SANTA CLARA COUNTY
HOUSING AUTHORITY

Basic Financial Statements and
Supplementary Information

For the Year Ended June 30, 2020

MGO Certified Public Accountants

SANTA CLARA COUNTY HOUSING AUTHORITY

(A Component Unit of the County of Santa Clara)

Table of Contents

June 30, 2020

Page

FINANCIAL SECTION:

Independent Auditor's Report 1

Management's Discussion and Analysis (Required Supplementary Information – Unaudited) 5

Basic Financial Statements:

Statement of Net Position 12

Statement of Revenues, Expenses, and Changes in Net Position 14

Statement of Cash Flows 15

Notes to the Basic Financial Statements 17

REQUIRED SUPPLEMENTARY INFORMATION (other than MD&A):

Schedule of Changes in Net Pension Liability and Related Ratios 79

Schedule of Pension Contributions 80

Schedule of Changes in Net OPEB Liability and Related Ratios 81

Schedule of OPEB Contributions 82

OTHER SUPPLEMENTARY INFORMATION:

Combining Statement of Net Position – Discretely Presented Component Units 83

Combining Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units 85

Combining Statement of Net Position by Programs 87

Combining Statement of Revenues, Expenses, and Changes in Net Position by Programs 91

Combining Schedule of Net Position by Program – Blended Component Units 93

Combining Schedule of Revenues, Expenses, and Changes in Net Position by Program – Blended Component Units 95

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Santa Clara County Housing Authority, California (Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Authority's blended component units, which includes AE Associates, Ltd., Alvarado Park LP, Avenida Espana HDC, Inc., Bascom HACSC Associates, Bellarmino Place LP; Blossom River Associates LP, Bracher HDC Inc., DeRose HDC, Inc., HACSC/Choices Family Associates, HACSC/Choices Senior Associates, Helzer Associates, LP, Klamath Associates LP, Pinmore HDC, Inc., Poco Way HDC, Inc., Rotary Plaza/HACSC HDC, Inc., San Pedro Gardens Associates, Ltd., S.P.G. Housing, Inc., Villa Garcia, Inc., and Villa San Pedro HDC, Inc., which collectively represent 31.3% of assets, 3.3% of net position, and 3.8% of revenues of the business-type activities opinion unit. We also did not audit the aggregate discretely presented component units of the Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely on the reports of the other auditors.

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (primary government) and the aggregate discretely presented component units of the Authority as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
January 15, 2021

This page left intentionally blank.

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 ended June 30, 2020. Please read it in conjunction with the Authority's financial statements, which follows this section.

Financial Highlights

The assets and deferred outflows of resources of the Authority exceeded the liabilities and deferred inflows of resources by $473.7 million (net position). $30.2 million of the net position balance is restricted for specific purposes; $106.2 million is related to the Authority's investment in capital assets and is not available to meet on-going obligations; and $337.2 million is unrestricted and available for meeting on-going obligations.

The Authority's total increase in net position of $38.6 million to $473.7 million is a result of an increase in operating activity primarily from the Moving-To-Work, Special Purpose Vouchers, Public Housing Proceeds and Housing Authority Reserve Account (HARA)

Effective July 1, 2019, the Authority reclassified and included as part of its primary government three of its component from discretely presented after its acquisitions of the limited partners interest. This change in presentation resulted in an increase to the Authority's primary government's beginning net position in the amount of $26 thousand.

Overview of the Financial Statements

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

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

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

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

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 $38.6 million as shown in the table below represents an increase in current year operations. For details explaining the changes to the net position refer to the Financial Highlights section noted above.

The following table indicates the net position as of June 30, 2020 and 2019 (in thousands):

	June 30		Increase (Decrease)	
	2020	2019	Amount	Percent (%)
Assets:				
Current assets	$ 226,331	$ 187,647	$ 38,684	21%
Noncurrent and other assets	157,571	160,604	(3,033)	-2%
Capital assets	193,495	145,331	48,164	33%
Total assets	577,397	493,582	83,815	17%
Deferred outflows of resources related to pensions and OPEB	5,967	6,028	(61)	-1%
Liabilities:				
Current liabilities	9,623	6,656	2,967	45%
Noncurrent liabilities	96,646	55,604	41,042	74%
Total liabilities	106,269	62,260	44,009	71%
Deferred inflows of resources related to pensions and OPEB	3,415	2,244	1,171	52%
Net Position				
Net investment in capital assets	106,221	94,788	11,433	12%
Restricted	30,215	23,002	7,213	31%
Unrestricted	337,244	317,316	19,928	6%
Total net position	$ 473,680	$ 435,106	$ 38,574	9%

As previously discussed, the Authority reclassified and included as part of its primary government three of its component units from discretely presented to blended after its acquisitions of the limited partners interest. The cumulative effect of this change is reported as a reclassification of the beginning net position as of July 1, 2019 as discussed in Note 1 to the financial statements. The Authority's net increase in total assets of $83.8 million is primarily due to the following:

- An increase in the receivables of $15.9 million from U.S. Department of Housing and Urban Development HUD for Moving-to-Work (MTW) program funds is related to increase in MTW revenues for fiscal year (FY) 2020.
- An increase in cash, cash equivalents, and short-term investment of $15.7 million is due to the operations of Development Services, HARA, MTW, Public Housing Proceeds Program, Section 8 Rental Vouchers, Special Purpose Vouchers and Blended Component units.
- An increase in cash and cash equivalents of $6.8 million and capital assets of $36.7 million is related to the reclassification of the Authority's component units.

- A net decrease of $1.2 million in long-term notes and interest receivables from related parties due to loan and interest payments received from cash flow distribution of affiliate entities.
- A decrease of $0.3 million in equity interest in affiliate limited partnerships
- The above decreases were offset by a net increase in the net pension and net OPEB assets of $0.8 million.

The Authority's net increase in total liabilities of $44.0 million is primarily due to the following:

- An increase in accounts payable of $0.6 million is related to timing delays in the payment of invoices.
- The net increase in Family Self Sufficiency Escrow balances of $0.6 million is due to increase in participants and changes in tenant income during the FY 2020.
- An increase in accrued sick and vacation of $0.5 million is due to increase in employee accrued vacation hours because of new hires, higher pay rates and less vacation hours taken due to the COVID 19 pandemic.
- Increase in long-term obligations of $43.1 million related to the reclassification of the Authority's component units.
- The above increases were offset by a decrease in other long-term obligations of $0.8 million

The increase of $1.2 million in deferred inflows of resources is primarily due to a net increase of $1.4 million for OPEB related balances offset by a net decrease of $0.2 million for pension related balances.

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, 2020 and 2019 is shown in the following table (in thousands):

	June 30		Increase (Decrease)	
	2020	2019	Amount	Percent (%)
Operating revenues				
Rental income	$ 14,583	$ 9,009	$ 5,574	62%
Service fees	339	249	90	36%
Housing assistance payment earned	390,955	390,893	62	0%
HUD administrative fees	19,150	17,834	1,316	7%
HUD administrative fees - Cares Act	3,673	-	3,673	n/a
Other	5,156	5,029	127	3%
Total operating revenues	433,856	423,014	10,842	3%
Operating expenses				
Wages and benefits	19,261	18,128	1,133	6%
Pension and OPEB expense	2,107	1,408	699	50%
Administrative	2,843	2,301	542	24%
Tenant services	805	608	197	32%
Utilities	1,534	1,079	455	42%
Maintenance and operations	3,507	2,114	1,393	66%
General	1,552	2,275	(723)	-32%
Depreciation and amortization	4,222	2,851	1,371	48%
Housing assistance payments	354,438	320,816	33,622	10%
Other	8,031	3,802	4,229	111%
Total operating expenses	398,300	355,382	42,918	12%
Operating income	35,556	67,632	(32,076)	-47%
Nonoperating revenues (expenses)				
State Grants	-	418	(418)	n/a
Investment income	7,100	6,941	159	2%
Interest expense	(4,108)	(2,703)	(1,405)	52%
Total nonoperating revenues (expenses)	2,992	4,656	(1,664)	-36%
Income before special items	38,548	72,288	(33,740)	-47%
Special items	-	(1,517)	1,517	n/a
Change in net position	38,548	70,771	(32,223)	-46%
Net position, beginning of year	435,106	364,335	70,771	19%
Change in reporting entity	26	-	26	n/a
Net position, beginning of year, as reclassified	435,132	364,335	70,797	19%
Net position, end of year	$ 473,680	$ 435,106	$ 38,574	9%

Revenues: As compared to 2019, the 2020 operating revenues increased by $10.8 million primarily due to the following:

- Rental income increased by $5.6 million primarily due to the rental income from the following component units that were included with the primary government: HACSC/Choices Family Associates, HACSC/Choices Senior Associates and Bascom HACSC Associates.
- $1.3 million increase in HUD administrative fees is related to an increase of approximately 6,145 units months leased for vouchers (including project-based voucher vacancies) and 2% increase in administrative fee rates per unit for fiscal year 2020.
- The Authority received $3.7 million in CARES Act funding for fiscal year 2020 related to the COVID-19 pandemic.

Net Non-Operating Revenues (Expenses): Net non-operating revenues (expenses) increased by $1.7 million primarily due to the inclusion of interest expense from the three discrete component units as previously discussed.

Expenses: As compared to 2019, the total operating expenses in 2020 increased by $42.9 million, mainly due to the following:

- HAP payments increased by $33.6 million primarily due to the following reasons:
  - Change in payment standards for Studios and Single Room Occupancy (SRO) units to align with the allowable HUD Fair Market Rent (FMR) rates of 90% to 130%. The revised payment standard was applied to new contracts, interims, upcoming reexaminations and changes in subsidy size for MTW programs.
  - Effective March 1, 2020 the payment standards for SRO, 1 and 2 bedroom units were increased to 96% of the HUD's FMR issued on October 1, 2019. The revised payment standard was applied to new contracts, interims, upcoming reexaminations and changes in subsidy size for MTW programs.
  - A 2% increase in the lease up rate for HCV program.

  In addition to the above changes the Authority also implemented several temporary policy changes in response to the COVID 19 pandemic, which resulted in increased HAP payments.
- Wages and benefits increased by $1.1 million, due to the 2.5% cost-of-living allowance and employee merit increases that were incurred in fiscal year 2020.
- Maintenance and operations expense increased by $1.4 million primarily due to the maintenance and operations expense from the three discrete component units that the Authority reclassified as blended in fiscal year 2020.
- Depreciation and amortization increased by $1.4 million primarily due to the three discretely presented component units that the Authority reclassified as blended in fiscal year 2020.
- Other expenses increased by $4.2 million due to the following reasons:
  - The Authority paid $3.0 million for the acquisition of the limited partnership interest in the Bascom Associates.
  - The Authority returned $0.5 million in state in that it did not utilized in 2020.
  - The remaining $0.7 million relates to program promotion, administrative contracts and property management fees.
- The above increases were offset by $0.7 million decrease in general expenses related to one-time relocation costs paid to existing tenants in fiscal year 2019.

