661	4,999	-	11,295	-	1,043,955	(1,039,139)	48,472
SPG Housing, Inc	18,710	-	1,604,784	-	11,937	-	1,616,721	(1,469,033)	166,398
Villa San Pedro HDC, Inc.	-	1,051,888	-	-	69,339	-	1,121,227	(1,101,443)	19,784
Total	**$ 396,392**	**$ 91,668,387**	**$ 1,629,784**	**$ 13,013,688**	**$ 1,100,292**	**$ 12,977,468**	**$ 120,389,618**	**$ (82,194,602)**	**$ 38,591,408**

(Continued)

Receivables due from Discretely Presented Component Units	Short-term receivables	Long-term Receivables: Notes Receivables	Seller Take-Back Note	Interest on Receivables	Development and Other Services	Subtotal	Total
Bendorf Drive L.P.	$ 1,490	$ 1,804,808	$ 9,277,939	$ 3,321,479	$ 97,548	$ 14,501,774	$ 14,503,264
Bellarmino Place, L.P.	-	34,656,519	-	-	-	34,656,519	34,656,519
Branham Lane LLC	10,575	2,591,456	-	120,329	-	2,711,785	2,722,359
Clarendon Street, L.P.	640,492	716,946	4,978,674	9,839	-	5,705,459	6,345,951
Fairgrounds Luxuary Family Apartments L.P.	15,872	-	-	-	-	-	15,872
Fairgrounds Senior Housing L.P.	6,368	-	-	-	-	-	6,368
Girasol Acquisition L.P.	-	4,700,000	-	35,153	-	4,735,153	4,735,153
Halford Avenue LLC	175,470	-	1,800,462	-	1,803	1,802,265	1,977,734
Hermocilla LLC	10,989	-	-	-	-	-	10,989
Huff Avenue LLC	10,000	-	-	-	-	-	10,000
Jardines Paloma Blanca Acquisition L.P.	-	3,200,000	-	23,934	-	3,223,934	3,223,934
Julian Street Partners L.P,	125,799	-	16,726,469	220,352	-	16,946,821	17,072,619
Las Golondrinas Acquisition L.P.	-	5,000,000	-	37,397	-	5,037,397	5,037,397
Laurel Grove Lane, L.P.	9,778	5,823,982	2,557,609	1,460,120	131,719	9,973,430	9,983,208
McCreery Avenue L.P.	151,143	600,000	10,346,647	1,328,533	-	12,275,180	12,426,323
Park Avenue Senior L.P.	1,772	14,328,987	6,000,000	3,314,208	-	23,643,195	23,644,967
Poinciana Drive LLC	133,391	-	616,892	-	1,086	617,978	751,370
South Drive LLC	10,678	-	-	-	-	-	10,678
Willows/HACSC Associates	554	-	-	-	161,157	161,157	161,711
Total	**$ 1,304,369**	**$ 73,422,698**	**$ 52,304,692**	**$ 9,871,344**	**$ 393,313**	**$ 135,992,048**	**$ 137,296,417**
Total receivables due from blended component units (from previous page)							**38,591,408**
							$ 175,887,825
Due from component units and related parties, current portion							**$ 1,403,439**
Due from component units and related parties, net of current portion							**174,484,386**
							$ 175,887,825

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:

Bellarmino Place, L.P. - 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 November 28, 2022, the loan agreement was amended and restated to increase the loan amount to $33,110,000. The note bears no interest and has a maturity date of November 30, 2092. As of June 30, 2023, the balance on the note is $32,270,654.

In addition, in April 2020, Bellarmino Place, L.P. obtained a loan from the Authority for $3,003,331. The loan bears simple interest at a rate of 3% per annum, is due and payable on the earlier of 72 years after the completion date or November 30, 2092. The balance as of June 30, 2023 is $2,385,865.

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, 2023, 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, 2023, 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, 2023, 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, 2023 is $716,946.

Girasol Acquisition, L.P. - In April 2023, the Authority loaned its affiliate Girasol Acquisition, L.P., an entity to be included as discretely presented component unit starting the year ending December 31, 2023, $6,000,000. The loan bears simple interest at a rate of 3% per annum, is due and payable on the earlier of 55 years after the completion date or April 1, 2078. The balance as of June 30, 2023 is $4,700,000.

Jardines Paloma Blanca Acquisition, L.P. - In April 2023, the Authority loaned its affiliate Jardines Paloma Blanca Acquisition, L.P., an entity to be included as discretely presented component unit starting the year ending December 31, 2023, $4,600,000. The loan bears simple interest at a rate of 3% per annum, is due and payable on the earlier of 55 years after the completion date or April 1, 2078. The balance as of June 30, 2023 is $3,200,000.

Las Golondrinas Acquisition, L.P. - In April 2023, the Authority loaned its affiliate Las Golondrinas Acquisition, L.P., an entity to be included as discretely presented component unit starting the year ending December 31, 2023, $6,250,000. The loan bears simple interest at a rate of 3% per annum, is due and payable on the earlier of 55 years after the completion date or April 1, 2078. The balance as of June 30, 2023 is $5,000,000.

<u>Laurel Grove Lane, L.P.</u> - 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, 2023 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, 2023 is $1,390,497.

<u>McCreery Avenue L.P.</u> - 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, 2023 is $600,000.

<u>Park Avenue Seniors, L.P.</u> - 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, 2023 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, 2023 is $12,557,596.

Furthermore, the Authority made loans to its blended component units. The amounts, which are included within the blended component units' December 31, 2022 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.

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

<u>AE Associates, Ltd.</u> - 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, 2023 was $7,099. The loan is non-interest bearing and is due October 2024.

<u>Alvarado Park, LP</u> - 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, 2023, the balance on the note is $22,910,000.

<u>Bascom HACSC Associates</u> - 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, 2023, the balance on the notes is $6,970,127 and $1,000,000, respectively.

<u>Blossom River Associates LP</u> - 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, 2023, the balance on the loan is $8,836,106.

<u>Hawthorn Senior Apartments LP</u> – In August 5, 2021, Hawthorn obtained a development loan from the Authority for $17,790,000. This loan bears no interest, due in full on the earlier of August 5, 2026 or the construction closing. The balance as of June 30, 2023 is $17,790,000.

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, 2023, the balance on the loan is $8,515,289.

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, 2023, the balance on the loan is $350,000.

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, 2023, 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 July 29, 2021, the loan agreement was amended to increase the loan amount to $19,925,000. 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 major improvements to Buena Vista are complete or (ii) September 29, 2027. As of June 30, 2023, the balance on the second loan is $8,250,000.

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, 2023, the balance on the third loan is $250,000.

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 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, 2023, 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, 2023, the balance on the loan is $2,648,140.

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, 2023, the balance on the loan is $7,500. 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. In March 2022, the Authority provided a loan of $350,000 to San Pedro Gardens Associates, Ltd for the use of the property's expenditures. These notes bear 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, 2023, the balance on the loan is $1,027,661.

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, 2023, 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, 2023, 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, 2023, 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, 2023, 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, 2023, the lease receivable is $1,604,784.

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, 2023, 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, 2023, the outstanding amount is $4,978,674.

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, 2023, the outstanding amount is $1,800,462.

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, 2023, the outstanding amount is $16,726,469.

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, 2023, 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, 2023, 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, 2023, 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, 2023, the outstanding amount is $6,000,000.

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, 2023, the outstanding amount is $616,892.

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, 2023, the outstanding amount is $13,013,688.

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, 2022 includes the following:

Blended Component Units	Investee Partnerships	Amount
Avenida Espana HDC, Inc.	AE Associates, Ltd.	
	Julian Street Partners, L.P.	$ 7,099,224
	McCreery Avenue L.P.	
	Rincon Gardens Associates, L.P.	
Bracher HDC, Inc.	HACSC/Choices Senior Associates	(1,511,022)
	HACSC/Choices Family Associates	
DeRose HDC, Inc.	Bascom HACSC Associates	
	Blossom River Associates	(3,034,775)
	Hermocilla LLC	
	Hawthorn Senior L.P.	
Pinmore HDC, Inc.	Fairground Luxury Family Apartments L.P.	
	Fairgrounds Senior Housing, L.P.	
	Helzer Associates	(4,768,594)
	Laurel Grove Lane L.P	
	Park Avenue Seniors L.P.	
	Willows HACSC Associates	
Rotary Plaza/HACSC HDC, Inc	Huff Avenue LLC	5,532,800
SPG Housing Inc.	Branham Lane LLC	
	Halford Avenue LLC	
	Klamath Associates L.P.	1,937,926
	Poinciana Drive LLC	
	San Pedro Gardens Associates, Ltd	
	South Drive LLC	
Villa Garcia, Inc.	Clarendon Street L.P.	
	Bellarmino Place L.P.	593
	Alvarado Park L.P.	
Villa San Pedro HDC, Inc.	Bendorf Drive, LP	1,149,214
Total		$ 6,405,366

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, 2023, the Authority's significant guarantees and commitments are summarized as follows:

Properties	Operating Deficit Guarantees	General Partner Demand Note	Tax Indemnification Guarantees	Construction Loan Repayment Guarantee	General Partner & Developer Guaranty	HAP contract, Property Tax, Meals Service Program (if applicable)
A.E. Associates LP	$ -	$ 150,000	$ -	$ -	$ -	-
Bellarmino Place L.P.	-	-	-	45,199,688	-	-
Bendorf Drive L.P.	-	-	3,204,041	-	-	HAP Contract
Blossom River Associates LP	-	250,000	-	-	-	-
Clarendon Street L.P.	575,000	-	1,570,942	-	-	HAP Contract
DeRose Garden Apartments (SPG Housing, Inc.)	-	175,000	-	-	-	-
Julian Street Partners L.P.	-	-	-	-	6,981,596	HAP Contract
Laurel Grove Lane L.P.	-	-	11,993,102	-	-	HAP Contract
McCreery Avenue L.P.	-	-	6,207,099	-	-	HAP Contract
Park Avenue Seniors, L.P.	897,517	-	14,812,232		-	HAP Contract
Rincon Garden Associates, L.P.	-	-	-	-	-	HAP Contract
Rotary Plaza/HACSC HDC, Inc.	-	194,000	-	-	-	-
San Pedro Gardens Associates, Ltd.	-	80,000	-	-	-	-
Total	**$ 1,472,517**	**$ 849,000**	**$ 37,787,416**	**$ 45,199,688**	**$ 6,981,596**	

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, these liabilities are conduit debt of the Authority and 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, 2023, the principal amount payable for the Series A was $9,750,000.

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 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, 2023, principal amount payable for the remaining Multifamily Housing Revenue Construction/Permanent Tranche A and Tranche B were $3,502,605 and $402,799, 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, 2023, the principal amount payable was $6,620,000.

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, 2023, the principal amount payable was $5,015,000.

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, 2023, the principal amount payable for the Series A-1 was $8,015,389.

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, 2023, the principal amount payable for Series A-1 was $10,266,110 and series A-2 was $116,801.

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, 2023, the principal amount payable was $3,447,000.

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 operation. All outstanding conduit debt with other entities were paid off during the year ended June 30, 2023.

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. Workers' compensation for non-California based employees is provided by the Hartford Accident and Indemnity Company.

Liabilities	Deductible	Coverage	Excess
Commercial Property - Julian building	$ 25,000	$ 34,768,684	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 Liabilty	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
Hartford	-	1,000,000	Statutory
Fidelity Insurance	6,500	1,000,000	N/A

There were no significant reductions in coverage and there were no claims exceeding the coverage limits during the past three years.

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.

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, 2023 are summarized as follows:

Hire Date	Prior to January 1, 2013 (Classic)	On or After January 1, 2013 (Non-Classic)
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	7.00%	6.75%
Required employer contribution rates	8.34%	8.34%

Employees Covered – As of June 30, 2022, the most recent information available, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	91
Inactive employees entitled to but not yet receiving benefits	181
Active employees	150
Total	422

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, 2022, 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 8.34 percent and the employee contribution rate is 7.00 percent of annual pay. The employer's contribution rate for non-classic members (employees hired after January 1, 2013) is 8.34 percent of annual payroll and the employee's contribution rate is 6.75 percent. For the year ended June 30, 2023, the Authority contributed the actuarially determined contribution in the amount of $1,387,055. The contributions made during the year ended June 30, 2023 are reported as deferred outflows of resources on the statement of net position as discussed below.