Financial Analysis of the Authority's Programs

At the end of the fiscal year, the unrestricted net position for the MTW program was $224.8 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 $70.7 million for the Public Housing Proceeds program. These funds are related to the disposition of the Authority's properties under the HUD's Conventional Housing Program.

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

Programs	Amount
Conventional Housing	$ (6)
Public Housing Capital	3,649
Section 8 Rental Voucher	2,292
Special Purpose Voucher	666
Section 8 Moderate Rehabilitation	164
Real Estate Services	(72)
Development Services	3,587

Capital Acquisitions and Construction Activities

During the fiscal year ended June 30, 2020, the Authority's activities related to construction and rehabilitation of the various projects were not significant. Excluding the increase in capital assets of $36.7 million related to the change in reporting entities, the remaining net increase of capital assets includes the acquisition of land related to Derose Garden apartment for $11.3 million. CIP additions of $2.8 million were mainly related to pre-development activity for the Buena Vista, East Santa Clara, Race Street projects and the Tenant Applicant Portal development. Increase in structures of $0.4 million is related to Helzer, SPG Housing and Rotary Plaza. Office equipment additions were $0.4 million related to the Authority and $0.5 million for blended component units. These increases were offset by depreciation expense 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)	
	2020	2019	Amount	Percent (%)
Section 8 Rental Voucher Program				
Notes payable	$ 972	$ 972	$ -	0%
Other Payables				
Payment in lieu of taxes	-	3	(3)	n/a
Accrued vacation and sick leave	1,836	1,440	396	28%
Other blended component units	86,301	49,570	36,731	74%
Interest payable	10,458	5,365	5,093	95%
Total primary government	$ 99,567	$ 57,350	$ 42,217	74%

As discussed in the financial highlights section, the Authority changed the presentation of certain discretely presented component units to blended component units. As a result, the Authority's primary government included the July 1, 2019 long-term obligation balance in the amount of $37.8 million to record the debt and related interest in the amount of $5.2 million as of December 31, 2019. The remaining long-term debt decreased by $0.9 million primarily due to scheduled debt service payments offset by an increase in accrued vacation and sick leave. Additional information on the Authority's Long-Term Debt Activity can be found in Note 7, "Long Term Obligations", to the basic financial statements.

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Contact

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

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Statement of Net Position
June 30, 2020

	Primary Government - Business-type Activities	Discretely Presented Component Units
Assets:		
Current assets:		
Unrestricted cash and cash equivalents (Note 3)	$ 24,395,085	$ 33,312,819
Unrestricted short term investments (Note 3)	61,089,578	-
Accounts receivable:		
Tenants	28,363	63,731
HUD (Note 15)	119,805,562	51,311
Others	294,819	186,617
Interest receivable	198,297	-
Due from component units and related parties (Note 9)	4,159,773	-
Prepaid expenses	772,445	514,629
Restricted cash and cash equivalents (Note 3)	14,844,405	17,979,292
Restricted short term investments (Note 3)	743,125	-
Total current assets	226,331,452	52,108,399
Noncurrent assets:		
Long term investments (Note 3)	16,141,708	-
Long-term receivables from non-related parties (Note 4)	5,670,782	-
Long-term receivables from component units and related parties (Note 9)	111,853,292	-
Net pension asset (Note 12)	13,950,242	-
Net OPEB asset (Note 13)	3,034,726	-
Equity interest in affiliated limited partnerships (Note 9)	6,920,019	-
Other assets	-	1,419,920
Capital assets (Note 6):		
Nondepreciable	130,834,685	77,445,120
Depreciable	62,660,611	301,499,634
Total capital assets	193,495,296	378,944,754
Total noncurrent assets	351,066,065	380,364,674
Total assets	577,397,517	432,473,073
Deferred outflows of resources:		
Pension related (Note 12)	3,969,844	-
Other post employment benefits (OPEB) related (Note 13)	1,997,357	-
Total deferred outflows of resources	5,967,201	-

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Statement of Net Position
June 30, 2020

	Primary Government - Business-type Activities	Discretely Presented Component Units
Liabilities:		
Current liabilities:		
Accounts payable	2,080,402	12,004,189
Accrued wages and benefits	690,260	-
Accrued interest payable (Notes 7 and 17)	1,771,366	1,228,169
Intergovernmental payable	47,533	-
Payable to component units and related parties	41,007	1,187,490
Due to primary government	-	8,488,950
Other accrued liabilities	297,508	-
Tenant security deposits	680,356	1,163,382
Unearned revenue (Note 9)	1,201,398	52,576
Current portion of accrued vacation and sick leave (Note 7)	174,903	-
Current portion of long-term obligations (Notes 7 and 17)	2,638,073	4,307,678
Total current liabilities	9,622,806	28,432,434
Noncurrent liabilities:		
FSS escrow (Note 2)	1,662,581	-
Accrued vacation and sick leave, net of current portion (Note 7)	1,660,944	-
Payable to component units and related parties, net of current portion	720	-
Long-term interest payable (Notes 7 and 17)	8,686,845	3,960,727
Long-term obligations, net of current portion (Notes 7 and 17)	84,635,454	187,109,408
Advance from primary government	-	114,619,839
Total noncurrent liabilities	96,646,544	305,689,974
Total liabilities	106,269,350	334,122,408
Deferred inflows of resources:		
Pension related (Note 12)	526,088	-
OPEB related (Note 13)	2,888,818	-
Total deferred inflows of resources	3,414,906	-
Net position:		
Net investment in capital assets	106,221,769	84,430,347
Restricted	30,214,721	16,821,580
Unrestricted	337,243,972	(2,901,262)
Total net position	$ 473,680,462	$ 98,350,665

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, 2020

	Primary Government - Business-type Activities	Discretely Presented Component Units
Operating revenues:		
Rental income	$ 14,583,536	$ 39,983,617
Service fees	338,643	-
HUD housing assistance payments earned	390,955,201	-
HUD administrative fees	19,149,864	-
HUD administrative fees - CARES Act	3,673,589	-
Other	5,155,554	277,254
Total operating revenues	433,856,387	40,260,871
Operating expenses:		
Wages and benefits	19,260,832	-
Pension and OPEB expense (Notes 12 and 13)	2,106,861	-
Administrative	2,843,519	4,339,996
Tenant services	805,063	-
Utilities	1,533,793	2,622,933
Maintenance and operations	3,507,023	5,017,249
General	1,551,876	801,616
Depreciation and amortization	4,222,189	11,738,118
Housing assistance payments	354,438,165	-
Other	8,031,169	1,533,020
Total operating expenses	398,300,490	26,052,932
Operating income	35,555,897	14,207,939
Nonoperating revenues (expenses):		
Investment income	7,099,875	53,628
Interest expense	(4,107,965)	(10,833,128)
Other nonoperating expenses, net	-	(3,852,439)
Total nonoperating revenues (expenses)	2,991,910	(14,631,939)
Income (loss) before capital contributions	38,547,807	(424,000)
Capital contributions	-	15,524,483
Change in net position	38,547,807	15,100,483
Net position, beginning of year, as previously reported	435,106,122	83,276,715
Change in reporting entity (Note 1)	26,533	(26,533)
Net position, beginning of year, as reclassified	435,132,655	83,250,182
Net position, end of year	$ 473,680,462	$ 98,350,665

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Statement of Cash Flows
For the Year Ended June 30, 2020

	Primary Government - Business-type Activities
Cash flows from operating activities:	
Receipts from tenants	$ 15,256,303
Receipts from customers and others	5,365,472
Receipts from housing assistance programs	397,884,650
Payments to suppliers for goods and services	(14,543,432)
Housing assistance payments on behalf of tenants	(354,440,635)
Payments to employees for services	(20,370,350)
Net cash provided by operating activities	29,152,008
Cash flows from noncapital financing activities:	
Decrease of loans and other receivables to non-related parties	4,181
Increase of receivables from related parties and component units	1,228,313
Net cash provided by noncapital financing activities	1,232,494
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(15,705,217)
Repayments of short-term and long-term liabilities	(1,114,655)
Cash paid for the acquisition of partnership interest	(3,000,000)
Interest and other fees paid	(4,262,866)
Net cash used in capital and related financing activities	(24,082,738)
Cash flows from investing activities:	
Interest received	6,736,250
Proceeds from sale of investments	10,063,450
Purchase of investments	(7,435,942)
Net cash provided by investing activities	9,363,758
Net change in cash and cash equivalents	15,665,522
Cash and cash equivalents, beginning of year, as previously reported	78,636,189
Change in reporting entity	6,770,482
Cash and cash equivalents, beginning of year, as reclassified	85,406,671
Cash and cash equivalents, end of year	$ 101,072,193

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Statement of Cash Flows
For the Year Ended June 30, 2020

	Primary Government - Business-type Activities
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 35,555,897
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,222,189
Other opearating expense	3,000,000
Decrease (increase) in:	
Receivables	(15,973,860)
Prepaid expenses	(325,875)
Net pension asset	1,267,921
Net OPEB asset	(2,073,912)
Other assets	338,782
Deferred outflows of resources	60,911
Increase (decrease) in:	
Accounts payable	606,389
Accrued wages and benefits	175,932
Intergovernmental payable	(2,470)
Tenant security deposits and FSS escrow	682,042
Unearned revenues	(58,144)
Accrued vacation and sick leave	395,763
Other liabilities	109,715
Deferred inflows of resources	1,170,728
Net cash provided by operating activities	$ 29,152,008
Cash and cash equivalents:	
Unrestricted cash and cash equivalents	$ 24,395,085
Unrestricted short term investments	61,089,578
Restricted cash and cash equivalents	14,844,405
Total cash and cash equivalents	$ 101,072,193
Noncash capital and related financing activities:	
Receipt of capital assets from change in reporting entity	$ 36,678,756
Receipt of other assets from change in reporting entity	6,844,346
Assumption of long-term obligation and interest payable from change in reporting entity	43,091,386
Assumption of other liabilities from change in reporting entity	405,183
Noncash investing activities	
Increase in accrued interest receivables	$ 148,097

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 of Commissioners 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, 2019 year-end, except for the Housing Development Corporation which has a June 30, 2020 year-end.

Blended Component Units

Housing Development Corporation ("HDC") - A non-profit public benefit corporation organized on September 14, 1983, in the State of California. The HDC engaged in the construction of the Authority's central office building and the leasing of such property to the County. The Authority subleased the building to be used as the site of its central offices. The HDC's policies are determined by a five-member board. The HDC has no employees and all staff work is done by the Authority staff or by consultants to the HDC. In 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 2020.

<u>AE Associates, Ltd.</u> - 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.

<u>Alvarado Park, L.P.</u> - 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.

<u>Avenida Espana HDC, Inc.</u> - 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.

<u>Bascom HACSC Associates -</u> 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. Since the Authority can impose its will on this partnership upon the acquisition of the limited partnership interest, for the year ended June 30, 2020, the Authority reclassified Bascom HACSC Associates from a discretely presented component unit to a blended component unit.

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

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

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

HACSC / Choices Family Associates L.P. – A California limited partnership organized in February 2000 to develop and operate a 100-unit affordable housing complex located in Santa Clara, California is currently operating under the name of River Town Apartments. On January 31, 2019, the Authority acquired the 99.99% limited partnership interest. Bracher, HDC, Inc., which is a non-profit organization affiliated with the Authority, owns 0.01% of the entity. As such, the Authority can impose its will on this partnership upon the acquisition of the limited partnership interest and changed its component presentation from a discrete to a blended component unit for the year ended June 30, 2020.

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. Since the Authority can impose its will on this partnership upon the acquisition of the limited partnership interest, for the year ended June 30, 2020, the Authority reclassified HACSC / Choices Senior Associates L.P. from a discretely presented component unit to 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.

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 of the 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 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. It is a blended component unit of the Authority because the Authority's Board appoints its three-member governing board and may remove any of these members with or without cause. The Authority through contractual arrangements is also responsible for financial and operational matters of VGI. 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. The Authority has also provided operating deficit and tax indemnification guarantees on behalf of VGI for its partnership.

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.

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

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

Discretely presented component units

The Authority's discretely presented CUs are reported in a separate column within the government-wide financial statements and have a December 31, 2019 year-end. The Authority's tax credit partnerships do not have board representation and its affiliated non-profit general partner entities serve as the general partner for these partnerships. However, the Authority's affiliated general partners do not hold a majority control of these entities because they are 99% or more owned by their limited partner.

In addition, the Authority has 6 other discretely presented CUs, Branham Lane LLC, Halford LLC, Hermocilla LLC, Huff Avenue LLC, Poinciana LLC and South Drive LLC. These limited liability corporations are owned by Authority affiliated non-profit general partner entities, which own 100% of their respective limited liability corporation. In addition, HACSC Housing Partnerships, LLC, which is owned by Pinmore HDC, Inc. did not have any financial activity for the year ended December 31, 2019.

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 June 30, 2020, the Authority changed its relationship with three of its partnerships as discussed above. The effect of this change is as follows:

	Primary Government	Component Units
Net position, beginning of year, as previously reported	$ 435,106,122	$ 83,276,715
Change in reporting entity:		
Reclassificaiton of discretely presented component units (DCUs) to blended component units (BCUs):		
Bascom HACSC Associates	586,154	(586,154)
HACSC/Choices Family Associates	35,998	(35,998)
HACSC/Choices Senior Associates	(595,619)	595,619
Total change in reporting entity	26,533	(26,533)
Net position, beginning of year, as reclassified	$ 435,132,655	$ 83,250,182

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

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

Summary of significant programs

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

Section 8 Rental Voucher Program is used to account for the operations of the low-income housing program which is funded by HUD under the annual contributions contract numbers CA-056VO and CA-059VO for approximately 18,217 units.

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

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

Real Estate Services Program is responsible for managing Property Management contracts which includes, operations related to Property Management and Maintenance Services, Resident Services, and Program Compliance Monitoring Services. It is also responsible for Asset Management activities. The asset management unit oversees approximately 2,826 low-income residential housing units, which includes occupied mobile home spaces, that are owned by the Authority and its affiliate entities. Additionally, it manages, monitors and reports on all financial activity, which includes bonds, loans, promissory notes, and partners' interest. The Real Estate Services revenues are mostly derived from the fees earned from these activities.

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

Cash and cash equivalents

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

Restricted cash, cash equivalents and investments

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

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

Receivables

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

Capital assets

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

The estimated useful lives are as follows:

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

Impairment of capital assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2020, 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.

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. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, the estimated liability for vested leave benefits is recorded as an expense when earned and the cumulative unpaid amount is reported as a liability.

Permanent loan costs

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

Family Self Sufficiency (FSS) escrow account

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

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

Eliminations

<u>Inter-program due from/due to</u> - 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, 2020, offsetting amounts of $2,071,826 were eliminated. The Authority also eliminated $67,117,932 related to other material intercompany balances between and within programs from the consolidated financial statements.

<u>Internal charges</u> - 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, $8,976,943 of internal charges for services and rent and $4,350,979 of prepaid rent payments has been eliminated for the year ended June 30, 2020.

<u>Cumulative gains from related party sales</u> - 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:

<u>Net investment in capital assets</u> - 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.

<u>Restricted</u> - 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.

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

Use of estimates

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

New accounting pronouncements

During the year ended June 30, 2020, the Authority implemented the following Governmental Accounting Standards Board (GASB) Statements:

- In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* This primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to become effective for period beginning after June 15, 2018, and later. Implementation of this statement did not have a significant impact on the Authority's financial statements for the fiscal year ended June 30, 2020.

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

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2021.
- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.
- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.
- In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally

separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2021.

- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosure. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.

- In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

- In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

- In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.

- In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.

- In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

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, 2020, for the primary government and as of the various fiscal year ends of the individual presented component units are as follows:

	Primary Government	Discrete Component Units	Total
Unrestricted cash and cash equivalents	$ 24,395,085	$ 33,312,819	$ 57,707,904
Unrestricted short term investments	61,089,578	-	61,089,578
Restricted cash and cash equivalents	14,844,405	17,979,292	32,823,697
Restricted short term investments	743,125	-	743,125
Long term investments	16,141,708	-	16,141,708
Total	$ 117,213,901	$ 51,292,111	$ 168,506,012
Deposits with financial institutions	$ 39,239,490	$ 51,292,111	$ 90,531,601
Investments	77,974,411	-	77,974,411
Total	$ 117,213,901	$ 51,292,111	$ 168,506,012

<u>Custodial credit risk – deposits</u>

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

In addition, the 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.

<u>Investments authorized by the Authority</u>

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.

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 191 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.

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, 2020

A summary of the Authority's investments at June 30, 2020 is shown below:

Investment	Credit Rating	June 30, 2020	Maturities (in years) Less than 1	1-3	3-5
Money Market Mutual Fund	Not rated	$ 1,560,310	$ 1,560,310	$ -	$ -
State Local Agency Investment Fund	Not rated	56,427,472	56,427,472	-	-
Negotiable Certificates of Deposits	Not rated	5,986,075	2,506,264	1,848,841	1,630,970
Medium Term Bonds:					
Bank America Corp Mtn	A2	555,340	-	-	555,340
Bank New York Mtn Bk Ent	A1	1,037,525	-	-	1,037,525
Bank Of America Corp Ser N Mtn	A2	398,724	-	-	398,724
Berkshire Hathaway Fin Corp	Aa2	524,465	-	524,465	-
Chevron Corp	Aa2	514,750	-	514,750	-
Citibank NA NY	Aa3	602,445	-	602,445	-
Citigroup Global Mkts Hldgs In Ser	A3	475,645	-	-	475,645
Goldman Sachs Group Inc Mtn	A3	685,472	-	-	685,472
HSBC Bk USA N A Global Mtn	A1	402,536	402,536	-	-
JPMorgan Chase & Co	A2	318,384	-	318,384	-
JPMorgan Chase & Co	A2	526,642	-	-	526,642
Microsoft Corp	Aaa	516,080	-	516,080	-
Morgan Stanley Mtn	A3	512,615	-	512,615	-
Morgan Stanley Mtn	A3	97,967	-	-	97,967
Morgan Stanley Mtn	A3	85,000	-	-	85,000
Old Natl Bancorp Ind	A3	64,459	-	-	64,459
PNC Bk N A	A3	543,790	-	-	543,790
Qualcomm Inc	A2	524,830	-	524,830	-
Toyota Motor Credit Corp Mtn	A1	515,435	-	515,435	-
Wells Fargo & Co Mtn	A2	644,663	-	-	644,663
Wells Fargo & Co Mtn	A3	530,745	-	530,745	-
California St Taxable Var Purp GO	Aa2	1,081,080	-	-	1,081,080
Riverside Cnty Calif Redev Agy Successor	AA (S & P)	365,057	-	-	365,057
U. S. Government Agencies:			-		
Federal Home Loan Banks Bond	Aaa	1,000,760	-	-	1,000,760
Federal Home Ln Mtg Corp MTN	Aaa	540,025	-	-	540,025
Federal Farm CR Bk Bond	Aaa	936,121	936,121	-	-
Total investments		**$ 77,974,411**	**$ 61,832,703**	**$ 6,408,590**	**$ 9,733,118**

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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, 2020 is shown below:

Type of Investment	
Investment by fair value hierarchy - Level 1:	
Corporate Bonds	$ 10,077,511
Municipal Bonds	1,446,137
Total investments by fair value hierarchy	11,523,648
Investment by fair value hierarchy - Level 2:	
U.S. Federal Agency Securities	2,476,906
Negotiable Certificate of Deposits	5,986,075
Total investments by fair value hierarchy	8,462,981
Investment not subject to fair value hierarchy:	
State Local Agency Investment Fund	56,427,472
Money Market Mutual Funds	1,560,310
Total investments by fair value hierarchy	57,987,781
Total investments	**$ 77,974,411**

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

Ford Road Family Housing note receivable

In January 2013, the Authority entered into an Amended and Restated Promissory Note (Note) with the Ford Road Family Housing, L.P., a California limited partnership in the amount of $5,760,000. The principal due under this Note will bear simple interest at the rate of zero percent per year and the Note matures on the earliest of the occurrence of an event of default; or fifty-five years from the Commencement Date of the Affordability Covenants. Payments on the Note are due and payable annually on July 1 and the annual payment is equal to the Authority's Proportionate Share of Net Cash Flow, as defined in the agreements. As of June 30, 2020, the amount due to the Authority is $5,670,782.

Note 5 - Disposition of public housing properties

As of June 30, 2020, 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, 2020 was as follows:

	June 30, 2019 as reported	Change in reporting entity	July 1, 2019, as adjusted	Additions	Reductions/ Transfers	June 30, 2020
Capital assets, not being depreciated:						
Land	$ 104,179,919	$ 10,480,657	$ 114,660,576	$ 11,250,000	$ -	$ 125,910,576
Construction in progress	2,110,225	-	2,110,225	2,813,884	-	4,924,109
Total capital assets, not being depreciated	106,290,144	10,480,657	116,770,801	14,063,884	-	130,834,685
Capital assets, being depreciated:						
Structures	85,033,129	46,744,084	131,777,213	637,047	-	132,414,260
Furniture and equipment	5,529,215	1,114,860	6,644,075	1,004,286	-	7,648,361
Total capital assets, being depreciated	90,562,344	47,858,944	138,421,288	1,641,333	-	140,062,621
Less accumulated depreciation						
Structures	(47,388,089)	(20,903,808)	(68,291,897)	(3,801,397)	-	(72,093,294)
Furniture and equipment	(4,133,347)	(757,037)	(4,890,384)	(418,332)	-	(5,308,716)
Total accumulated depreciation	(51,521,436)	(21,660,845)	(73,182,281)	(4,219,729)	-	(77,402,010)
Total capital assets, being depreciated, net	39,040,908	26,198,099	65,239,007	(2,578,396)	-	62,660,611
Total capital assets, net	$ 145,331,052	$ 36,678,756	$ 182,009,808	$ 11,485,488	$ -	$ 193,495,296

The primary government reported depreciation expense in the amount of $4,219,729 for the year ended June 30, 2020.