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, 2023, the Authority reported the investment in the amount of $2,269,142 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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. At June 30, 2023, the Authority reported a net pension asset of $10.7 million for the Plan, a decrease of $16.2 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, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Services
Mortality[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lessor of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.53% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on the table, refer to the 2021 CalPERS experience study report available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the 2021 CalPERS Experience Study for the period from 2001 to 2019, 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.

Change of Assumptions – During measurement period 2022, the discount rate was reduced from 7.15% to 6.90%, inflation rate was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with the 2021 CalPERS Experience Study.

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expense of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class:	Assumed Asset Allocation	Real Return [1, 2]
Global Equity - Cap-Weighted	30.0%	4.54%
Global Equity - Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-Backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

[1] An expected inflation of 2.30% used for this period
[2] Figures are based on the 2021 Asset Liability Management study.

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 reported at July 1, 2022	$ 78,449,030	$ 105,363,647	$ (26,914,617)
Changes for the year:			
Service cost	2,407,677	-	2,407,677
Interest on total pension liability	5,576,321	-	5,576,321
Differences between expected and actual experiences	(360,254)	-	(360,254)
Changes in assumptions	2,966,292	-	2,966,292
Contributions from employer	-	1,302,871	(1,302,871)
Contributions from employees	-	1,071,517	(1,071,517)
Net investment income	-	(7,914,138)	7,914,138
Benefit payments, including refunds of employee contributions	(2,885,311)	(2,885,311)	-
Administrative expense	-	(65,635)	65,635
Net change	7,704,725	(8,490,696)	16,195,421
Balances reported at June 30, 2023	$ 86,153,755	$ 96,872,951	$ (10,719,196)

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 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Net Pension Liability (Asset)	$ 1,764,275	$ (10,719,196)	$ (20,976,526)

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

For the year ended June 30, 2023, the Authority recognized pension expense of $1.5 million. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions form the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,387,055	$ -
Changes of assumptions	2,242,806	-
Difference between expected and actual experiences	514,714	(315,325)
Net difference between projected and actual earnings on plan investments	5,031,359	-
Total	$ 9,175,934	$ (315,325)

$1.4 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, 2024.

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 Ending June 30,	
2024	$ 1,796,900
2025	1,537,808
2026	1,042,420
2027	3,096,426
	$ 7,473,554

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.

	Years of Service with the Authority		
Minimum Retirement Age *	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.

Employees Covered – As of June 30, 2021, 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	50
Inactive employees entitled to but not yet receiving benefits	16
Active employees	156
Total	222

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, 2023 are shown below.

	Employer Contributions for the Measurement Period	
	July 1, 2021 thru June 30, 2022	July 1, 2022 thru June 30, 2023
Employer contributions in the form of direct benefit	$ 391,110	$ 354,832
Implicit contributions	116,091	104,193
Total	$ 507,201	$ 459,025

The amount of implicit contributions paid are reflected as a reduction in (active) employee premium. The contributions made during the year ended June 30, 2023 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, 2022 (measurement date), using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022 using standard update procedures.

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022
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 5.8% for initial year, fluctuating down to 3.9% in 2076 PMEHCA: 4.0% Dental and vision premium: 3.5%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)

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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 morality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 15 years of Scale MP-2016 to central year 2015.

<u>Discount Rate</u> - 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 5 years) and the long-term (6-20 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 1-5 [1]	Real Return Years 6-20 [2]
Global Equity	34.0%	4.40%	4.50%
Fixed Income	41.0	-1.00	2.20
REITS	17.0	3.00	3.90
TIPS	5.0	-1.80	1.30
Commodities	3.0	0.80	1.20

(1) An expected inflation rate of 2.40% is used for this period.
(2) An expected inflation rate of 2.30% is used for this period.

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, 2023:

	Total OPEB Liability	OPEB Plan Net Position	Net OPEB Liability (Asset)
Balances reported at July 1, 2022	$ 12,242,271	$ 17,850,222	$ (5,607,951)
Changes for the year:			
Service cost	459,639	-	459,639
Interest on total OPEB liability	684,657	-	684,657
Changes in benefit terms	451,957	-	451,957
Contributions from employer	-	507,201	(507,201)
Net investment income	-	(2,244,387)	2,244,387
Benefit payments	(507,201)	(507,201)	-
Administrative expense	-	(4,512)	4,512
Net change	1,089,052	(2,248,899)	3,337,951
Balances reported at June 30, 2023	$ 13,331,323	$ 15,601,323	$ (2,270,000)

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)	$ (381,114)	$ (2,270,000)	$ (3,831,255)

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)	$ (4,017,341)	$ (2,270,000)	$ (104,044)

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

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

For the year ended June 30, 2023 the Authority recognized OPEB expense of $0.5 million. At June 30, 2023, 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	$ 459,025	$ -
Changes of assumptions	521,943	619,157
Difference between expected and actual experiences	-	1,832,970
Net difference between projected and actual earnings on plan investments	1,278,177	-
Total	$ 2,259,145	$ 2,452,127

$0.5 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, 2024.

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 Ending June 30,	
2024	$ (130,110)
2025	(115,863)
2026	(157,468)
2027	264,968
2028	(254,892)
Thereafter	(258,642)
	$ (652,007)

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, 2023, approximately 96.5% of operating revenues and 99.6% 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.

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 ($127,736,710 as of June 30, 2023) on its financial statements.

During the year ended June 30, 2023, the unrestricted net position activities of the Moving To Work Programs are as follows:

	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, 2022, as reported	$ 6,428,256	$ (8,267,534)	$ (119,047)	$ 290,481,691	$ 290,362,644
Year ended June 30, 2023 operating activity:					
HAP earned	-	-	-	433,065,021	433,065,021
Administrative fees earned	-	-	-	25,236,585	25,236,585
Public Housing rental income	24,076	-	-	-	-
Operating subsidy	-	-	-	19,282	19,282
Other income	63,020	64,193	18,267	1,871,432	1,889,699
50% of fraud recovery	-	48,969	-	48,744	48,744
FSS Escrow forfeits	-	-	-	7,642	7,642
Gain (loss) on investments	-	46,990			-
HAP expenses	-	(388,774,310)	-	-	-
Interim Housing Rental Subsidy payment	-	-	-	(946,300)	(946,300)
Administrative and operational expenses	(69,416)	(25,061,013)	(82,410)	(16,922)	(99,332)
Net decrease / (increase) in capital assets	24,256	452,531	7,420,000	(3,507,902)	3,912,098
Year ended June 30, 2023 transfers in (out):					
Transfer reimbursement from HARA for executive compensation per HUD regulations	-	813,990	-	-	-
Transfer retained earnings balance due to the closeout of General Services indirect department	-	(46,401)	-	-	-
Transfer of Rental Assistance Demonstration (RAD-R2) Project	-	44,989	-	-	-
Transfer related to year-end pension (GASB 68) adjustments	-	55,743	-	-	-
Transfer out for FY 2023 Asset Management activities	-	-	-	(1,390,000)	(1,390,000)
Transfer out to Real Estate for Pavilion Inn land acquisition	-	-	-	(1,921,599)	(1,921,599)
Other interfund transfers between MTW and MTW related programs	19,282	412,000,703	(7,420,000)	(404,599,985)	(412,019,985)
Year ended June 30, 2023 other changes:					
Decreases in net Pension and OPEB assets balance	-	17,481,212	-	-	-
Increase in the restricted California Employer's Prefunding Pension Trust Fund (CEPPT) investment value	-	(42,474)	-	-	-
Decrease in the restricted escrow deposit	-	-	-	97,500	97,500
Decrease in the restricted cash due to interest payment to HUD	-	(104)	-	-	-
Subtotal year ended June 30, 2023 activity	61,218	17,085,018	(64,143)	47,963,498	47,899,355
Unrestricted net position at June 30, 2023	$ 6,489,474	$ 8,817,484	$ (183,190)	$ 338,445,189	$ 338,261,999

* Construction projects include Race Street and East Santa Clara.

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)	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)	Hawthorn Senior Apartment LP (1)(2)
Current assets	$ 647,128	$ 482,767	$ 2,488,864	$ 2,389,401	$ 4,021,519	$ 141,717	$ 1,515,797	$ 3,136,388	$ 2,283,493	$ 506,604
Due from component units and related parties	-	-	340,119	-	-	96,416	40,000	-	-	-
Other noncurrent assets	-	-	7,099,224	-	-	(1,511,022)	(3,034,775)	-	-	-
Capital assets	2,681,561	2,400,197	-	11,978,099	9,170,644	-	-	12,359,043	9,011,343	662,824
Total assets	3,328,689	2,882,964	9,928,207	14,367,500	13,192,163	(1,272,889)	(1,478,978)	15,495,431	11,294,836	1,169,428
Current liabilities	1,287,638	17,601	9,900	441,027	790,285	8,900	9,400	815,916	424,323	170,056
Due to component units and related parties	81,060	2,866,901	12,866,732	8,637,677	9,338,759	-	-	39,810	123,666	1,000,000
Noncurrent liabilities	6,078,692	-	-	4,555,000	9,435,150	-	-	14,651,774	12,256,608	-
Total liabilities	7,447,390	2,884,502	12,876,632	13,633,704	19,564,194	8,900	9,400	15,507,500	12,804,597	1,170,056
Net position:										
Net investment in capital assets	(1,671,443)	2,400,197	-	7,293,099	(564,506)	-	-	(2,007,383)	(1,229,749)	662,824
Restricted	447,625	-	-	1,498,450	3,174,838	-	-	2,403,211	1,942,522	-
Unrestricted	(2,894,883)	(2,401,735)	(2,948,425)	(8,057,753)	(8,982,363)	(1,281,789)	(1,488,378)	(407,897)	(2,222,534)	(663,452)
Total net position	$ (4,118,701)	$ (1,538)	$ (2,948,425)	$ 733,796	$ (6,372,031)	$ (1,281,789)	$ (1,488,378)	$ (12,069)	$ (1,509,761)	$ (628)

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rincon Gardens Associates, L.P. (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	$ 3,069,442	$ 349,808	$ 1,744,558	$ 2,193,102	$ 4,758,964	$ 1,982,359	$ 1,037,248	$ 958,651	$ 3,990,198	$ 238,964
Due from component units and related parties	-	-	214,863	11,783,131	-	10,000	-	177,236	5,617,768	12,228,511
Other noncurrent assets	-	-	(4,768,594)	262,994	-	5,532,800	-	1,937,926	593	1,149,214
Capital assets	14,358,499	1,627,793	-	46,646,704	28,533,706	2,931,545	926,153	4,035,226	-	-
Total assets	17,427,941	1,977,601	(2,809,173)	60,885,931	33,292,670	10,456,704	1,963,401	7,109,039	9,608,559	13,616,689
Current liabilities	886,168	112,118	10,900	370,978	921,678	368,340	69,152	1,649,380	10,500	8,400
Due to component units and related parties	8,869,043	498,823	-	19,510,445	15,027,258	2,920,564	1,071,314	1,546,034	-	1,101,443
Noncurrent liabilities	12,736,567	1,775,901	-	29,000,000	9,916,529	392,580	2,503,142	195,359	-	-
Total liabilities	22,491,778	2,386,842	10,900	48,881,423	25,865,465	3,681,484	3,643,608	3,390,773	10,500	1,109,843
Net position:										
Net investment in capital assets	1,286,932	725,149	-	17,646,704	17,965,434	2,434,513	(564,875)	2,375,916	-	-
Restricted	1,761,128	39,574	-	547	2,580,744	200,615	179,465	294,452	-	-
Unrestricted	(8,111,897)	(1,173,964)	(2,820,073)	(5,642,743)	(13,118,973)	4,140,092	(1,294,797)	1,047,898	9,598,059	12,506,846
Total net position	$ (5,063,837)	$ (409,241)	$ (2,820,073)	$ 12,004,508	$ 7,427,205	$ 6,775,220	$ (1,680,207)	$ 3,718,266	$ 9,598,059	$ 12,506,846

(1) Component unit was audited by other auditors.
(2) As of December 31, 2022.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Notes to Financial Statements
For the Year Ended June 30, 2023

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 Espana HDC, Inc. (1)(2)	Bascom HACSC Associates (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)	Hawthorn Senior Apartment LP (1)(2)
Operating revenues	$ 846,054	$ -	$ 328,189	$ 1,984,272	$ 2,787,608	$ (92,244)	$ 243,318	$ 2,096,581	$ 1,307,717	$ -
Operating expenses	1,022,785	166	499,518	1,278,360	2,127,926	33,236	24,400	1,455,664	1,138,972	628
Operating income (loss)	(176,731)	(166)	(171,329)	705,912	659,682	(125,480)	218,918	640,917	168,745	(628)
Nonoperating revenues (expenses), net	(98,515)	244	1,331	(745,722)	(739,416)	-	-	(514,149)	(297,418)	-
Change in net position	(275,246)	78	(169,998)	(39,810)	(79,734)	(125,480)	218,918	(18,289)	(128,673)	(628)
Net position, beginning of year	(3,843,455)	(1,616)	(2,778,427)	773,606	(6,292,297)	(1,156,309)	(1,707,296)	6,220	(1,381,088)	-
Net position, end of year	$ (4,118,701)	$ (1,538)	$ (2,948,425)	$ 733,796	$ (6,372,031)	$ (1,281,789)	$ (1,488,378)	$ (12,069)	$ (1,509,761)	$ (628)

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rincon Gardens Associates, L.P. (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	$ 3,526,963	$ 335,584	$ 79,559	$ 1,001,083	$ 5,632,110	$ 2,011,906	$ 362,495	$ 1,138,747	$ 1,130	$ 15,201
Operating expenses	2,435,851	304,201	118,880	1,424,453	3,206,215	1,227,379	323,701	1,149,214	11,435	8,585
Operating income (loss)	1,091,112	31,383	(39,321)	(423,370)	2,425,895	784,527	38,794	(10,467)	(10,305)	6,616
Nonoperating revenues (expenses), net	(1,024,709)	(64,270)	-	258,187	(1,446,232)	(99,422)	(67,496)	244,092	134,889	358,906
Change in net position	66,403	(32,887)	(39,321)	(165,183)	115,876	685,105	(28,702)	233,625	124,584	365,522
Net position, beginning of year	(5,130,240)	(376,354)	(2,780,752)	12,169,691	7,311,329	6,090,115	(1,651,505)	3,484,641	9,473,475	12,141,324
Net position, end of year	$ (5,063,837)	$ (409,241)	$ (2,820,073)	$ 12,004,508	$ 7,427,205	$ 6,775,220	$ (1,680,207)	$ 3,718,266	$ 9,598,059	$ 12,506,846

(1) Component unit was audited by other auditors.
(2) For the year ended December 31, 2022.

Condensed cash flows 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)	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)	Hawthorn Senior Apartment LP (1)(2)
Cash flows from:										
Operating activities	$ 125,878	$ 78	$ 365,099	$ 772,921	$ 785,420	$ 19,814	$ 14,800	$ 638,047	$ 341,608	$ (628)
Investing activites	(87,119)	(607,969)	27,069	(1,126,688)	(32,609)	15	440,733	(11,863)	(19,173)	(452,486)
Financing activites	(25,000)	600,010	-	(430,731)	(495,641)	-	-	(380,903)	(130,000)	459,718
Net change in cash and cash equivalents	13,759	(7,881)	392,168	(784,498)	257,170	19,829	455,533	245,281	192,435	6,604
Cash and cash equivalents, beginning of year	503,313	490,648	2,096,696	3,115,006	3,648,099	121,888	1,060,264	2,855,568	2,051,500	500,000
Cash and cash equivalents, end of year	$ 517,072	$ 482,767	$ 2,488,864	$ 2,330,508	$ 3,905,269	$ 141,717	$ 1,515,797	$ 3,100,849	$ 2,243,935	$ 506,604

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rincon Gardens Associates, L.P. (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	$ 808,446	$ 49,624	$ 77,132	$ 21,747	$ 2,206,156	$ 476,339	$ 85,723	$ 297,302	$ 129,874	$ (36,119)
Investing activities	(354,808)	(111,572)	25	(788,823)	(142,884)	465,134	(94,232)	(131,248)	320,121	-
Financing activities	(736,919)	(43,403)	-	958,480	(2,277,994)	(277,578)	672,085	(61,503)	-	-
Net change in cash and cash equivalents	(283,281)	(105,351)	77,157	191,404	(214,722)	663,895	663,576	104,551	449,995	(36,119)
Cash and cash equivalents, beginning of year	3,279,800	439,927	1,667,401	1,932,442	4,874,811	1,279,160	348,741	801,100	3,539,973	275,083
Cash and cash equivalents, end of year	$ 2,996,519	$ 334,576	$ 1,744,558	$ 2,123,846	$ 4,660,089	$ 1,943,055	$ 1,012,317	$ 905,651	$ 3,989,968	$ 238,964

(1) Component unit was audited by other auditors.
(2) For the year ended December 31, 2022.

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. The note has not been paid off as of December 31, 2022.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
RHCP Loan	$ 2,810,136	$ 3,285,000	$ 6,095,136	$ 11,588
City of San Jose	-	1,072,860	1,072,860	1,072,860
Subtotal	2,810,136	4,357,860	7,167,996	1,084,448
Less unamortized permanent loan costs	-	(4,856)	(4,856)	-
Total	$ 2,810,136	$ 4,353,004	$ 7,163,140	$ 1,084,448

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.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2000A Bonds	$ 144,544	$ 4,685,000	$ 4,829,544	$ 274,544

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Series 1998A Bonds	$ 234,147	$ 9,895,000	$ 10,129,147	$ 534,147
Less unamortized permanent loan costs	-	(159,850)	(159,850)	-
Total	$ 234,147	$ 9,735,150	$ 9,969,297	$ 534,147

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
City of Santa Clara Note	$ 77,840	$ 3,792,424	$ 3,870,264	$ 179,718
Series 2001A Bonds	42,068	6,710,000	6,752,068	222,068
California HCD Loan	773,921	4,050,500	4,824,421	206,695
Subtotal	893,829	14,552,924	15,446,753	608,481
Less unamortized permanent loan costs	-	(186,498)	(186,498)	-
Total	$ 893,829	$ 14,366,426	$ 15,260,255	$ 608,481

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
City of Santa Clara Note	$ 2,155,516	$ 5,317,000	$ 7,472,516	$ -
Series 2001A Bonds	154,120	5,085,000	5,239,120	294,120
Subtotal	2,309,636	10,402,000	12,711,636	294,120
Less unamortized permanent loan costs	-	(160,908)	(160,908)	-
Total	$ 2,309,636	$ 10,241,092	$ 12,550,728	$ 294,120

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Series 1999A Bonds	$ 90,201	$ 13,093,000	$ 13,183,201	$ 425,201
CalHFA Note	-	333,547	333,547	-
Subtotal	90,201	13,426,547	13,516,748	425,201
Less unamortized permanent loan costs	-	(354,980)	(354,980)	-
Total	$ 90,201	$ 13,071,567	$ 13,161,768	$ 425,201

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ -	$ 229,738	$ 229,738	$ 46,346
City of Santa Clara Note	941,949	681,176	1,623,125	22,346
Subtotal	941,949	910,914	1,852,863	68,692
Less unamortized permanent loan costs	-	(8,270)	(8,270)	-
Total	$ 941,949	$ 902,644	$ 1,844,593	$ 68,692

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.

County of Santa Clara 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, 2027.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
City of Palo Alto Note	$ -	$ 14,500,000	$ 14,500,000	$ -
County of Santa Clara Note	-	14,500,000	14,500,000	-
Total	$ -	$ 29,000,000	$ 29,000,000	$ -

Rincon Gardens Associates, L.P.

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
2008 Series A-1 and A-2 Bonds	$ 47,601	$ 10,733,758	$ 10,781,359	$ 699,344
Less unamortized permanent loan costs	-	(165,486)	(165,486)	-
Total	$ 47,601	$ 10,568,272	$ 10,615,873	$ 699,344

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.

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

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
CCRC Note	$ 2,206	$ 407,276	$ 409,482	$ 218,348
County of Santa Clara Note	111,690	95,000	206,690	-
Subtotal	113,896	502,276	616,172	218,348
Less unamortized permanent loan costs	-	(5,244)	(5,244)	-
Total	$ 113,896	$ 497,032	$ 610,928	$ 218,348

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ -	$ 1,528	$ 1,528	$ 1,528
RHCP Loan	1,057,845	1,489,500	2,547,345	44,203
Total	$ 1,057,845	$ 1,491,028	$ 2,548,873	$ 45,731

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.

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. The loan has not been paid off as of December 31, 2022.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ -	$ 259,310	$ 259,310	$ 63,951
City of San Jose Note	-	1,400,000	1,400,000	1,400,000
Total	$ -	$ 1,659,310	$ 1,659,310	$ 1,463,951

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 duly monthly, with the entire principal and interest due in full in October 2045.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
CHRP Loan	$ 3,990	$ 3,491,894	$ 3,495,884	$ 482,519
CalHFA Loan	49,966	10,427,726	10,477,692	276,120
Subtotal	53,956	13,919,620	13,973,576	758,639
Less unamortized permanent loan costs	-	(233,795)	(233,795)	-
Total	$ 53,956	$ 13,685,825	$ 13,739,781	$ 758,639

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. The loan is due in full in January 2026. An interest rate adjustment will occur in February 2021.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 6,067	$ 417,644	$ 423,711	$ 134,164
Less unamortized permanent loan costs	-	(32,994)	(32,994)	-
Total	$ 6,067	$ 384,650	$ 390,717	$ 134,164

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.
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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Bank of the West (Tranche A)	$ -	$ 3,581,347	$ 3,581,347	$ 159,119
Bank of the West (Tranche B)	-	508,995	508,995	213,911
Subtotal	-	4,090,342	4,090,342	373,030
Less unamortized permanent loan costs	-	(55,701)	(55,701)	-
Total	$ -	$ 4,034,641	$ 4,034,641	$ 373,030

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
CalHFA Loan	$ 106,506	$ 20,555,644	$ 20,662,150	$ 106,506
City of San Jose Note	2,782,377	17,245,082	20,027,459	377,836
Subtotal	2,888,883	37,800,726	40,689,609	484,342
Lease liabilities	-	12,618,278	12,618,278	-
Less unamortized permanent loan costs	-	(103,551)	(103,551)	-
Total	$ 2,888,883	$ 50,315,453	$ 53,204,336	$ 484,342

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 on 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 on July 12, 2040.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
City of San Jose Revenue Bonds	$ 52,949	$ 9,905,000	$ 9,957,949	$ 282,949
City of San Jose Note	242,345	5,582,084	5,824,429	-
Subtotal	295,294	15,487,084	15,782,378	282,949
Lease liabilities	-	8,408,725	8,408,725	-
Less unamortized permanent loan costs	-	(282,238)	(282,238)	-
Total	$ 295,294	$ 23,613,571	$ 23,908,865	$ 282,949

<u>Halford Avenue LLC</u>

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.PG. Housing, Inc., which is a nonprofit organization affiliated with the Authority.

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, 2022, Halford Avenue LLC does not have unaffiliated long-term debt.

<u>Hermocilla LLC</u>

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

<u>Citibank Loan</u> - 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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 6,927	$ 1,023,510	$ 1,030,437	$ 140,013
Less unamortized permanent loan costs	-	(66,797)	(66,797)	-
Total	$ 6,927	$ 956,713	$ 963,640	$ 140,013

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 the Authority.