The discretely presented component units' capital assets activity for the year ended December 31, 2019 is as follows:

	December 31, 2018 as reported	Change in reporting entity	January 1, 2019 as adjusted	Additions	Reductions/ Transfers	December 31 2019
Capital assets, not being depreciated:						
Land	$ 31,652,620	$ (10,480,657)	$ 21,171,963	$ -	$ -	$ 21,171,963
Construction in progress	17,765,357	-	17,765,357	38,519,475	(11,675)	56,273,157
Total capital assets, not being depreciated	49,417,977	(10,480,657)	38,937,320	38,519,475	(11,675)	77,445,120
Capital assets, being depreciated:						
Structures	429,870,553	(46,744,084)	383,126,469	952,633	(278,669)	383,800,433
Furniture and equipment	6,852,892	(1,114,860)	5,738,032	832,951	-	6,570,983
Total capital assets, being depreciated	436,723,445	(47,858,944)	388,864,501	1,785,584	(278,669)	390,371,416
Less accumulated depreciation	(98,872,019)	21,660,845	(77,211,174)	(11,664,275)	3,667	(88,871,782)
Total capital assets, being depreciated, net	337,851,426	(26,198,099)	311,653,327	(9,878,691)	(275,002)	301,499,634
Total capital assets, net	$ 387,269,403	$ (36,678,756)	$ 350,590,647	$ 28,640,784	$ (286,677)	$ 378,944,754

The discretely presented component units reported depreciation expense in the amount of $11,664,275 for the year ended December 31, 2019.

As discussed in Note 1, the Authority reclassified the presentation of three of its component units as follows:

Entity	Property Name	Property Description	Book Vaue
Bascom HACSC Associates	El Parador Apartments - Seniors	125-unit housing complex in Campbell	$ 12,603,637
HACSC/Choices Family Associates	Rivertown Apartments - Family	100-unit housing complex in Santa Clara	14,019,721
HACSC/Choices Senior Associates	John Burns Gardens Apartments - Senior	100-unit housing complex in Santa Clara	10,055,398
			$ 36,678,756

Note 7 - Long-term obligations

Outstanding long-term debt consisted of the following at June 30, 2020:

Type of Indebtedness (purpose)	Maturity	Interest Rate	Principal Installment	Original Issue Amount	Balance as of June 30, 2020
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)					86,301,027
Total primary government					$ 87,273,527

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

	July 1, 2019 as restated	Additions	Retirements	June 30, 2020	Due within one year
Section 8 Rental Voucher Program					
Note Payable to the City of San Jose	$ 972,500	$ -	$ -	$ 972,500	$ 20,000
Blended Component Units					
A.E. Associates	4,452,276	-	24,818	4,427,458	25,000
Bascom HACSC Associates	12,109,530	-	105,000	12,004,530	105,000
Blossom River Associates	10,739,027	-	234,776	10,504,251	245,000
HACSC/Choices Family Associates	15,055,126	-	134,781	14,920,345	157,747
HACSC/Choices Senior Associates	10,680,824	-	101,183	10,579,641	115,000
Helzer Associates	14,153,019	-	245,318	13,907,701	280,000
Klamath Associates	1,054,870	-	34,263	1,020,607	38,064
Poco Way HDC, Inc	14,500,000	-	-	14,500,000	-
Rotary Plaza/Hacsc HDC Inc	1,223,992	-	164,226	1,059,766	177,943
San Pedro Gardens Associates	1,555,468	-	15,585	1,539,883	17,435
S.P.G. Housing Inc.	1,891,550	-	54,705	1,836,845	1,456,884
Total blended component units	87,415,682	-	1,114,655	86,301,027	2,618,073
Interest Payable					
Other programs	633,059	38,900	20,000	651,959	-
Blended component units	9,977,593	3,521,703	3,693,044	9,806,252	1,771,366
Total interest payable	10,610,652	3,560,603	3,713,044	10,458,211	1,771,366
Payment in Lieu of Taxes	2,958	-	2,958	-	-
Accrued Vacation and Sick Leave	1,440,084	473,639	77,875	1,835,848	174,903
Total Primary Government	$ 100,441,876	$ 4,034,242	$ 4,908,532	$ 99,567,586	$ 4,584,342

As discussed in Note 1, the Authority reclassified the presentation of three of its component units. The long-term obligations included in the Authority's primary government are as follows:

Entity	Long-Term Debt	Interest Payable	Total
Bascom HACSC Associates	$ 12,109,530	$ 1,822,673	$ 13,932,203
HACSC/Choices Family Associates	15,055,126	1,541,156	16,596,282
HACSC/Choices Senior Associates	10,680,824	1,882,077	12,562,901
	$ 37,845,480	$ 5,245,906	$ 43,091,386

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

	Principal	Interest
Year Ending June 30,		
2021	$ 20,000	$ 38,900
2022	-	38,900
2023	-	38,900
2024	-	38,900
2025	952,500	8,968
	$ 972,500	$ 164,568

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

Note 8 - Deficit net position

The following entities have a deficit net position as of December 31, 2019:

A.E. Associates, LP	$ (3,370,199)
Alvarado Park, LP	(2,326)
Avenida Espana HDC, Inc.	(2,514,220)
Bellarmino Place, LP	(1,365)
Blossom River Associates, LP	(6,281,847)
Bracher HDC. INC.	(630,281)
DeRose HDC, Inc.	(2,290,811)
HACSC/Choices Senior Associates	(806,912)
Helzer Associates, LP	(5,127,776)
Klamath Associates LP	(312,369)
Pinmore HDC, Inc.	(2,879,203)
San Pedro Gardens Associates, Ltd.	(1,572,946)

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).

Note 9 - Related parties

The Authority has the following receivables from related parties and other component units as of June 30, 2020:

		Long-term Receivables						
Receivables due from Blended Component Units	**Short-term receivables**	**Notes Receivables**	**Lease/ Mortgage Receivables**	**Interest on Receivables**	**Development and Other Services**	**Subtotal**	**Elimination**	**Total**
AE Associates, Ltd.	$ 37,459	$ 34,237	$ 10,000	$ -	$ 38,980	$ 83,217	$ (110,665)	$ 10,011
Alvarado Park, LP	-	970,000	-	58,543	-	1,028,543	(1,014,072)	14,471
Avenida Espana HDC, Inc.	169,270	-	-	-	12,609,010	12,609,010	(12,499,270)	279,010
Bascom HACSC Associates, LP	19,688	-	-	-	-	-	(19,621)	67
Bellarmino Place, LP	-	1,130,000	-	67,474	-	1,197,474	(1,180,616)	16,858
Blossom River Associates LP	206,431	9,540,474	-	167,580	-	9,708,054	(9,819,564)	94,921
HACSC Choices Family Associates LP	16,312	-	-	-	33,588	33,588	(48,588)	1,312
HACSC Choices Senior Associates LP	779	-	-	-	56,162	56,162	(56,913)	28
Helzer Associates LP	227,018	8,672,049	-	86,599	-	8,758,648	(8,898,980)	86,686
Klamath Associates LP	191	-	-	-	127,432	127,432	(127,623)	-
Poco Way HDC, Inc.	2,912	28,150,000	-	52,949	5,395	28,208,344	(27,038,772)	1,172,484
Rotary Plaza/HACSC HDC, Inc.	209,124	3,027,884	10,000	32,123	-	3,070,007	(3,237,007)	42,124
San Pedro Garden Associates, Ltd.	46,153	12,500	22,633	2,444	-	37,577	(76,287)	7,443
S.P.G. Housing, Inc.	80,155	-	1,181,488	-	126,892	1,308,380	(1,254,891)	133,644
Villa San Pedro HDC, Inc.	-	1,500,000	-	243,275	-	1,743,275	(1,735,063)	8,212
Total	**$ 1,015,492**	**$ 53,037,144**	**$ 1,224,121**	**$ 710,987**	**$ 12,997,459**	**$ 67,969,711**	**$ (67,117,932)**	**$ 1,867,271**

(Continued)

Receivables due from Discrete 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.	1,471	1,804,808	9,277,939	2,000,015	53,261	13,136,023	13,137,494
Branham Lane LLC	50,856	2,591,456	-	63,843	117,629	2,772,928	2,823,784
Clarendon Street L.P.	385,154	920,000	6,269,223	47,753	-	7,236,976	7,622,130
Fairgrounds Luxuary Family Apartmentts L.P.	7,670	-	-	-	7,681	7,681	15,351
Fairgrounds Senior Housing L.P.	19,124	-	-	-	-	-	19,124
Halford Avenue LLC	167,101	-	2,170,350	-	50,437	2,220,787	2,387,888
Hermocilla LLC	20,839	-	-	-	-	-	20,839
Huff Avenue LLC	285,203	-	-	-	298,886	298,886	584,089
Julian Street Partners L.P	2,698,829	-	22,509,379	1,016,688	-	23,526,067	26,224,896
Laurel Grove Lane L.P.	26,756	5,823,982	2,557,609	464,442	165,000	9,011,033	9,037,789
McCreery Avenue L.P.	131,937	-	10,346,647	796,475	-	11,143,122	11,275,059
Park Avenue Seniors, L.P.	1,435	14,775,002	6,000,000	2,337,315	320,000	23,432,317	23,433,752
Poinciana Drive LLC	149,679	-	1,008,015	-	2,889	1,010,904	1,160,583
Rincon Garden Associates L.P.	147,514	-	15,613,050	450,568	-	16,063,618	16,211,132
South Drive LLC	10,542	-	-	-	-	-	10,542
Willows/HACSC Associates	52,745	-	-	-	128,598	128,598	181,343
Total	**$ 4,156,855**	**$ 25,915,248**	**$ 75,752,211**	**$ 7,177,099**	**$ 1,144,381**	**$ 109,988,939**	**$ 114,145,794**

Total receivables due from blended component units (from previous page)	**1,867,271**
	$ 116,013,065
Due from component units and related parties, current portion	**$ 4,159,773**
Due from component units and related parties, net of current portion	**111,853,292**
	$ 116,013,065

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 discrete component units are noted below:

Bendorf Drive L.P. - In December 2013, the Authority loaned Bendorf Drive L.P. $800,000 to pay the pre-existing HUD financing in connection with its acquisition of the Villa San Pedro Apartment complex. The note bears interest at 3.32% compounded annually, matures on December 31, 2069 and is payable from excess/distributable cash. As of June 30, 2020, 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, 2020, 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, 2020, 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, 2020 is $920,000.