Long-term debt

HUD Note – The note in the original amount of $9,000,000 is insured by HUD. It bears interest at 2.65% per annum, payable in monthly installments, due in full in September 2041.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
HUD Note	$ 19,304	$ 8,566,183	$ 8,585,487	$ 376,855
Less unamortized permanent loan costs	-	(217,570)	(217,570)	-
Total	$ 19,304	$ 8,348,613	$ 8,367,917	$ 376,855

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2010A-1 Bonds	$ 91,230	$ 7,760,000	$ 7,851,230	$ 1,466,230
Less unamortized permanent loan costs	-	(237,132)	(237,132)	-
Total	$ 91,230	$ 7,522,868	$ 7,614,098	$ 1,466,230

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
CalMFA/Citibank Loan	$ -	$ 25,853,908	$ 25,853,908	$ 559,332
Less unamortized permanent loan costs	-	(177,563)	(177,563)	-
Total	$ -	$ 25,676,345	$ 25,676,345	$ 559,332

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%.

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 33,534	$ 10,187,442	$ 10,220,976	$ 292,062
City of San Jose Note	65,139	2,702,883	2,768,022	373,293
Subtotal	98,673	12,890,325	12,988,998	665,355
Less unamortized permanent loan costs	-	(191,753)	(191,753)	-
Total	$ 98,673	$ 12,698,572	$ 12,797,245	$ 665,355

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 amount of $20,330,000, 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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
CalMFA/Citibank Loan	$ -	$ 19,470,887	$ 19,470,887	$ 302,634
Less unamortized permanent loan costs	-	(273,091)	$ (273,091)	-
Total	$ -	$ 19,197,796	$ 19,197,796	$ 302,634

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.

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, 2022, Poinciana LLC does not have unaffiliated long-term debt.

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, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ -	$ 396,135	$ 396,135	$ 123,008
City of Santa Clara Note	93,000	1,312,441	1,405,441	314,467
Subtotal	93,000	1,708,576	1,801,576	437,475
Less unamortized permanent loan costs	-	(16,022)	(16,022)	-
Total	$ 93,000	$ 1,692,554	$ 1,785,554	$ 437,475

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.

	December 31, 2022			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2005 Bonds	$ -	$ 3,402,000	$ 3,402,000	$ 93,000
LCD Note	-	-	-	-
Subtotal	-	3,402,000	3,402,000	93,000
Less unamortized permanent loan costs	-	(156,806)	(156,806)	-
Total	$ -	$ 3,245,194	$ 3,245,194	$ 93,000

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

	Fiscal Year Ended June 30,								
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Measurement period	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 2,407,677	$ 2,061,356	$ 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	5,576,321	5,253,573	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	(360,254)	634,367	(160,040)	1,708,139	203,993	400,225	(187,868)	(539,512)	-
Changes of assumptions	2,966,292	-	-	-	(463,355)	3,588,716	-	(932,527)	-
Benefit payments, including refunds of employee contributions	(2,885,311)	(2,623,533)	(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	7,704,725	5,325,763	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	78,449,030	73,123,267	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	**$ 86,153,755**	**$ 78,449,030**	**$ 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	$ 1,302,871	$ 1,254,775	$ 1,144,719	$ 1,085,079	$ 11,802,799	$ 820,619	$ 772,938	$ 724,610	$ 824,681
Contributions, employee	1,071,517	983,068	889,791	909,487	800,615	714,664	680,032	654,082	670,406
Net investment income	(7,914,138)	19,372,907	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	(2,885,311)	(2,623,533)	(2,805,163)	(2,316,995)	(2,261,652)	(2,030,601)	(1,959,484)	(1,856,519)	(2,064,928)
Administrative expenses	(65,535)	(86,371)	(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	(8,490,596)	18,900,846	3,231,127	4,700,995	15,745,983	5,771,113	(272,824)	695,580	7,863,258
Plan fiduciary net position, beginning	105,363,647	86,462,801	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	**$ 96,873,051**	**$ 105,363,647**	**$ 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)	**$ (10,719,296)**	**$ (26,914,617)**	**$ (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)	**112.4%**	**134.3%**	**118.2%**	**120.1%**	**124.0%**	**104.8%**	**109.1%**	**116.2%**	**118.4%**
Covered payroll	**$ 15,142,619**	**$ 14,003,777**	**$ 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	**-70.8%**	**-192.2%**	**-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, 2021 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 with the 2017 CalPERS Experience Study. There were no change in assumptions during measurement periods 2019, 2020 and 2021. During measurement period 2022, the discount rate was reduced from 7.15% to 6.90%, inflation rate was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with the 2021 CalPERS Experience Study.

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

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

Miscellaneous Plan

	Fiscal Year Ended June 30									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contributions (ADC)	$ 1,387,055	$ 1,302,871	$ 1,254,775	$ 1,144,719	$ 1,085,079	$ 907,800	$ 820,619	$ 772,938	$ 724,610	$ 824,681
Contributions in relation to the ADC	(1,387,055)	(1,302,871)	(1,254,775)	(1,144,719)	(1,085,079)	(11,802,799)	(820,619)	(772,938)	(724,610)	(824,681)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$(10,894,999)	$ -	$ -	$ -	$ -
Covered payroll	$ 17,294,753	$ 15,142,619	$ 14,003,777	$ 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	8.02%	8.60%	8.96%	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, 2023 were as follows:

ADC for fiscal year	June 30, 2023
Actuarial valuation date	June 30, 2020
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-2016 published by the Society of Actuaries.

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

	Fiscal Year Ended June 30,					
	2023	**2022**	**2021**	**2020**	**2019**	**2018**
Measurement period	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 459,639	$ 471,604	$ 457,868	$ 440,022	$ 426,170	$ 237,588
Interest on the total OPEB liability	684,657	654,866	623,604	684,323	654,776	730,136
Change in benefit terms	451,957	1,441,110	-	-	-	-
Differences between expected and actual experience	-	(867,936)	-	(1,437,355)	-	(1,983,828)
Changes of assumptions	-	(613,994)	-	(286,621)	-	2,479,214
Benefit payments, including refunds of employee contributions	(507,201)	(556,853)	(496,779)	(547,592)	(567,588)	(623,707)
Net change in total OPEB liability	1,089,052	528,797	584,693	(1,147,223)	513,358	839,403
Total OPEB liability, beginning	12,242,271	11,713,474	11,128,781	12,276,004	11,762,646	10,923,243
Total OPEB liability, ending	**$ 13,331,323**	**$ 12,242,271**	**$ 11,713,474**	**$ 11,128,781**	**$ 12,276,004**	**$ 11,762,646**
Plan fiduciary net position						
Contributions, employer	$ 507,201	$ 556,853	$ 496,779	$ 547,592	$ 3,181,040	$ 1,058,897
Net investment income	(2,244,387)	2,932,805	766,326	929,536	605,459	663,997
Benefit payments, including refunds of employee contributions	(507,201)	(556,853)	(496,779)	(547,592)	(567,588)	(623,707)
Administrative expenses	(4,512)	(5,430)	(6,986)	(2,847)	(5,922)	(4,907)
Other expenses	-	-	-	-	(13,275)	-
Net change in plan fiduciary net position	(2,248,899)	2,927,375	759,340	926,689	3,199,714	1,094,280
Plan fiduciary net position, beginning	17,850,222	14,922,847	14,163,507	13,236,818	10,037,104	8,942,824
Plan fiduciary net position, ending	**$ 15,601,323**	**$ 17,850,222**	**$ 14,922,847**	**$ 14,163,507**	**$ 13,236,818**	**$ 10,037,104**
Plan net OPEB liability (asset)	**$ (2,270,000)**	**$ (5,607,951)**	**$ (3,209,373)**	**$ (3,034,726)**	**$ (960,814)**	**$ 1,725,542**
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	**117.0%**	**145.8%**	**127.4%**	**127.3%**	**107.8%**	**85.3%**
Covered payroll	**$ 15,796,851**	**$ 14,248,788**	**$ 13,335,529**	**$ 13,347,908**	**$ 12,060,330**	**$ 11,058,300**
Plan net OPEB liability (asset) as a percentage of covered payroll	**-14.4%**	**-39.4%**	**-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. During measurement year 2021, healthcare cost trend rates were adjusted. There was no change in assumptions during measurement period 2022.

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

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

OPEB Plan

Fiscal year ended June	2023	2022	2021	2020	2019	2018
Actuarially determined contributions (ADC)	$ 328,984	$ 223,697	$ 226,273	$ 229,107	$ 390,670	$ 594,813
Contributions in relation to the ADC	(459,025)	(507,201)	(556,853)	(496,779)	(547,592)	(3,181,040)
Contribution deficiency (excess)	**$ (130,041)**	**$ (283,504)**	**$ (330,580)**	**$ (267,672)**	**$ (156,922)**	**$ (2,586,227)**
Covered payroll	$ 17,294,753	$ 15,796,851	$ 14,248,788	$ 13,335,529	$ 13,347,908	$ 12,060,330
Contributions as a percentage of covered payroll	2.65%	3.21%	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, 2023 were as follows:

ADC for fiscal year	June 30, 2023
Actuarial valuation date	June 30, 2021
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 5.8% for initial year, fluctuating down to 3.9% in 2076 PMEHCA: 4.0% Dental and vision premium: 3.5%
Mortality	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 morality 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 six 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, 2022

	Bellarmino Place L.P. (3)	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)
Assets:										
Current assets:										
Cash:										
Unrestricted	$ 8,959,080	$ 479,896	$ 278,053	$ 773,119	$ 2,131,537	$ 2,815,537	$ 370,476	$ 969,541	$ 449,686	$ 3,881,317
Tenant security deposits	-	50,692	45,853	59,116	285,415	163,281	3,700	60,431	58,715	199,564
Total cash	8,959,080	530,588	323,906	832,235	2,416,952	2,978,818	374,176	1,029,972	508,401	4,080,881
Accounts receivable:										
Tenants	-	18,206	14,757	39,321	10,295	-	-	6,640	176,974	11,432
HUD	-	312	171	-	-	-	-	549	2,184	63,750
Others	13,475	6,574	6,734	5,236	-	-	828	1,691	5,258	14,310
Total accounts receivable, net	13,475	25,092	21,662	44,557	10,295	-	828	8,880	184,416	89,492
Prepaid expenses	-	25,910	17,054	55,030	315,691	106,465	6,383	21,842	16,992	80,612
Restricted cash and cash equivalents	-	2,376,511	193,148	1,015,546	1,234,871	2,967,945	51,044	86,766	6,436,492	3,965,072
Total current assets	8,972,555	2,958,101	555,770	1,947,368	3,977,809	6,053,228	432,431	1,147,460	7,146,301	8,216,057
Noncurrent assets:										
Prepaid costs, net	-	13,189	-	5,169	-	12,524	-	-	-	-
Capital assets:										
Nondepreciable	18,347,073	3,779,006	1,697,718	212,624	40,077	-	-	1,525,919	3,421,232	112,377
Depreciable	-	28,118,640	1,766,362	17,801,369	56,670,027	31,668,458	1,795,873	1,489,419	3,495,386	53,668,719
Total capital assets	18,347,073	31,897,646	3,464,080	18,013,993	56,710,104	31,668,458	1,795,873	3,015,338	6,916,618	53,781,096
Total noncurrent assets	18,347,073	31,910,835	3,464,080	18,019,162	56,710,104	31,680,982	1,795,873	3,015,338	6,916,618	53,781,096
Total assets	27,319,628	34,868,936	4,019,850	19,966,530	60,687,913	37,734,210	2,228,304	4,162,798	14,062,919	61,997,153
Liabilities:										
Current liabilities:										
Accounts payable	2,991,013	58,233	48,232	66,429	820,119	541,913	19,047	73,668	85,630	252,430
Payable to related parties	-	-	-	6,335	541,071	700,696	223	-	-	22,511
Due to primary government	-	1,391	139,958	757,176	15,872	13,900	175,259	10,950	10,000	3,211,002
Tenant security deposits	-	50,692	44,487	58,931	281,244	157,204	3,700	60,415	58,715	199,475
Unearned revenues	-	6,839	2,639	2,694	4,884	23,362	-	2,062	7,857	20,801
Interest payable	-	53,956	6,067	-	106,506	52,949	-	6,927	19,304	91,230
Current portion of long-term obligations	-	704,683	128,097	373,030	377,836	230,000	-	133,086	357,551	1,375,000
Total current liabilities	2,991,013	875,794	369,480	1,264,595	2,147,532	1,720,024	198,229	287,108	539,057	5,172,449
Noncurrent liabilities:										
Interest payable, net of current portion	-	-	-	-	2,782,377	242,345	-	-	-	-
Long-term obligations, net of current portion	-	12,981,142	256,553	3,661,611	49,937,617	23,383,571	-	823,627	7,991,062	6,147,868
Lease liabilities			-	-	-	-	-	-	-	-
Advance from primary government	19,178,360	14,469,140	2,686,083	5,695,619	-	-	1,790,867	-	-	16,537,189
Total noncurrent liabilities	19,178,360	27,450,282	2,942,636	9,357,230	52,719,994	23,625,916	1,790,867	823,627	7,991,062	22,685,057
Total liabilities	22,169,373	28,326,076	3,312,116	10,621,825	54,867,526	25,345,940	1,989,096	1,110,735	8,530,119	27,857,506
Net position:										
Net investment in capital assets	(831,287)	7,129,074	487,974	7,686,762	6,394,651	8,054,887	(169,848)	2,058,625	3,765,873	27,548,685
Restricted	-	2,376,511	193,148	1,015,546	1,234,871	2,967,945	51,044	86,766	1,238,624	3,965,072
Unrestricted (deficits)	5,981,542	(2,962,725)	26,612	642,397	(1,809,135)	1,365,438	358,012	906,672	528,303	2,625,890
Total net position	$ 5,150,255	$ 6,542,860	$ 707,734	$ 9,344,705	$ 5,820,387	$ 12,388,270	$ 239,208	$ 3,052,063	$ 5,532,800	$ 34,139,647