Laurel Grove Lane, L.P. - In June 2016, the Authority loaned its affiliate Laurel Grove Lane, L.P. $679,213. This loan bears interest at 5% compounding annually, is due and payable on the earlier of 55 years after the completion date or June 30, 2073. On September 1, 2018, the loan agreement was amended to increase the loan amount to $2,679,213. Then in January 2019, the amount was increased to $5,079,213, and the additional $2,400,000 amount bears no interest. The balance as of June 30, 2020, 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, 2020 is $1,390,497. In May 2019, the Authority funded a note for $418,464. The note bore no interest and was due in full on the earlier of 55 years after completion or on June 1, 2073. In October 2019, the note was paid in full.

Park Avenue Seniors, L.P. - In November 2016, the Authority loaned its affiliate Park Avenue Seniors, L.P. $399,497. On November 1, 2018, the loan agreement was amended to increase the loan amount to $1,771,391. This loan bears simple interest at 4% per annum. The loan is due in full on the earlier of 55 years after the completion date or November 1, 2073. The balance as of June 30, 2020 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, 2020 is $13,003,611.

Furthermore, the Authority made loans to its blended component units. The amounts, which are included within the blended component units' December 31, 2019 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:

AE Associates, Ltd. - In October 1994, The Authority provided an unsecured loan, in the original amount of $96,693, to the partnership. The balance as of June 30, 2020 was $34,237. The loan is non-interest bearing and is due October 2024.

Alvarado Park, LP - In December 2017, the Authority loaned Alvarado Park L.P. $970,000 to pay for pre-development costs associated with the affordable housing project for seniors located at Grand Avenue and Race Street in San Jose, California. The note bears simple interest at 3% annum and has a maturity date of November 30, 2092. As of June 30, 2020, the balance on the note is $970,000.

Bellarmino Place LP - In December 2017, the Authority loaned Bellarmino Place L.P. $1,130,000 to pay for pre-development costs associated with the affordable housing project for families located at Grand Avenue and Race Street in San Jose, California. The note bears simple interest at 3% annum and has a maturity date of November 30, 2092. As of June 30, 2020, the balance on the note is $1,130,000.

Blossom River Associates LP - In June 2018, the Authority loaned Blossom River Associates LP $9,540,474 to refinance its loan with the City of San Jose loan. This note bears 2% interest, compounded annually with annual payments from excess/distributable cash, due in full by June 1, 2073. As of June 30, 2020, the balance on the loan is $9,540,474.

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, 2020, the balance on the loan is $8,672,049.

Poco Way HDC, Inc. – In September 2017, the Authority loaned its affiliate, Poco Way HDC, Inc., $26,000,000 to acquire the property Buena Vista. 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 (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2017. As of June 30, 2020, the balance on the loan is $26,000,000. 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. The note bears 3% simple annual interest. The note is due and payable in one lump sum on the date that is the earliest of: (i) the date that construction financing closes for the project; (ii) the date the property is sold, transferred, or refinanced. As of June 30, 2020, the balance on the loan is $2,000,000. 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, the balance on the note as of June 30, 2020 is $150,000.

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, 2020, the balance on the loan is $3,027,884.

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, 2020, the balance on the loan is $12,500.

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, 2020, the balance on the note is $1,500,000.

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, 2020, 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, 2020, 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, 2020, the lease receivable is $22,633.

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. As of June 30, 2020, the lease receivable is $1,181,488.

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, 2020, 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, 2020, the outstanding amount is $6,269,223.

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, 2020, the outstanding amount is $2,170,350.

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, 2020, the outstanding amount is $22,509,379.

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, 2020, 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, 2020, 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, 2020, 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, 2020, 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, 2020, the outstanding amount is $1,008,015.

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, 2020, the outstanding amount is $15,613,050.

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, 2019 includes the following:

Blended Component Units	Investee Partnerships	Amount
Avenida Espana HDC, Inc.	AE Associates, Ltd. Julian Street Partners, L.P. McCreery Avenue L.P. Rincon Gardens Associates, L.P.	$ 7,940,698
Bracher HDC, Inc.	HACSC/Choices Senior Associates HACSC/Choices Family Associates	(808,142)
DeRose HDC, Inc.	Bascom HACSC Associates Blossom River Associates Hermocilla LLC	(2,493,292)
Pinmore HDC, Inc.	Fairground Luxury Family Apartments L.P. Fairgrounds Senior Housing, L.P. Helzer Associates Laurel Grove Lane L.P Park Avenue Seniors L.P. Willows HACSC Associates	(4,573,104)
Rotary Plaza/HACSC HDC, Inc	Huff Avenue LLC	4,617,401
SPG Housing Inc.	Branham Lane LLC Halford Avenue LLC Klamath Associates L.P. Poinciana Drive LLC San Pedro Gardens Associates, Ltd South Drive LLC	1,089,409
Villa Garcia, Inc.	Clarendon Street L.P. Bellarmino Place L.P. Alvarado Park L.P.	(2,414)
Villa San Pedro HDC, Inc.	Bendorf Drive, LP	1,149,463
Total		$ 6,920,019

Land lease credit from related parties

Willows/HACSC Associates - The Authority (Lessor) and the partnership (Lessee) entered into a 60-year land lease agreement. Total cost of the lease was $1,841,094, which was paid in full at inception of the agreement. The lease revenues are being amortized over the life of the lease. At June 30, 2020, the Authority has an unearned revenue balance in the amount of $1,181,367 related to this ground lease.

Guarantees, commitments and contingencies

Guarantees - The Authority has agreed to guarantee obligations of affiliated entities that are general partners in affordable housing limited partnerships. At June 30, 2020, the Authority's significant guarantees and commitments are summarized as follows:

Properties	Operating Deficit Guarantees	General Partner Demand Note	Tax Indem-nification Guarantees	Loan Repayment Guarantees	Investor Guarantee	HAP contract, Property Tax, Meal Service Program (if applicable)
A.E. Associates LP	$ -	$ 150,000	$ -	$ -	$ -	-
Bendorf Drive L.P.	650,000	-	8,737,749	-	Unlimited	HAP Contract
Blossom River Associates LP	-	250,000	-	-	-	-
Clarendon Street L.P.	575,000	-	2,852,558	-	-	HAP Contract
DeRose Garden Apartments (SPG Housing, Inc.)	-	175,000	-	-	-	-
Julian Street Partners L.P.	-	-	2,470,790	-	Unlimited	HAP Contract
Laurel Grove Lane L.P.	-	-	15,419,922	-	-	HAP Contract
McCreery Avenue L.P.	750,000	-	7,935,915	-	-	HAP Contract
Park Avenue Seniors, L.P.	-	-	-	39,030,000		HAP Contract
Rincon Garden Associates, L.P.	-	-	-	-	Unlimited	HAP Contract
Rotary Plaza/HACSC HDC, Inc.	-	194,000	-	-	-	-
San Pedro Gardens Associates, Ltd.	-	80,000	-	-	-	-
Willows/HACSC Associates	643,000	-	-	-	-	-
Total	**$ 2,618,000**	**$ 849,000**	**$ 37,416,934**	**$ 39,030,000**		

Note 10 - Conduit debt

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

Conduit debt with the Authority's related parties

Blossom River Associates L.P. - In March 1998, the Authority participated in the issuance of $13,000,000 of Multifamily Housing Revenue Bonds Series 1998A and 1998A-T. These bonds were issued to provide financing for the construction and development by Blossom River Associates L.P. of a 144-unit multifamily rental housing project, Blossom River Apartments, and related support facilities. In accordance with the Indenture of Trust, trusts were established with the Bond Trustee to receive revenues from this project and distribute those revenues to various funds for principal and interest and other reserves, with the balance available for operating expenses. The series A-T bonds matured on September 1, 2004. At June 30, 2020, the principal amount payable for the series A was $10,570,000.

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, 2020, principal amount payable for the remaining Multifamily Housing Revenue Construction/Permanent Tranche A and Tranche B were $3,811,226 and $821,574, 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, 2020, the principal amount payable was $6,965,000.

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, 2020, the principal amount payable was $5,280,000.

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, 2020, the principal amount payable for the series A-1 was $10,854,999.

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, 2020, the principal amount payable for Series A-1 was $11,401,192 and series A-2 was $1,207,987.

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, 2020, the principal amount payable was $3,617,000.

Conduit debt with other entities

The Authority participated as a conduit debt issuer for a number of housing development projects that are not part of the Authority's operations. These issues are typically used in multi-family housing acquisition and construction. The Authority usually assigns the financing agreement (including all rights of issuer, except for reserved rights) together with other property to the Trustees. As of June 30, 2020, the Authority has the following outstanding conduit debt with non-Authority related entities:

Partnerships	Projects	Number of Units	Original Issue	Balance June 30, 2020
MP Timberwood Associates	Timberwood	286	$ 18,415,000	$ 9,590,000
Monte Vista Associates, LP	Monte Vista Terrace	150	13,000,000	6,552,000
MP Latham Associates	Lathm Park	74	4,500,000	774,311
Total		510		$ 16,916,311

Note 11 - Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There have been no significant reductions in insurance coverage from the previous year. The Authority did not have settled claims that exceeded its insurance coverage in any of the past three fiscal years. The Authority purchased insurance for comprehensive liability, all-risk property, vehicle liability and property damage, employee theft/Fraud and employment practices liability (including errors and omissions) from the Housing Authority Risk Retention Group, Inc. ("HARRG"), Travelers, and American International Group (AIG).

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.

Liabilities	Deductible	Coverage	Excess
Commercial Property	$ 25,000	$ 34,268,684	N/A
Commercial Liability	25,000	10,000,000	N/A
Automobile	500	1,000,000	N/A
Directors and Officers Liabilty	250,000	2,000,000	N/A
Worker's Compensation			
CHWCA	-	750,000	Statutory
LAWCX	-	5,000,000	Statutory
Fidelity Insurance	6,500	650,000	N/A

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

Note 12 – Pension plan

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Authority's Miscellaneous Plan (Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (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, 2020 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	7.000%	6.250%
Required employer contribution rates	8.584%	8.584%

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

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	146
Active employees	139
Total	363

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, 2019, 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 8.584 percent and the employee contribution rate is 7 percent of annual pay. The employer's contribution rate for non-classic members (employees hired after January 1, 2013) is 8.584 percent of annual payroll and the employee's contribution rate is 6.25 percent. For the year ended June 30, 2020, the Authority contributed the actuarially determined contribution in the amount of $1,144,720. The contributions made during the year ended June 30, 2020 are reported as deferred outflows of resources on the statement of net position as discussed below.

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. At June 30, 2020, the Authority reported a net pension asset of $14.0 million for the Plan, a net change of $1.3 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, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Services
Mortality[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lessor of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the 2017 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The long-term expected real rates of return by asset class are as follows:

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

1 An expected inflation of 2.0% used for this period.
2 An expected inflation of 2.92% used for this period.

C. Changes in the Net Pension Liability (Asset)

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

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balances calculated at July 1, 2019	$ 63,312,516	$ 78,530,679	$ (15,218,163)
Changes for the year:			
Service cost	1,942,195	-	1,942,195
Interest on total pension liability	4,635,577	-	4,635,577
Differences between expected and actual experiences	1,708,139	-	1,708,139
Contributions from employer	-	1,085,079	(1,085,079)
Contributions from employees	-	909,487	(909,487)
Net investment income	-	5,079,282	(5,079,282)
Benefit payments, including refunds of employee contributions	(2,316,995)	(2,316,995)	-
Administrative expense	-	(56,041)	56,041
Other miscellaneous income (expense)		183	(183)
Net change	5,968,916	4,700,995	1,267,921
Balances reported at June 30, 2020	$ 69,281,432	$ 83,231,674	$ (13,950,242)

Pension Plan Fiduciary Net Position

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

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

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability (Asset)	$ (3,942,455)	$ (13,950,242)	$ (22,180,629)

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

For the year ended June 30, 2020, the Authority recognized pension expense of $1.9 million. At June 30, 2020, 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	$ 1,144,720	$ -
Changes of assumptions	1,248,248	(283,708)
Difference between expected and actual experiences	1,576,876	(55,260)
Net difference between projected and actual earnings on plan investments	-	(187,120)
Total	$ 3,969,844	$ (526,088)

The $1.1 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of (addition to) the net pension liability (asset) in the year ending June 30, 2021.

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

Year Ended June 30,	
2021	$ 1,389,615
2022	317,151
2023	298,049
2024	294,221
	$ 2,299,036

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, 2019, the most recent information available, the following employees were covered by the benefit terms for the OPEB plan:

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

Contributions – The Authority makes contributions on an actuarial basis, funding the full Actuarially Determined Contributions (ADC). 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, 2020 are shown below.

	Employer Contributions for the Measurement Period	
	July 1, 2018 thru June 30, 2019	July 1, 2019 thru June 30, 2020
Employer contributions in the form of direct benefit payments (not reimbursed by CERBT)	$ 396,265	$ 377,901
Implicit contributions	151,327	118,878
Total	$ 547,592	$ 496,779

The amount of implicit contributions paid are reflected as a reduction in (active) employee premium. The contributions made during the year ended June 30, 2020 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, 2019 (measurement date), using an annual actuarial valuation as of June 30, 2019. A summary of principal actuarial assumptions and methods used to determine the net OPEB liability (asset) is as follows:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019
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 plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2024	5.50%
2021	6.50%	2025	5.40%
2022	6.00%	2026	5.40%
2023	5.50%	2027 & later	5.30%

The PEMHCA minimum required contributions is assumed to increase by 4% and the dental and vision premiums are all assumed to increase by 3.5% per year

Mortality	Derived using CalPERS' Membership Data for all Funds (1)

---

1 Demographic actuarial assumptions used are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, except for the MacLeod Watts Scale 2020 applied generationally from 2015 as the basis to project future 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.

Change of Assumptions - For the June 30, 2019 actuarial valuation, 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 changed in accordance to the 2017 CalPERS Experience Study.

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

The long-term expected rate of return for OPEB plan investments is 5.50 percent. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. The long-term expected real rate of return by asset class and the target allocation are as follows:

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

(1) An expected inflation rate of 2.00% is used for this period.
(2) An expected inflation rate of 2.92% is used for this period.

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, 2020:

	Total OPEB Liability	OPEB Plan Net Position	Net OPEB Liability (Asset)
Balances calculated at July 1, 2020	$ 12,276,004	$ 13,236,818	$ (960,814)
Changes for the year:			
Service cost	440,022	-	440,022
Interest on total OPEB liability	684,323	-	684,323
Differences between expected and actual experiences	(1,437,355)	-	(1,437,355)
Changes in assumptions	(286,621)	-	(286,621)
Contributions from employer	-	547,592	(547,592)
Net investment income	-	929,536	(929,536)
Benefit payments	(547,592)	(547,592)	-
Administrative expense	-	(2,847)	2,847
Net change	(1,147,223)	926,689	(2,073,912)
Balances reported at June 30, 2020	$ 11,128,781	$ 14,163,507	$ (3,034,726)

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

	Discount Rate -1% (4.5%)	Current Discount Rate (5.5%)	Discount Rate +1% (6.5%)
Net OPEB Liability (Asset)	$ (1,536,660)	$ (3,034,726)	$ (4,282,742)

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)	$ (4,429,501)	$ (3,034,726)	$ (1,318,289)

<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, 2020, the Authority recognized OPEB expense of $0.2 million. At June 30, 2020, 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	$ 496,779	$ -
Changes of assumptions	1,500,578	(252,459)
Difference between expected and actual experiences	-	(2,466,775)
Net difference between projected and actual earnings on plan investments	-	(169,584)
Total	$ 1,997,357	$ (2,888,818)

The $0.5 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of (addition to) the net OPEB liability (asset) in the year ending June 30, 2021.

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

Year Ended June 30,		
2021	$	(186,564)
2022		(186,565)
2023		(177,032)
2024		(180,615)
2025		(166,368)
Thereafter		(491,096)
	$	(1,388,240)

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, 2020, approximately 96.1% of operating revenues and 99.7% of accounts receivables reflected in the financial statements are from HUD. The Authority operates in a highly regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

Note 15 - Moving-to-Work program

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

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

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

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 ($119,075,111 as of June 30, 2020) as revenues and receivables on its financial statements.

The following program changes were implemented in calendar years 2019 and 2020:

- Effective January 1, 2020, the Authority changed its payment standards for Studios and Single Room Occupancy (SRO) units to align with the allowable HUD Fair Market Rent (FMR) ranges of 90% to 130 %. The revised payment standard was applied to new contracts, interims, upcoming reexaminations, and changes in subsidy size for MTW programs.

- Effective March 1, 2020, the Payment Standards for SRO, 1 and 2 bed room units were increased to 96% of the HUD's FMR issued on October 1, 2019. The revised payment standards were applied to new contracts, interims, upcoming reexaminations, and changes in subsidy size for MTW programs.

  In addition to the above changes the Authority implemented several temporary policy changes to the Housing Choice Voucher program in response to the COVID-19 pandemic. These changes were implemented using the HUD issued COVID-19 waivers or the Authority's MTW program authority.

During the year ended June 30, 2020, the unrestricted net position activities of the Moving To Work Programs are as follows:

	MTW - Public Housing	MTW - Section 8 Rental Voucher Program	Moving To Work Program		
	Conventional Housing Program and Public Housing Capital	Section 8 Vouchers Fee Reserves	Construction Projects *	MTW Reserves**	Moving To Work Program
Unrestricted net position at June 30, 2019, as reported	$ 3,464,784	$ 3,602,988	$ 9,623,512	$ 194,149,451	$ 203,772,963
Reclassificaiton of Park Avenue project	-	-	(9,612,043)	9,612,043	-
Balance at June 30, 2019, as reclassified	3,464,784	3,602,988	11,469	203,761,494	203,772,963
Year ended June 30, 2020 operating activity:					
HAP earned	-	-	-	365,102,595	365,102,595
Administrative fees earned	-	-	-	17,568,772	17,568,772
Admin Fee Earned – CARES Act	1,739	3,656,076	-	-	-
Public Housing rental income	13,919	-	-	-	-
Operating subsidy	-	-	-	10,794	10,794
Capital grant	-	-	-	-	-
Other income	181,051	124,355	-	1,736,379	1,736,379
50% of fraud recovery	-	119,758	-	119,758	119,758
FSS Escrow forfeits	-	-	-	41,671	41,671
HAP expense	-	(329,462,188)	-	-	-
Administrative and operational expenses	(70,083)	(22,089,922)	(56,760)	-	(56,760)
Covid 19-expenses	(955)	(84,505)			-
Costs related to the acquisition of LP interest in Bascom HACSC Associates (Elparador apartments)	-	-	-	(3,000,000)	(3,000,000)
Net increase in capital assets	(2,110)	(509,497)	-	(11,956,647)	(11,956,647)
Year ended June 30, 2020 transfers in (out):					
Transfer reimbursement from HARA for executive compensation per HUD regulations	-	265,955	-	-	-
Transfer related to year-end pension (GASB 68) adjustments	-	31,833	-	-	-
Transfer out for FY 2020 Asset Management activities	-	-	-	(1,126,751)	(1,126,751)
Other interfund transfers between MTW and MTW related programs	54,553	347,317,171	27,166	(347,398,890)	(347,371,724)
Transfer to restricted net position per HUD guidance 24: Financial reporting for pension and OPEB.	-	(679,629)	-	-	-
Subtotal year ended June 30, 2020 activity	178,114	(1,310,593)	(29,594)	21,097,681	21,068,087
Unrestricted net position at June 30, 2020	$ 3,642,898	$ 2,292,395	$ (18,125)	$ 224,859,175	$ 224,841,050

* Effective FY 2020, Construction projects include: Race Street and East Santa Clara

** Effective FY 2020, the Unrestricted Net Position of MTW reserves include balances of Park Avenue project.

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)(3)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	HACSC/Choices Family Associates (1)(2)(3)	HACSC/Choices Senior Associates (1)(2)(3)
Current assets	$ 476,681	$ 651,943	$ 1,594,395	$ 2,148,978	$ 797,804	$ 3,408,582	$ 116,659	$ 164,581	$ 2,842,333	$ 2,125,046
Due from component units and related parties	-	-	462,057	-	-	-	71,402	50,000	-	-
Other noncurrent assets	-	-	7,940,698	-	-	-	(808,142)	(2,493,292)	-	-
Capital assets	3,316,619	427,267	-	12,263,048	460,378	11,164,126	-	-	13,654,653	9,853,171
Total assets	3,793,300	1,079,210	9,997,150	14,412,026	1,258,182	14,572,708	(620,081)	(2,278,711)	16,496,986	11,978,217
Current liabilities	124,035	67,464	12,100	889,344	78,931	775,740	10,200	12,100	830,838	417,079
Due to component units and related parties	110,665	1,014,072	12,499,270	19,621	1,180,616	9,819,564	-	-	77,176	66,913
Noncurrent liabilities	6,928,799	-	-	12,917,367	-	10,259,251	-	-	15,464,079	12,301,137
Total liabilities	7,163,499	1,081,536	12,511,370	13,826,332	1,259,547	20,854,555	10,200	12,100	16,372,093	12,785,129
Net position:										
Net investment in capital assets	(1,110,839)	427,267	-	258,518	460,378	659,875	-	-	(1,265,692)	(726,470)
Restricted	331,765	-	-	1,425,880	-	2,787,973	-	-	2,163,530	1,963,603
Unrestricted	(2,591,125)	(429,593)	(2,514,220)	(1,098,704)	(461,743)	(9,729,695)	(630,281)	(2,290,811)	(772,945)	(2,044,045)
Total net position	$ (3,370,199)	$ (2,326)	$ (2,514,220)	$ 585,694	$ (1,365)	$ (6,281,847)	$ (630,281)	$ (2,290,811)	$ 124,893	$ (806,912)