(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.
(3) Component unit was audited by other auditors as a subsidiary of the Villa Garcia, 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, 2022

	Laurel Grove Lane, L.P. (1)	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	$ 242,733	$ 475,407	$ 1,205,827	$ 139,398	$ -	$ 413,848	$ 138,293	$ -	$ 23,723,748
Tenant security deposits	104,575	114,551	95,000	6,000	-	58,135	44,334	-	1,349,362
Total cash	347,308	589,958	1,300,827	145,398	-	471,983	182,627	-	25,073,110
Accounts receivable:									
Tenants	36,435	6,795	1,790	-	-	12,518	12,142	-	347,305
HUD	80,429	-	30,294	-	-	1,235	-	-	178,924
Others	50,927	3,838	850	600	-	809	2,698	-	113,828
Total accounts receivable, net	167,791	10,633	32,934	600	-	14,562	14,840	-	640,057
Prepaid expenses	73,464	40,972	29,869	3,203	-	13,922	13,480	-	820,889
Restricted cash and cash equivalents	901,113	837,109	634,147	30,626	-	127,085	612,437	-	21,469,912
Total current assets	1,489,676	1,478,672	1,997,777	179,827	-	627,552	823,384	-	48,003,968
Noncurrent assets:									
Prepaid costs, net	36,655	26,354	90,030	-	-	-	-	-	183,921
Capital assets:									
Nondepreciable	2,731,360	1,506,600	6,435,756	-	-	1,857,880	-	(946,255)	40,721,367
Depreciable	48,211,810	34,136,256	56,517,608	1,065,587	-	2,061,376	2,272,229	(19,553,383)	321,185,736
Total capital assets	50,943,170	35,642,856	62,953,364	1,065,587	-	3,919,256	2,272,229	(20,499,638)	361,907,103
Total noncurrent assets	50,979,825	35,669,210	63,043,394	1,065,587	-	3,919,256	2,272,229	(20,499,638)	362,091,024
Total assets	52,469,501	37,147,882	65,041,171	1,245,414	-	4,546,808	3,095,613	(20,499,638)	410,094,992
Liabilities:									
Current liabilities:									
Accounts payable	144,020	123,174	126,548	12,907	-	93,507	120,728	-	5,577,598
Payable to related parties	8,200	-	10,000	172	-	-	-	-	1,289,208
Due to primary government	11,386	151,027	739,461	133,219	-	10,773	617	-	5,381,991
Tenant security deposits	104,575	114,409	95,000	6,000	-	55,473	47,294	-	1,337,614
Unearned revenues	32,852	51	65,321	-	-	4,097	20,951	-	194,410
Interest payable	-	98,673	-	-	-	93,000	-	-	528,612
Current portion of long-term obligations	559,332	566,682	302,634	-	-	344,475	93,000	-	5,545,406
Total current liabilities	860,365	1,054,016	1,338,964	152,298	-	601,325	282,590	-	19,854,839
Noncurrent liabilities:									
Interest payable, net of current portion	-	-	-	-	-	-	-	-	3,024,722
Long-term obligations, net of current portion	25,117,013	12,131,890	18,895,162	-	-	1,348,079	3,152,194	-	165,827,389
Lease liabilities	-	-	-	-	-	-	-	-	-
Advance from primary government	11,406,133	12,271,699	23,989,892	610,088	-	-	167,100	-	108,802,170
Total noncurrent liabilities	36,523,146	24,403,589	42,885,054	610,088	-	1,348,079	3,319,294	-	277,654,281
Total liabilities	37,383,511	25,457,605	44,224,018	762,386	-	1,949,404	3,601,884	-	297,509,120
Net position:									
Net investment in capital assets	16,885,234	11,997,637	23,426,581	325,476	-	2,226,702	(972,965)	(20,499,638)	95,514,423
Restricted	901,113	837,109	634,147	30,626	-	127,085	612,437	-	16,272,044
Unrestricted (deficits)	(2,700,357)	(1,144,469)	(3,243,575)	126,926	-	243,617	(145,743)	-	799,405
Total net position	$ 15,085,990	$ 11,690,277	$ 20,817,153	$ 483,028	$ -	$ 2,597,404	$ (506,271)	$ (20,499,638)	$ 112,585,872

(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.
(3) 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 - Discretely Presented Component Units
For Year Ended December 31, 2022

	Bellarmino Place L.P. (3)	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)
Operating revenues:										
Rental income	$ -	$ 2,308,944	887,107	$ 2,139,498	$ 7,046,887	$ 5,474,760	$ 340,612	$ 1,538,948	$ 1,910,317	$ 9,607,673
Tenant revenue - other	-	18,703	-	13,675	9,010	-	-	-	-	-
Donation and other	-	263	37,624	505	19,413	16,165	1,205	18,702	46,754	25,914
Total operating revenues	-	2,327,910	924,731	2,153,678	7,075,310	5,490,925	341,817	1,557,650	1,957,071	9,633,587
Operating expenses:										
Administrative	-	291,771	243,066	390,965	228,191	76,560	47,186	253,912	385,209	1,186,119
Utilities	-	144,058	88,384	93,081	556,600	311,082	16,673	169,429	113,283	579,763
Maintenance and operations	-	350,505	220,246	265,230	1,238,711	546,977	74,456	324,940	277,465	1,094,632
Marketing and leasing	-	2,916	-	1,963	-	75	-	-	-	6,711
Insurance and taxes	-	85,975	60,087	79,660	231,638	84,792	14,536	69,854	103,819	257,918
Other general expenses	-	46,695	-	-	307,947	501,984	71		-	-
Depreciation and amortization	-	1,050,702	167,737	637,760	1,954,357	971,227	155,108	399,671	244,619	2,121,138
Total operating expenses	-	1,972,622	779,520	1,468,659	4,517,444	2,492,697	308,030	1,217,806	1,124,395	5,246,281
Operating income (loss)	-	355,288	145,211	685,019	2,557,866	2,998,228	33,787	339,844	832,676	4,387,306
Nonoperating revenues (expenses):										
Investment income	1,015	6,832	44	2,380	7,300	808	21	184	269	1,452
Interest expense	-	(1,194,139)	(65,125)	(310,989)	(1,876,719)	(809,710)	(441)	(46,344)	(243,263)	(1,325,743)
Partnership and asset management fees	-	(15,201)	(10,000)	(6,335)	(69,588)	(379,056)	-	(10,000)	(10,000)	(67,530)
Incentive, issuer and investor service fees	-	-	-	-	(487,355)	(350,309)	-	-	-	(51,917)
Bond and loan fees	-	-	-	(4,000)	(28,076)	(40,512)	-	-	-	(148,928)
Other nonoperating revenue (expense), net	-	-	-	-	(1,095,413)	(849,927)	-	-	-	(36,330)
Total nonoperating revenues (expenses)	1,015	(1,202,508)	(75,081)	(318,944)	(3,549,851)	(2,428,706)	(420)	(56,160)	(252,994)	(1,628,996)
Income (loss) before capital contributions	1,015	(847,220)	70,130	366,075	(991,985)	569,522	33,367	283,684	579,682	2,758,310
Capital contributions (distributions)	5,149,585	(55,238)	-	-	(398,824)	(92,193)	-	(440,733)	(465,134)	(892,778)
Change in net position	5,150,600	(902,458)	70,130	366,075	(1,390,809)	477,329	33,367	(157,049)	114,548	1,865,532
Net position beginning of year, as reported	-	7,445,318	637,604	8,978,630	7,211,196	11,910,941	205,841	3,209,112	5,418,252	32,274,115
Change in reporting entity	(345)	-	-	-	-	-	-	-	-	-
Net position, beginning of year, as restated	(345)	7,445,318	637,604	8,978,630	7,211,196	11,910,941	205,841	3,209,112	5,418,252	32,274,115
Net position, ending of year	$ 5,150,255	$ 6,542,860	$ 707,734	$ 9,344,705	$ 5,820,387	$ 12,388,270	$ 239,208	$ 3,052,063	$ 5,532,800	$ 34,139,647

(Continued)

(1) Component unit was audited by other auditors.
(3) 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 - Discretely Presented Component Units (Continued)
For Year Ended December 31, 2022

	Laurel Grove Lane, L.P. (1)	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	$ 2,842,324	$ 2,594,236	$ 2,863,174	$ 275,688	$ -	$ 1,149,752	$ 955,178	$ -	$ 41,935,098
Tenant revenue - other	-	21,501	-	-	-	-	-	-	62,889
Donation and other	32,140	61,887	31,081	-	-	6,322	23,868	-	321,843
Total operating revenues	2,874,464	2,677,624	2,894,255	275,688	-	1,156,074	979,046	-	42,319,830
Operating expenses:				-					
Administrative	452,084	379,853	427,330	37,413	-	278,269	245,021	-	4,922,949
Utilities	253,521	251,037	179,209	10,815	-	103,936	94,461	-	2,965,332
Maintenance and operations	395,292	599,484	288,011	68,210	-	212,926	408,674	-	6,365,759
Marketing and leasing	-	3,536	-	-	-	-	-	-	15,201
Insurance and taxes	125,105	120,219	110,749	6,329	-	64,030	45,522	-	1,460,233
Other general expenses	-	-	-	55	-	-	-	-	856,752
Depreciation and amortization	1,450,695	1,172,544	1,683,419	94,516	-	172,658	206,297	-	12,482,448
Total operating expenses	2,676,697	2,526,673	2,688,718	217,338	-	831,819	999,975	-	29,068,674
Operating income (loss)	197,767	150,951	205,537	58,350	-	324,255	(20,929)	-	13,251,156
Nonoperating revenues (expenses):									
Investment income	121	921	42	10	-	140	920	-	22,459
Interest expense	(1,356,633)	(759,027)	(1,626,344)	(316)	-	(112,523)	(57,509)	-	(9,784,825)
Partnership and asset management fees	(52,569)	(30,000)	(10,000)	-	-	(10,000)	(12,359)	-	(682,638)
Incentive, issuer and investor service fees	-	-	-	-	-	-	-	-	(889,581)
Bond and loan fees	(12,809)	(22,708)	(17,889)	-	-	-	(52,651)	-	(327,573)
Other nonoperating revenue (expense), net	-	-	-	-	-	-	(30,685)	-	(2,012,355)
Total nonoperating revenues (expenses)	(1,421,890)	(810,814)	(1,654,191)	(306)	-	(122,383)	(152,284)	-	(13,674,513)
Income (loss) before capital contributions	(1,224,123)	(659,863)	(1,448,654)	58,044	-	201,872	(173,213)	-	(423,357)
Capital contributions (distributions)	-	-	2,459,568	-	-	-	-	-	5,264,253
Change in net position	(1,224,123)	(659,863)	1,010,914	58,044	-	201,872	(173,213)	-	4,840,896
Net position beginning of year, as reported	16,310,113	12,350,140	19,806,239	424,984	7,311,329	2,395,532	(333,058)	(20,499,638)	115,056,650
Change in reporting entity	-	-	-	-	(7,311,329)	-	-	-	(7,311,674)
Net position, beginning of year, as restated	16,310,113	12,350,140	19,806,239	424,984	-	2,395,532	(333,058)	(20,499,638)	107,744,976
Net position, ending of year	$ 15,085,990	$ 11,690,277	$ 20,817,153	$ 483,028	$ -	$ 2,597,404	$ (506,271)	$ (20,499,638)	$ 112,585,872

(1) Component unit was audited by other auditors.
(3) 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 by Programs
June 30, 2023

	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	Asset Management
Assets:										
Current assets:										
Unrestricted cash and cash equivalents	$ 13,366	$ 276	$ -	$ 407	$ 1,084,117	$ 4,945,382	$ 28,685,273	$ 156,099	$ 255,263	$ -
Unrestricted short term investments	-	184,090	-	-	-	5,539,046	-	-	3,003,104	-
Accounts receivable:										
Tenants	-	-	-	-	-	-	-	-	-	-
HUD	-	-	153,743	53,151	192,025	-	129,460,102	20,948	-	-
Others	-	-	-	7,386	604	-	179,490	26	667	7,518
Interest receivable	-	2,200	-	-	-	-	-	-	35,887	-
Due from other programs	-	-	-	1,582,569	39,614	-	-	-	599,485	117,482
Due from component units and related parties	-	-	-	69,251	-	288,478	32,462	-	-	38,298
Prepaid expenses	5,785	-	-	207,568	603	-	435,834	-	122,291	72,838
Restricted cash and cash equivalents	400	-	-	103	3,385,645	-	75,000	-	-	20,378
Restricted cash in FSS escrow	-	-	-	3,445,150	143,684	-	-	-	-	-
Restricted short term investments	-	-	-	-	-	-	-	-	-	-
Total current assets	19,551	186,566	153,743	5,365,585	4,846,292	10,772,906	158,868,161	177,073	4,016,697	256,514
Noncurrent assets:										
Long term investments	-	-	-	-	-	18,101,385	-	-	-	-
Restricted long term investments	-	-	-	2,009,325	-	-	-	-	155,890	103,927
Long-term receivables from non-related parties	-	-	-	-	-	-	5,541,001	-	-	-
Long-term receivables from component units and related parties	-	6,290,157	-	1,774,224	-	45,537,081	172,536,749	-	-	27,474
Net pension asset	-	-	-	8,870,811	-	-	-	-	796,674	1,158,331
Net OPEB asset	-	-	-	1,869,730	-	-	-	-	103,203	324,088
Equity interest in affiliated limited partnerships	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	1,727,858	-	89,093	135,510
Capital assets:										
Nondepreciable	153,635	-	-	15,209,739	-	5,333,062	37,511,200	-	8,352,500	238,272
Depreciable	492,982	-	-	3,891,395	-	-	548,493	-	7,831,100	12,606
Total capital assets	646,617	-	-	19,101,134	-	5,333,062	38,059,693	-	16,183,600	250,878
Total noncurrent assets	646,617	6,290,157	-	33,625,224	-	68,971,528	217,865,301	-	17,328,460	2,000,208
Total assets	666,168	6,476,723	153,743	38,990,809	4,846,292	79,744,434	376,733,462	177,073	21,345,157	2,256,722
Deferred outflows of resources:										
Pension items	-	-	8,757	8,082,284	93,170	-	-	4,693	706,056	280,974
Other post employment benefits (OPEB) items	-	-	-	1,980,446	26,397	-	-	624	147,745	103,933
Total deferred outflows of resources	-	-	8,757	10,062,730	119,567	-	-	5,317	853,801	384,907

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs
June 30, 2023

	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	Asset Management
Liabilities:										
Current liabilities:										
Accounts payable	1,340	-	33,503	444,341	270,403	-	293,030	411	59,346	20,803
Accrued wages and benefits	-	-	2,253	165,655	13,254	-	-	470	31,327	21,172
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	-	103	16,493	-	43,740	17,612	-	-
Due to other programs	-	-	115,554	675	38,525	-	-	-	282,881	685,645
Due to component units and related parties	1,020	-	-	-	-	-	-	-	-	1,341
Other accrued liabilities	4,040	-	-	-	-	-	-	-	-	20,378
Tenant security deposits	400	-	-	-	-	-	10,000	-	-	-
Unearned revenue	-	-	-	-	78,288	90	-	-	-	-
Current portion of accrued vacation and sick leave	-	-	226	103,807	8,617	-	-	351	9,846	13,769
Current potion of FSS escrow	-	-	-	356,195	5,340	-	-	-	-	-
Current portion of long-term obligations	-	-	-	1,259,678	-	-	-	-	-	-
Total current liabilities	6,800	-	151,536	2,330,454	430,920	90	346,770	18,844	383,400	763,108
Noncurrent liabilities:										
FSS escrow	-	-	-	3,088,955	138,344	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	2,207	1,047,110	84,324	-	-	3,445	91,024	128,227
Payable to component units and related parties, net of current portion	-	-	-	-	-	-	-	-	-	-
Other obligations, net of current portion	-	-	-	-	-	-	-	-	-	-
Long-term interest payable	-	-	-	708,659	-	-	-	-	-	-
Long-term obligations, net of current portion	-	-	-	2,975,126	-	-	-	-	-	-
Net pension liability	-	-	8,757	-	93,170	-	-	4,693	-	-
Net OPEB liability	-	-	-	-	26,397	-	-	624	-	-
Total noncurrent liabilities	-	-	10,964	7,819,850	342,235	-	-	8,762	91,024	128,227
Total liabilities	6,800	-	162,500	10,150,304	773,155	90	346,770	27,606	474,424	891,335
Deferred inflows of resources:										
Pension items	-	-	-	280,909	-	-	-	-	21,550	12,866
OPEB items	-	-	-	2,188,543	-	-	-	-	140,930	122,654
Total deferred inflows of resources	-	-	-	2,469,452	-	-	-	-	162,480	135,520
Net position:										
Net investment in capital assets	646,617	-	-	14,866,330	-	5,333,062	38,059,693	-	16,183,600	250,878
Restricted	-	-	-	12,749,969	3,126,432	-	65,000	-	1,055,767	1,586,346
Unrestricted	12,751	6,476,723	-	8,817,484	1,066,272	74,411,282	338,261,999	154,784	4,322,687	(222,450)
Total net position	$ 659,368	$ 6,476,723	$ -	$ 36,433,783	$ 4,192,704	$ 79,744,344	$ 376,386,692	$ 154,784	$ 21,562,054	$ 1,614,774

(Continued)

(1) Component units were audited by other auditors.
(2) As of December 31, 2022

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
June 30, 2023

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Assets:						
Current assets:						
Unrestricted cash and cash equivalents	$ 564,484	$ 1,755,079	$ 1,917,609	$ 21,794,013	$ -	$ 61,171,368
Unrestricted short term investments	1,749,582	21,145,545	-	-	-	31,621,367
Accounts receivable:						
Tenants	-	-	-	176,484	-	176,484
HUD	-	-	-	-	-	129,879,969
Others	-	1,682	7,654	166,656	-	371,683
Interest receivable	12,623	72,480	-	-	-	123,190
Due from other programs	-	431,772	186,637	-	(2,957,559)	-
Due from component units and related parties	-	-	-	998,085	(23,135)	1,403,439
Prepaid expenses	-	200	311,425	410,907	(614,630)	952,821
Restricted cash and cash equivalents	-	38,823	-	15,388,912	-	18,909,261
Restricted cash in FSS escrow	-	-	-	-	-	3,588,834
Restricted short term investments	-	487,161	-	-	-	487,161
Total current assets	2,326,689	23,932,742	2,423,325	38,935,057	(3,595,324)	248,685,577
Noncurrent assets:						
Long term investments	-	23,046,988	-	-	-	41,148,373
Restricted long term investments	-	-	-	-	-	2,269,142
Long-term receivables from non-related parties	-	-	-	262,994	-	5,803,995
Long-term receivables from component units and related parties	980,209	-	-	29,171,838	(81,833,346)	174,484,386
Net pension asset	-	-	-	-	(106,620)	10,719,196
Net OPEB asset	-	-	-	-	(27,021)	2,270,000
Equity interest in affiliated limited partnerships	-	-	-	6,405,366	-	6,405,366
Other assets	-	-	-	-	(1,952,461)	-
Capital assets:						
Nondepreciable	-	1,825,736	-	69,649,926	-	138,274,070
Depreciable	-	3,503,154	73,105	77,673,411	-	94,026,246
Total capital assets	-	5,328,890	73,105	147,323,337	-	232,300,316
Total noncurrent assets	980,209	28,375,878	73,105	183,163,535	(83,919,448)	475,400,774
Total assets	3,306,898	52,308,620	2,496,430	222,098,592	(87,514,772)	724,086,351
Deferred outflows of resources:						
Pension items	-	-	-	-	-	9,175,934
Other post employment benefits (OPEB) items	-	-	-	-	-	2,259,145
Total deferred outflows of resources	-	-	-	-	-	11,435,079

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
June 30, 2023

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Liabilities:						
Current liabilities:						
Accounts payable	-	43	440,501	1,761,641	-	3,325,362
Accrued wages and benefits	-	-	135,097	-	-	369,228
Accrued interest payable	-	-	-	1,077,559	-	1,077,559
Intergovernmental payable	-	-	-	-	-	77,948
Due to other programs	-	853,604	980,675	-	(2,957,559)	-
Due to component units and related parties	-	-	-	4,367,268	(1,349,817)	3,019,812
Other accrued liabilities	-	-	-	80	-	24,498
Tenant security deposits	-	-	-	865,741	-	876,141
Unearned revenue	-	1,703,942	-	38,191	(614,630)	1,205,881
Current portion of accrued vacation and sick leave	-	-	77,348	-	-	213,964
Current potion of FSS escrow	-	-	-	-	-	361,535
Current portion of long-term obligations	-	-	-	4,639,448	-	5,899,126
Total current liabilities	-	2,557,589	1,633,621	12,749,928	(4,922,006)	16,451,054
Noncurrent liabilities:						
FSS escrow	-	-	-	-	-	3,227,299
Accrued vacation and sick leave, net of current portion	-	-	796,718	-	-	2,153,055
Payable to component units and related parties, net of current portion	-	-	-	80,794,140	(80,506,664)	287,476
Other obligations, net of current portion	-	1,952,461	-	-	(1,952,461)	-
Long-term interest payable	-	-	-	7,566,225	-	8,274,884
Long-term obligations, net of current portion	-	-	-	95,931,077	-	98,906,203
Net pension liability	-	-	-	-	(106,620)	-
Net OPEB liability	-	-	-	-	(27,021)	-
Total noncurrent liabilities	-	1,952,461	796,718	184,291,442	(82,592,766)	112,848,917
Total liabilities	-	4,510,050	2,430,339	197,041,370	(87,514,772)	129,299,971
Deferred inflows of resources:						
Pension items	-	-	-	-	-	315,325
OPEB items	-	-	-	-	-	2,452,127
Total deferred inflows of resources	-	-	-	-	-	2,767,452
Net position:						
Net investment in capital assets	-	5,328,890	73,105	46,752,812	-	127,494,987
Restricted	-	525,984	-	14,523,171	(133,641)	33,499,028
Unrestricted	3,306,898	41,943,696	(7,014)	(36,218,761)	133,641	442,459,992
Total net position	$ 3,306,898	$ 47,798,570	$ 66,091	$ 25,057,222	$ -	$ 603,454,007