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rotary Plaza/ HACSC HDC, Inc. (1)(2)	San Pedro Gardens Associates, Ltd. (1)(2)	S.P.G. Housing, Inc. (1)(2)	Villa Garcia Inc. (1)(2)	Villa San Pedro HDC, Inc. (1)(2)
Current assets	$ 2,328,225	$ 58,556	$ 1,576,964	$ 1,062,050	$ 761,907	$ 270,949	$ 721,618	$ 2,552,597	$ 963,314
Due from component units and related parties	-	-	130,237	11,248,554	578,691	-	331,704	6,653,123	11,052,351
Other noncurrent assets	-	-	(4,573,104)	-	4,617,401	-	1,089,409	(2,414)	1,149,463
Capital assets	15,925,185	1,675,611	-	41,271,806	3,700,412	830,933	4,292,082	-	-
Total assets	18,253,410	1,734,167	(2,865,903)	53,582,410	9,658,411	1,101,882	6,434,813	9,203,306	13,165,128
Current liabilities	854,505	75,792	13,300	174,208	324,541	77,577	1,604,363	6,800	8,500
Due to component units and related parties	8,898,980	128,098	-	27,038,772	3,239,193	76,765	1,254,891	-	1,735,063
Noncurrent liabilities	13,627,701	1,842,646	-	14,500,000	976,413	2,520,486	379,961	-	-
Total liabilities	23,381,186	2,046,536	13,300	41,712,980	4,540,147	2,674,828	3,239,215	6,800	1,743,563
Net position:									
Net investment in capital assets	2,017,484	655,004	-	26,771,806	2,640,646	(708,950)	2,455,237	-	-
Restricted	1,441,989	20,636	-	4	134,820	154,781	280,388	-	-
Unrestricted	(8,587,249)	(988,009)	(2,879,203)	(14,902,380)	2,342,798	(1,018,777)	459,973	9,196,506	11,421,565
Total net position	$ (5,127,776)	$ (312,369)	$ (2,879,203)	$ 11,869,430	$ 5,118,264	$ (1,572,946)	$ 3,195,598	$ 9,196,506	$ 11,421,565

(1) Component unit was audited by other auditors.
(2) As of December 31, 2019.
(3) Change in reporting entity from discretely presented component unit to blended component unit.

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)(3)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	HACSC/Choices Family Associates (1)(2)(3)	HACSC/Choices Senior Associates (1)(2)(3)
Operating revenues	$ 805,590	$ -	$ 421,129	$ 1,758,764	$ -	$ 2,761,417	$ (234,145)	$ 95,114	$ 2,017,140	$ 1,233,695
Operating expenses	913,379	482	479,081	1,259,638	(385)	2,071,510	24,945	28,657	1,371,267	1,075,349
Operating income (loss)	(107,789)	(482)	(57,952)	499,126	385	689,907	(259,090)	66,457	645,873	158,346
Nonoperating revenues (expenses), net	(98,541)	354	135	(499,586)	435	(794,053)	-	-	(556,978)	(369,639)
Change in net position	(206,330)	(128)	(57,817)	(460)	820	(104,146)	(259,090)	66,457	88,895	(211,293)
Net position, beginning of year	(3,163,869)	(2,198)	(2,456,403)	586,154	(2,185)	(6,177,701)	(371,191)	(2,357,268)	35,998	(595,619)
Net position, end of year	$ (3,370,199)	$ (2,326)	$ (2,514,220)	$ 585,694	$ (1,365)	$ (6,281,847)	$ (630,281)	$ (2,290,811)	$ 124,893	$ (806,912)

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rotary Plaza/ HACSC HDC, Inc. (1)(2)	San Pedro Gardens Associates, Ltd. (1)(2)	S.P.G. Housing, Inc. (1)(2)	Villa Garcia Inc. (1)(2)	Villa San Pedro HDC, Inc. (1)(2)
Operating revenues	$ 3,098,100	$ 281,696	$ 130,237	$ 272,311	$ 1,598,053	$ 279,192	$ 1,187,326	$ 695	$ 13,911
Operating expenses	2,322,394	278,526	271,282	393,403	1,016,837	250,011	1,124,057	12,888	8,702
Operating income (loss)	775,706	3,170	(141,045)	(121,092)	581,216	29,181	63,269	(12,193)	5,209
Nonoperating revenues (expenses), net	(1,072,199)	(66,452)	-	188,494	(141,449)	(54,368)	30,205	161,154	309,636
Change in net position	(296,493)	(63,282)	(141,045)	67,402	439,767	(25,187)	93,474	148,961	314,845
Net position, beginning of year	(4,831,283)	(249,087)	(2,738,158)	11,802,028	4,678,497	(1,547,759)	3,102,124	9,047,545	11,106,720
Net position, end of year	$ (5,127,776)	$ (312,369)	$ (2,879,203)	$ 11,869,430	$ 5,118,264	$ (1,572,946)	$ 3,195,598	$ 9,196,506	$ 11,421,565

(1) Component unit was audited by other auditors.
(2) For the year ended December 31, 2019.
(3) Change in reporting entity from discretely presented component unit to blended component unit.

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)(3)	Bellarmino Place LP (1)(2)	Blossom River Associates LP (1)(2)	Bracher HDC, Inc. (1)(2)	DeRose HDC, Inc. (1)(2)	HACSC/Choices Family Associates (1)(2)(3)	HACSC/Choices Senior Associates (1)(2)(3)
Cash flows from:										
Operating activities	$ 126,009	$ (263)	$ 299,914	$ 254,968	$ 952	$ 838,619	$ (11,819)	$ (11,657)	$ 313,919	$ 306,904
Investing activites	(137,179)	(85,867)	100,707	(58,962)	(100,969)	(473,454)	-	-	(75,923)	(124,746)
Financing activites	(25,000)	-	-	(105,000)	-	(373,296)	-	-	(145,000)	(110,000)
Net change in cash and cash equivalents	(36,170)	(86,130)	400,621	91,006	(100,017)	(8,131)	(11,819)	(11,657)	92,996	72,158
Cash and cash equivalents, beginning of year	459,182	738,073	1,193,774	2,014,876	897,821	3,306,603	126,612	176,228	2,720,347	2,035,259
Cash and cash equivalents, end of year	$ 423,012	$ 651,943	$ 1,594,395	$ 2,105,882	$ 797,804	$ 3,298,472	$ 114,793	$ 164,571	$ 2,813,343	$ 2,107,417

	Helzer Associates LP (1)(2)	Klamath Associates LP (1)(2)	Pinmore HDC, Inc. (1)(2)	Poco Way HDC, Inc. (1)(2)	Rotary Plaza/ HACSC HDC, Inc. (1)(2)	San Pedro Gardens Associates, Ltd. (1)(2)	S.P.G. Housing, Inc. (1)(2)	Villa Garcia Inc. (1)(2)	Villa San Pedro HDC, Inc. (1)(2)
Cash flows from:									
Operating activities	$ 715,458	$ 51,410	$ 27,512	$ 79,510	$ 357,938	$ 26,964	$ 251,989	$ 158,981	$ (197,695)
Investing activities	(182,261)	(14,112)	8	(645,122)	(56,920)	-	(165,503)	214,363	-
Financing activities	(311,080)	(35,646)	-	500,000	(283,798)	(22,091)	(54,705)	-	-
Net change in cash and cash equivalents	222,117	1,652	27,520	(65,612)	17,220	4,873	31,781	373,344	(197,695)
Cash and cash equivalents, beginning of year	2,013,888	51,532	1,547,265	1,112,789	690,733	260,343	657,458	2,178,263	1,161,009
Cash and cash equivalents, end of year	$ 2,236,005	$ 53,184	$ 1,574,785	$ 1,047,177	$ 707,953	$ 265,216	$ 689,239	$ 2,551,607	$ 963,314

(1) Component unit was audited by other auditors.
(2) For the year ended December 31, 2019.
(3) Change in reporting entity from discretely presented component unit to blended component unit.

Note 17 – Summary Financial Information of Component Units

The following entities are considered component units of the Authority and are presented in accordance with GASB Statement No. 61. 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 presented pursuant to GASB Statement No. 61, which states that the reporting entity's financial statements should make those component unit disclosures that are essential to fair presentation of the financial reporting entity's basic financial statements. The following disclosures are those that are material to the Authority and are not meant to be a full representation of each component unit's required disclosures. A copy of each component unit's separately issued audited financial statements can be obtained from the Authority's management.

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

A. Blended Component Units

AE Associates, LTD

Ground lease

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

Long-Term debt

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

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
RHCP Loan	$ 2,537,817	$ 3,285,000	$ 5,822,817	$ 11,476
City of San Jose	-	1,147,860	1,147,860	25,000
Subtotal	2,537,817	4,432,860	6,970,677	36,476
Less unamortized permanent loan costs	-	(5,402)	(5,402)	-
Total	$ 2,537,817	$ 4,427,458	$ 6,965,275	$ 36,476

Bascom HACSC Associates

Long-term debt

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

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2000A Bonds	$ 154,918	$ 5,025,000	$ 5,179,918	$ 259,918
City of San Jose Note	1,546,768	6,979,530	8,526,298	528,931
Total	$ 1,701,686	$ 12,004,530	$ 13,706,216	$ 788,849

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Series 1998A Bonds	$ 238,919	$ 10,690,000	$ 10,928,919	$ 483,919
Less unamortized permanent loan costs	-	(185,749)	(185,749)	-
Total	$ 238,919	$ 10,504,251	$ 10,743,170	$ 483,919

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
City of Santa Clara Note	$ 192,091	$ 3,892,000	$ 4,084,091	$ 194,838
Series 2001A Bonds	199,756	7,195,000	7,394,756	354,756
California HCD Loan	873,205	4,050,500	4,923,705	171,724
Subtotal	1,265,052	15,137,500	16,402,552	721,318
Less unamortized permanent loan costs	-	(217,155)	(217,155)	-
Total	$ 1,265,052	$ 14,920,345	$ 16,185,397	$ 721,318

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
City of Santa Clara Note	$ 1,836,496	$ 5,317,000	$ 7,153,496	$ -
Series 2001A Bonds	154,120	5,450,000	5,604,120	269,120
Subtotal	1,990,616	10,767,000	12,757,616	269,120
Less unamortized permanent loan costs	-	(187,359)	(187,359)	-
Total	$ 1,990,616	$ 10,579,641	$ 12,570,257	$ 269,120

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Series 1999A Bonds	$ 74,603	$ 13,988,000	$ 14,062,603	$ 354,603
CalHFA Note	-	333,547	333,547	-
Subtotal	74,603	14,321,547	14,396,150	354,603
Less unamortized permanent loan costs	-	(413,846)	(413,846)	-
Total	$ 74,603	$ 13,907,701	$ 13,982,304	$ 354,603

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 1,929	$ 351,850	$ 353,779	$ 39,993
City of Santa Clara Note	860,103	681,176	1,541,279	-
Subtotal	862,032	1,033,026	1,895,058	39,993
Less unamortized permanent loan costs	-	(12,419)	(12,419)	-
Total	$ 862,032	$ 1,020,607	$ 1,882,639	$ 39,993

Poco Way HDC, Inc.