(1) Component units were audited by other auditors.
(2) As of December 31, 2022

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, 2023

	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	Asset Management
Operating revenues:										
Rental income	$ 24,076	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Service fees	-	-	-	-	1,776,984	-	-	-	-	-
HUD housing assistance payments earned	-	-	-	-	35,784,754	-	433,065,021	1,378,226	-	-
HUD administrative fees	-	-	-	-	3,088,993	-	25,236,585	113,094	-	-
FSS coordinator fees	-	-	510,969	-	-	-	-	-	-	-
Operating subsidy	-	-	-	-	-	-	19,282	-	-	-
Developer fee	-	-	-	-	-	-	-	-	1,447,664	-
Asset management fee	-	-	-	-	-	107,011	-	-	-	470,859
Other operating revenues	595	-	-	113,162	1,891	2	74,653	-	-	228,700
Total operating revenues	24,671	-	510,969	113,162	40,652,622	107,013	458,395,541	1,491,320	1,447,664	699,559
Operating expenses:										
Wages and benefits	3,541	-	-	10,967,069	1,481,494	-	-	58,019	1,496,002	1,262,807
Pension and OPEB expense	-	-	-	1,804,974	-	-	-	-	134,798	81,471
Administrative	576	-	-	1,166,789	106,083	75	-	4,879	189,135	128,258
Tenant services	2,908	-	502,212	217,517	1,776,984	-	-	-	-	-
Utilities	3,587	-	-	-	-	-	18,823	-	-	6,765
Maintenance and operations	18,476	-	-	-	-	-	66,837	-	-	31,609
General	7,213	-	-	107,117	13,225	-	6,618	151	154,645	10,249
Indirect allocation	-	-	-	8,448,936	1,142,967	-	-	28,867	843,840	510,013
Depreciation and amortization	30,836	-	-	906,688	-	-	7,054	-	66,400	936
Housing assistance payments	-	-	-	388,774,310	43,881,303	-	946,300	1,378,226	-	-
Other	2,280	-	-	1,352,853	164,585	-	-	1,881	104,025	44,969
Total operating expenses	69,417	-	502,212	413,746,253	48,566,641	75	1,045,632	1,472,023	2,988,845	2,077,077
Operating income (loss)	(44,746)	-	8,757	(413,633,091)	(7,914,019)	106,938	457,349,909	19,297	(1,541,181)	(1,377,518)
Nonoperating revenues (expenses):										
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Investment income	-	62,426	-	46,989	-	1,214,614	1,871,432	-	97,905	2,433
Interest expense	-	-	-	(89,071)	-	-	-	-	-	-
Other nonoperating revenues	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	-	62,426	-	(42,082)	-	1,214,614	1,871,432	-	97,905	2,433
Income (loss) before transfers	(44,746)	62,426	8,757	(413,675,173)	(7,914,019)	1,321,552	459,221,341	19,297	(1,443,276)	(1,375,085)
Capital contributions - grants	-	-	-	-	-	-	-	-	14,328,401	-
Capital distribution	-	-	-	-	-	-	-	-	-	-
Transfers in	19,282	-	-	412,917,926	39,614	-	2,500	-	1,921,599	1,390,000
Transfers out	-	-	(8,757)	(48,901)	(88,458)	-	(415,334,084)	(3,518)	-	-
Change in net position	(25,464)	62,426	-	(806,148)	(7,962,863)	1,321,552	43,889,757	15,779	14,806,724	14,915
Net position, beginning of year, as previously reported	684,832	6,414,297	-	37,239,931	12,155,567	78,422,792	332,496,935	139,005	6,755,330	1,599,859
Change in reporting entity	-	-	-	-	-	-	-	-	-	-
Net position, beginning of year, as restated	684,832	6,414,297	-	37,239,931	12,155,567	78,422,792	332,496,935	139,005	6,755,330	1,599,859
Net position, end of year	$ 659,368	$ 6,476,723	$ -	$ 36,433,783	$ 4,192,704	$ 79,744,344	$ 376,386,692	$ 154,784	$ 21,562,054	$ 1,614,774

(Continued)

(1) Component units were audited by other auditors.
(2) For the year ended December 31, 2022

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, 2023

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Operating revenues:						
Rental income	$ -	$ 612,753	$ -	$ 21,878,199	$ (604,630)	$ 21,910,398
Service fees	-	-	10,974,623	313,846	(10,974,623)	2,090,830
HUD housing assistance payments earned	-	-	-	-	-	470,228,001
HUD administrative fees	-	-	-	-	-	28,438,672
FSS coordinator fees	-	-	-	-	-	510,969
Operating subsidy	-	-	-	-	-	19,282
Developer fee	-	-	-	-	-	1,447,664
Asset management fee	-	-	-	243,019	-	820,889
Other operating revenues	-	38,348	3,502	1,171,209	-	1,632,062
Total operating revenues	-	651,101	10,978,125	23,606,273	(11,579,253)	527,098,767
Operating expenses:						
Wages and benefits	-	-	7,366,085	1,671,136	-	24,306,153
Pension and OPEB expense	-	-	-	-	-	2,021,243
Administrative	24,842	27,893	2,243,358	753,852	(604,630)	4,041,110
Tenant services	-	-	-	484,127	-	2,983,748
Utilities	-	18,430	199,826	2,029,928	-	2,277,359
Maintenance and operations	-	39,051	653,812	4,505,584	-	5,315,369
General	-	552,107	211,392	992,725	-	2,055,442
Indirect allocation	-	-	-	-	(10,974,623)	-
Depreciation and amortization	-	536,434	222,132	5,076,628	-	6,847,108
Housing assistance payments	-	-	-	-	-	434,980,139
Other	-	762,409	356,670	2,277,589	-	5,067,261
Total operating expenses	24,842	1,936,324	11,253,275	17,791,569	(11,579,253)	489,894,932
Operating income (loss)	(24,842)	(1,285,223)	(275,150)	5,814,704	-	37,203,835
Nonoperating revenues (expenses):						
Gain (loss) on disposal of capital assets	-	(11,867,429)	-	(429,256)	-	(12,296,685)
Investment income	50,266	451,057	-	1,491,675	-	5,288,797
Interest expense	-	-	-	(5,162,119)	-	(5,251,190)
Other nonoperating revenues	221,062	-	-	-	-	221,062
Total nonoperating revenues (expenses)	271,328	(11,416,372)	-	(4,099,700)	-	(12,038,016)
Income (loss) before transfers	246,486	(12,701,595)	(275,150)	1,715,004	-	25,165,819
Capital contributions - grants	-	-	-	-	-	14,328,401
Capital distributions	-	-	-	(1,008,844)	-	(1,008,844)
Transfers in	-	-	323,290	-	(416,614,211)	-
Transfers out	-	(1,130,493)	-	-	416,614,211	-
Change in net position	246,486	(13,832,088)	48,140	706,160	-	38,485,376
Net position, beginning of year, as previously reported	3,060,412	61,630,658	17,951	17,039,388	-	557,656,957
Change in reporting entity	-	-	-	7,311,674	-	7,311,674
Net position, beginning of year, as restated	3,060,412	61,630,658	17,951	24,351,062	-	564,968,631
Net position, end of year	$ 3,306,898	$ 47,798,570	$ 66,091	$ 25,057,222	$ -	$ 603,454,007

(1) Component units were audited by other auditors.
(2) For the year ended December 31, 2022

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Blended Component Units
December 31, 2022

	AE Associates, Ltd. (1)	Alvarado Park LP (2)	Avenida Espana 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)	Hawthorn Senior Apartments LP (3)
Assets:											
Current assets:											
Unrestricted cash and cash equivalents	$ 23,484	$ 482,767	$ 2,488,864	$ 735,408	$ -	$ 587,127	$ 141,717	$ 1,515,797	$ 618,905	$ 236,263	$ 506,604
Accounts receivable:											
Tenants	95	-	-	2,516	-	37,326	-	-	5,605	662	-
Others	86,473	-	-	1,891	-	50,377	-	-	3,924	2,052	-
Due from component units and related parties	-	-	340,119	-	-	-	26,067	40,000	-	-	-
Prepaid expenses	43,488	-	-	54,486	-	28,547	-	-	26,010	36,844	-
Restricted cash and cash equivalents	493,588	-	-	1,595,100	-	3,318,142	-	-	2,481,944	2,007,672	-
Total current assets	647,128	482,767	2,828,983	2,389,401	-	4,021,519	167,784	1,555,797	3,136,388	2,283,493	506,604
Noncurrent assets:											
Long-term receivables from non-related parties	-	-	-	-	-	-	-	-	-	-	-
Long-term receivables from component units and related parties	-	-	-	-	-	-	70,349	-	-	-	-
Equity interest in affiliated limited partnerships	-	-	7,099,224	-	-	-	(1,511,022)	(3,034,775)	-	-	-
Capital assets:											
Nondepreciable	572,324	2,400,197	-	4,049,218	-	5,870,629	-	-	3,818,724	2,612,715	662,824
Depreciable	2,109,237	-	-	7,928,881	-	3,300,015	-	-	8,540,319	6,398,628	-
Total capital assets	2,681,561	2,400,197	-	11,978,099	-	9,170,644	-	-	12,359,043	9,011,343	662,824
Total noncurrent assets	2,681,561	2,400,197	7,099,224	11,978,099	-	9,170,644	(1,440,673)	(3,034,775)	12,359,043	9,011,343	662,824
Total assets	3,328,689	2,882,964	9,928,207	14,367,500	-	13,192,163	(1,272,889)	(1,478,978)	15,495,431	11,294,836	1,169,428
Liabilities:											
Current liabilities:											
Accounts payable	156,889	17,601	9,900	69,820	-	105,365	8,900	9,400	127,166	64,724	170,056
Accrued interest payable	11,588	-	-	144,544	-	234,147	-	-	326,603	154,120	-
Due to component units and related parties	73,961	-	536,732	660,004	-	502,653	-	-	39,810	59,733	-
Other accrued liabilities	-	-	-	13	-	-	-	-	-	38	-
Tenant security deposits	45,963	-	-	96,650	-	143,304	-	-	78,733	65,150	-
Unearned revenue	338	-	-	-	-	7,469	-	-	1,536	291	-
Current portion of long-term obligations	1,072,860	-	-	130,000	-	300,000	-	-	281,878	140,000	-
Total current liabilities	1,361,599	17,601	546,632	1,101,031	-	1,292,938	8,900	9,400	855,726	484,056	170,056
Noncurrent liabilities:											
Payable to component units and related parties, net of current portion	7,099	2,866,901	12,330,000	7,977,673	-	8,836,106	-	-	-	63,933	1,000,000
Long-term interest payable	2,798,548	-	-	-	-	-	-	-	567,226	2,155,516	-
Long-term obligations, net of current portion	3,280,144	-	-	4,555,000	-	9,435,150	-	-	14,084,548	10,101,092	-
Total noncurrent liabilities	6,085,791	2,866,901	12,330,000	12,532,673	-	18,271,256	-	-	14,651,774	12,320,541	1,000,000
Total liabilities	7,447,390	2,884,502	12,876,632	13,633,704	-	19,564,194	8,900	9,400	15,507,500	12,804,597	1,170,056
Net position:											
Net investment in capital assets	(1,671,443)	2,400,197	-	7,293,099	-	(564,506)	-	-	(2,007,383)	(1,229,749)	662,824
Restricted	447,625	-	-	1,498,450	-	3,174,838	-	-	2,403,211	1,942,522	-
Unrestricted	(2,894,883)	(2,401,735)	(2,948,425)	(8,057,753)	-	(8,982,363)	(1,281,789)	(1,488,378)	(407,897)	(2,222,534)	(663,452)
Total net position	$ (4,118,701)	$ (1,538)	$ (2,948,425)	$ 733,796	$ -	$ (6,372,031)	$ (1,281,789)	$ (1,488,378)	$ (12,069)	$ (1,509,761)	$ (628)

(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.
(3) Component unit was audited by other auditors as a subsidiary of the DeRose HDC, 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, 2022

	Helzer Associates LP (1)	Klamath Associates LP (1)	Pinmore HDC, Inc. (1)	Poco Way HDC, Inc. (1)	Rincon Gardens Associates, L.P. (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	$ 1,059,836	$ 283,530	$ 1,744,558	$ 2,089,619	$ 2,001,245	$ 1,678,164	$ 825,247	$ 545,946	$ 3,989,968	$ 238,964	$ -	$ 21,794,013
Accounts receivable:												
Tenants	30,434	2,750	-	61,094	5,390	11,298	-	19,314	-	-	-	176,484
Others	-	1,695	-	-	2,794	80	16,427	713	230	-	-	166,656
Due from component units and related parties	-	-	45,113	124,431	-	10,000	-	47,449	639,094	-	(274,188)	998,085
Prepaid expenses	42,489	10,787	-	8,162	90,691	27,926	8,504	32,973	-	-	-	410,907
Restricted cash and cash equivalents	1,936,683	51,046	-	34,227	2,658,844	264,891	187,070	359,705	-	-	-	15,388,912
Total current assets	3,069,442	349,808	1,789,671	2,317,533	4,758,964	1,992,359	1,037,248	1,006,100	4,629,292	238,964	(274,188)	38,935,057
Noncurrent assets:												
Long-term receivables from non-related parties	-	-	-	262,994	-	-	-	-	-	-	-	262,994
Long-term receivables from component units and related parties	-	-	169,750	11,658,700	-	-	-	129,787	4,978,674	12,228,511	(63,933)	29,171,838
Equity interest in affiliated limited partnerships	-	-	(4,768,594)	-	-	5,532,800	-	1,937,926	593	1,149,214	-	6,405,366
Capital assets:												
Nondepreciable	2,690,280	828,814	-	45,804,932	26,563	-	312,706	-	-	-	-	69,649,926
Depreciable	11,668,219	798,979	-	841,772	28,507,143	2,931,545	613,447	4,035,226	-	-	-	77,673,411
Total capital assets	14,358,499	1,627,793	-	46,646,704	28,533,706	2,931,545	926,153	4,035,226	-	-	-	147,323,337
Total noncurrent assets	14,358,499	1,627,793	(4,598,844)	58,568,398	28,533,706	8,464,345	926,153	6,102,939	4,979,267	13,377,725	(63,933)	183,163,535
Total assets	17,427,941	1,977,601	(2,809,173)	60,885,931	33,292,670	10,456,704	1,963,401	7,109,039	9,608,559	13,616,689	(338,121)	222,098,592
Liabilities:												
Current liabilities:												
Accounts payable	284,764	27,225	10,900	335,160	144,202	78,115	15,813	106,741	10,500	8,400	-	1,761,641
Accrued interest payable	90,201	22,346	-	-	47,601	2,206	44,203	-	-	-	-	1,077,559
Due to component units and related parties	342,945	8,708	-	40,446	2,013,570	272,424	46,153	44,317	-	-	(274,188)	4,367,268
Other accrued liabilities	-	-	-	-	29	-	-	-	-	-	-	80
Tenant security deposits	175,555	11,472	-	33,680	78,100	64,276	7,605	65,253	-	-	-	865,741
Unearned revenue	648	4,729	-	2,138	3	7,601	3	13,435	-	-	-	38,191
Current portion of long-term debt	335,000	46,346	-	-	651,743	216,142	1,528	1,463,951	-	-	-	4,639,448
Total current liabilities	1,229,113	120,826	10,900	411,424	2,935,248	640,764	115,305	1,693,697	10,500	8,400	(274,188)	12,749,928
Noncurrent liabilities:												
Payable to component units and related parties, net of current portion	8,526,098	490,115	-	19,469,999	13,013,688	2,648,140	1,025,161	1,501,717	-	1,101,443	(63,933)	80,794,140
Long-term interest payable	-	919,603	-	-	-	111,690	1,013,642	-	-	-	-	7,566,225
Long-term obligations, net of current portion	12,736,567	856,298	-	29,000,000	9,916,529	280,890	1,489,500	195,359	-	-	-	95,931,077
Total noncurrent liabilities	21,262,665	2,266,016	-	48,469,999	22,930,217	3,040,720	3,528,303	1,697,076	-	1,101,443	(63,933)	184,291,442
Total liabilities	22,491,778	2,386,842	10,900	48,881,423	25,865,465	3,681,484	3,643,608	3,390,773	10,500	1,109,843	(338,121)	197,041,370
Net position:												
Net investment in capital assets	1,286,932	725,149	-	17,646,704	17,965,434	2,434,513	(564,875)	2,375,916	-	-	-	46,752,812
Restricted	1,761,128	39,574	-	547	2,580,744	200,615	179,465	294,452	-	-	-	14,523,171
Unrestricted	(8,111,897)	(1,173,964)	(2,820,073)	(5,642,743)	(13,118,973)	4,140,092	(1,294,797)	1,047,898	9,598,059	12,506,846	-	(36,218,761)
Total net position	$ (5,063,837)	$ (409,241)	$ (2,820,073)	$ 12,004,508	$ 7,427,205	$ 6,775,220	$ (1,680,207)	$ 3,718,266	$ 9,598,059	$ 12,506,846	$ -	$ 25,057,222

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(3) Component unit was audited by other auditors as a subsidiary of the DeRose HDC, 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, 2022

	AE Associates, Ltd. (1)	Alvardo Park LP (2)	Avenida Espana 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)	Hawthorn Senior Apartments LP (1)
Operating revenues:											
Rental income	$ 834,178	$ -	$ -	$ 1,974,123	$ -	$ 2,748,683	$ -	$ -	$ 2,001,746	$ 1,301,266	$ -
Service fees	-	-	151,586	-	-	-	30,000	30,000	-	-	-
Asset management fee	-	-	176,603	-	-	-	6,416	10,000	-	-	-
Other operating revenues	11,876	-	-	10,149	-	38,925	(128,660)	203,318	94,835	6,451	-
Total operating revenues	846,054	-	328,189	1,984,272	-	2,787,608	(92,244)	243,318	2,096,581	1,307,717	-
Operating expenses:											
Wages and benefits	118,347	-	-	136,549	-	222,076	-	-	123,287	120,777	-
Administrative	53,803	166	9,900	34,861	-	67,637	9,361	11,800	40,294	30,813	628
Tenant services	39,199	-	-	53,903	-	42,575	-	-	43,071	42,423	-
Utilities	155,363	-	-	148,893	-	205,583	-	-	155,253	137,662	-
Maintenance and operations	255,993	-	-	307,156	-	472,569	-	-	396,971	289,470	-
General	70,603	-	100	59,383	-	162,404	25	2,600	86,578	55,137	-
Depreciation and amortization	252,916	-	-	405,265	-	796,174	-	-	477,333	354,192	-
Other	76,561	-	489,518	132,350	-	158,908	23,850	10,000	132,877	108,498	-
Total operating expenses	1,022,785	166	499,518	1,278,360	-	2,127,926	33,236	24,400	1,455,664	1,138,972	628
Operating income (loss)	(176,731)	(166)	(171,329)	705,912	-	659,682	(125,480)	218,918	640,917	168,745	(628)
Nonoperating revenues (expenses):											
Gain (loss) on disposal of capital assets	-	-	-	(329,621)	-	-	-	-	-	-	-
Investment income	217	244	1,331	42,847	-	109,636	-	-	102,349	126,166	-
Interest expense	(98,732)	-	-	(458,948)	-	(849,052)	-	-	(616,498)	(423,584)	-
Total nonoperating revenues (expenses)	(98,515)	244	1,331	(745,722)	-	(739,416)	-	-	(514,149)	(297,418)	-
Income (loss) before capital contribution	(275,246)	78	(169,998)	(39,810)	-	(79,734)	(125,480)	218,918	126,768	(128,673)	(628)
Capital distributions	-	-	-	-	-	-	-	-	(145,057)	-	-
Change in net position	(275,246)	78	(169,998)	(39,810)	-	(79,734)	(125,480)	218,918	(18,289)	(128,673)	(628)
Net position, beginning of year, as previously reported	(3,843,455)	(1,616)	(2,778,427)	773,606	(345)	(6,292,297)	(1,156,309)	(1,707,296)	6,220	(1,381,088)	-
Change in reporting entity	-	-	-	-	345	-	-	-	-	-	-
Net position, beginning of year, as restated	(3,843,455)	(1,616)	(2,778,427)	773,606	-	(6,292,297)	(1,156,309)	(1,707,296)	6,220	(1,381,088)	-
Net position, end of year	$ (4,118,701)	$ (1,538)	$ (2,948,425)	$ 733,796	$ -	$ (6,372,031)	$ (1,281,789)	$ (1,488,378)	$ (12,069)	$ (1,509,761)	$ (628)

(Continued)

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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, 2022

	Helzer Associates LP (1)	Klamath Associates LP (1)	Pinmore HDC, Inc. (1)	Poco Way HDC, Inc. (1)	Rincon Gardens Associates, L.P. (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	$ 3,458,420	$ 328,667	$ -	$ 831,962	$ 5,604,327	$ 1,393,679	$ 320,273	$ 1,080,875	$ -	$ -	$ 21,878,199
Service fees	-	-	79,559	-	-	-	-	7,500	-	15,201	313,846
Asset management fee	-	-	-	-	-	10,000	-	40,000	-	-	243,019
Other operating revenues	68,543	6,917	-	169,121	27,783	608,227	42,222	10,372	1,130	-	1,171,209
Total operating revenues	3,526,963	335,584	79,559	1,001,083	5,632,110	2,011,906	362,495	1,138,747	1,130	15,201	23,606,273
Operating expenses:											
Wages and benefits	197,845	37,488	-	131,390	272,863	134,131	45,693	130,690	-	-	1,671,136
Administrative	103,539	27,464	10,900	129,270	79,607	61,187	22,591	40,331	11,300	8,400	753,852
Tenant services	42,163	11,660	-	2,031	107,869	42,990	19,015	37,228	-	-	484,127
Utilities	255,300	47,632	-	211,422	417,464	176,621	2,907	115,828	-	-	2,029,928
Maintenance and operations	783,789	82,616	-	506,441	609,324	339,741	77,780	383,734	-	-	4,505,584
General	163,759	13,529	875	110,575	73,645	74,555	60,969	57,753	135	100	992,725
Depreciation and amortization	681,881	59,578	-	247,710	1,171,373	310,905	76,551	242,750	-	-	5,076,628
Other	207,575	24,234	107,105	85,614	474,070	87,249	18,195	140,900	-	85	2,277,589
Total operating expenses	2,435,851	304,201	118,880	1,424,453	3,206,215	1,227,379	323,701	1,149,214	11,435	8,585	17,791,569
Operating income (loss)	1,091,112	31,383	(39,321)	(423,370)	2,425,895	784,527	38,794	(10,467)	(10,305)	6,616	5,814,704
Nonoperating revenues (expenses):											
Gain (loss) on disposal of capital assets	-	-	-	-	(52,281)	-	-	(47,354)	-	-	(429,256)
Investment income	18,947	26	-	261,052	2,110	464	136	301,850	134,889	389,411	1,491,675
Interest expense	(1,043,656)	(64,296)	-	(2,865)	(1,396,061)	(99,886)	(67,632)	(10,404)	-	(30,505)	(5,162,119)
Total nonoperating revenues (expenses)	(1,024,709)	(64,270)	-	258,187	(1,446,232)	(99,422)	(67,496)	244,092	134,889	358,906	(4,099,700)
Income (loss) before capital contribution	66,403	(32,887)	(39,321)	(165,183)	979,663	685,105	(28,702)	233,625	124,584	365,522	1,715,004
Capital distributions	-	-	-	-	(863,787)	-	-	-	-	-	(1,008,844)
Change in net position	66,403	(32,887)	(39,321)	(165,183)	115,876	685,105	(28,702)	233,625	124,584	365,522	706,160
Net position, beginning of year, as previously reported	(5,130,240)	(376,354)	(2,780,752)	12,169,691	-	6,090,115	(1,651,505)	3,484,641	9,473,475	12,141,324	17,039,388
Change in reporting entity	-	-	-	-	7,311,329	-	-	-	-	-	7,311,674
Net position, beginning of year, as restated	(5,130,240)	(376,354)	(2,780,752)	12,169,691	7,311,329	6,090,115	(1,651,505)	3,484,641	9,473,475	12,141,324	24,351,062
Net position, end of year	$ (5,063,837)	$ (409,241)	$ (2,820,073)	$ 12,004,508	$ 7,427,205	$ 6,775,220	$ (1,680,207)	$ 3,718,266	$ 9,598,059	$ 12,506,846	$ 25,057,222

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