Buena Vista Mobile Home Park Property Acquisition and Ground 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.

Poco Way HDC, Inc. leases a portion of Buena Vista from a third-party, which includes eight occupied mobile home spaces and two studios. On September 29, 2017, Poco Way HDC, Inc. entered into a three-year ground lease agreement with Caritas Acquisitions IV, LLC (Caritas), the property management company of Buena Vista, to lease the land purchased from the third-party and sublease a portion of the land that is leased from the third-party. Poco Way HDC, Inc. will earn an annual asset management fee in the amount equal to 5% of annual gross revenue generated from Buena Vista. Upon satisfaction of the milestones set forth in the Schedule of Performance and execution of the Transition Plan and Improvement Plan pursuant to the ground lease, Caritas intended to negotiate a longer term ground lease of at least 32 additional years, which will supersede and replace this ground lease.

In October 2019, the ground lease was terminated in accordance with the ground lease and loan termination agreement between Poco Way HDC and Caritas. Effective November 1, 2019, Poco Way HDC leased a portion of the Buena Vista land directly to tenants, previously subleased under the terminated ground lease.

Long-term debt

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
City of Palo Alto Note	$ -	$ 14,500,000	$ 14,500,000	$ -

Commitment

Poco Way HDC, Inc. also has a commitment from the County of Santa Clara for a loan in the maximum amount of $14.5 million, which will bear 3% simple interest, payable from excess/distributable cash, to be repaid in full by September 2092. Interest shall not begin to accrue until the earlier of (i) the date that major improvements to Buena Vista are complete or (ii) September 29, 2027. Pursuant to the Disbursement Agreement, the County shall only make disbursements of loan proceeds to Poco Way HDC, Inc. for eligible expenses with proper written requests and supporting documents. There were no disbursements made as of December 31, 2019.

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
CCRC Note	$ 5,296	$ 977,654	$ 982,950	$ 183,239
County of Santa Clara Note	94,590	95,000	189,590	-
Subtotal	99,886	1,072,654	1,172,540	183,239
Less unamortized permanent loan costs	-	(12,888)	(12,888)	-
Total	$ 99,886	$ 1,059,766	$ 1,159,652	$ 183,239

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 91	$ 54,897	$ 54,988	$ 17,526
RHCP Loan	1,034,127	1,489,500	2,523,627	36,089
Subtotal	1,034,218	1,544,397	2,578,615	53,615
Less unamortized permanent loan costs	-	(4,514)	(4,514)	-
Total	$ 1,034,218	$ 1,539,883	$ 2,574,101	$ 53,615

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.

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 1,423	$ 436,845	$ 438,268	$ 58,307
City of San Jose Note	-	1,400,000	1,400,000	1,400,000
Total	$ 1,423	$ 1,836,845	$ 1,838,268	$ 1,458,307

B. Discrete 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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
CHRP Loan	$ 593,459	$ 4,156,798	$ 4,750,257	$ 519,716
CalHFA Loan	52,870	11,033,827	11,086,697	243,270
Subtotal	646,329	15,190,625	15,836,954	762,986
Less unamortized permanent loan costs	-	(265,573)	(265,573)	-
Total	$ 646,329	$ 14,925,052	$ 15,571,381	$ 762,986

Branham Lane LLC

Organization

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

Long-term debt

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 9,691	$ 769,657	$ 779,348	$ 117,060
Less unamortized permanent loan costs	-	(37,746)	(37,746)	-
Total	$ 9,691	$ 731,911	$ 741,602	$ 117,060

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Bank of the West (Tranche A)	$ 13,271	$ 4,022,925	$ 4,036,196	$ 154,594
Bank of the West (Tranche B)	2,144	1,116,006	1,118,150	198,840
Subtotal	15,415	5,138,931	5,154,346	353,434
Less unamortized permanent loan costs	-	(78,247)	(78,247)	-
Total	$ 15,415	$ 5,060,684	$ 5,076,099	$ 353,434

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
CalHFA Loan	$ 106,506	$ 21,569,948	$ 21,676,454	$ 425,083
City of San Jose Note	3,318,364	17,245,082	20,563,446	-
Subtotal	3,424,870	38,815,030	42,239,900	425,083
Less unamortized permanent loan costs	-	(115,935)	(115,935)	-
Total	$ 3,424,870	$ 38,699,095	$ 42,123,965	$ 425,083

Fairgrounds Senior Housing, L.P.

Organization

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

Long-term debt

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

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

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
City of San Jose Revenue Bonds	$ 55,550	$ 10,515,000	$ 10,570,550	$ 245,550
City of San Jose Note	495,385	7,386,745	7,882,130	-
County of Santa Clara Note	41,320	724,830	766,150	-
Subtotal	592,255	18,626,575	19,218,830	245,550
Less unamortized permanent loan costs	-	(330,622)	(330,622)	-
Total	$ 592,255	$ 18,295,953	$ 18,888,208	$ 245,550

Halford Avenue LLC

Organization

Halford Avenue LLC was formed as a limited liability company on May 13, 2014, to acquire and operate a 10-unit affordable housing complex located in the City of Santa Clara, California, operating under the name of Eklund Gardens I. The company is owned by its sole member, S.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, 2019, Halford Avenue LLC does not have unaffiliated long-term debt.

Hermocilla LLC

Organization

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

Long-term debt

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 6,927	$ 1,392,467	$ 1,399,394	$ 115,913
Less unamortized permanent loan costs	-	(75,671)	(75,671)	-
Total	$ 6,927	$ 1,316,796	$ 1,323,723	$ 115,913

Huff Avenue LLC

Organization

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

Long-term debt

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

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
City of San Jose Note	$ 7,804	$ 27,401	$ 35,205	$ 35,205
ARCS Note	17,153	3,079,129	3,096,282	121,326
Subtotal	24,957	3,106,530	3,131,487	156,531
Less unamortized permanent loan costs	-	(78,002)	(78,002)	-
Total	$ 24,957	$ 3,028,528	$ 3,053,485	$ 156,531

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2010A-1 Bonds	$ 113,071	$ 11,435,000	$ 11,548,071	$ 1,268,071
Less unamortized permanent loan costs	-	(392,161)	(392,161)	-
Total	$ 113,071	$ 11,042,839	$ 11,155,910	$ 1,268,071

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
CalMFA/Citibank Loan	$ 87,699	$ 27,408,818	$ 27,496,517	$ 586,260
Less unamortized permanent loan costs	-	(197,414)	(197,414)	-
Total	$ 87,699	$ 27,211,404	$ 27,299,103	$ 586,260

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 36,562	$ 10,904,578	$ 10,941,140	$ 266,245
City of San Jose Note	77,931	3,233,648	3,311,579	316,299
Subtotal	114,493	14,138,226	14,252,719	582,544
Less unamortized permanent loan costs	-	(255,553)	(255,553)	-
Total	$ 114,493	$ 13,882,673	$ 13,997,166	$ 582,544

Park Avenue Seniors LP.

Organization

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

Long-term debt

California Municipal Finance Agency ("CalMFA") Loan - The loan, in the original amount of $39,030,000, bears a variable interest rate. Payments of principal and interest are due every month with the entire principal and interest due in full in November 1, 2049. Capitalized interest was $548,750 in 2019.

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
California Municipal Finance Authority (CalMFA)	$ -	$ 39,030,000	$ 39,030,000	$ -

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, 2019, Poinciana does not have unaffiliated long-term debt.

Rincon Gardens Associates, L.P.:

Organization

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

Ground lease

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

Long-term debt

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
2008 Series A-1 and A-2 Bonds	$ -	$ 12,609,179	$ 12,609,179	$ 611,428
Less unamortized permanent loan costs	-	(193,726)	(193,726)	-
Total	$ -	$ 12,415,453	$ 12,415,453	$ 611,428

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, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Citibank Loan	$ 2,531	$ 736,177	$ 738,708	$ 111,244
City of Santa Clara Note	146,724	1,550,000	1,696,724	114,809
Subtotal	149,255	2,286,177	2,435,432	226,053
Less unamortized permanent loan costs	-	(18,209)	(18,209)	-
Total	$ 149,255	$ 2,267,968	$ 2,417,223	$ 226,053

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.

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

	December 31, 2019			
	Interest Payable	Principal	Total	Amounts due within one year
Series 2005 Bonds	$ 3,810	$ 3,657,000	$ 3,660,810	$ 84,810
LCD Note	124	-	124	124
Subtotal	3,934	3,657,000	3,660,934	84,934
Less unamortized permanent loan costs	-	(148,270)	(148,270)	-
Total	$ 3,934	$ 3,508,730	$ 3,512,664	$ 84,934

Note 18 – Uncertainties

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

Note 19 – Subsequent Event

On October 1, 2020 the Authority entered into a purchase agreement with Han's San Jose Hospitality LLC. for the purchase of a new office building at 3553 N. First Street, San Jose, CA. The purchase price of the property is $37,350,000. The purchase was completed on December 16, 2020.

SANTA CLARA COUNTY HOUSING AUTHORITY

Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Six Fiscal Years *

	Fiscal Year Ended June 30, 2020	2019	2018	2017	2016	2015
Measurement period	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	$ 1,942,195	$ 1,667,037	$ 1,681,600	$ 1,375,763	$ 1,327,942	$ 1,413,145
Interest on the total pension liability	4,635,577	4,244,612	4,010,164	3,735,363	3,522,787	3,356,632
Differences between expected and actual experience	1,708,139	203,993	400,225	(187,868)	(539,512)	-
Changes of assumptions	-	(463,355)	3,588,716	-	(932,527)	-
Benefit payments, including refunds of employee contributions	(2,316,995)	(2,261,652)	(2,030,601)	(1,959,484)	(1,856,519)	(2,064,928)
Net change in total pension liability	5,968,916	3,390,635	7,650,104	2,963,774	1,522,171	2,704,849
Total pension liability, beginning	63,312,516	59,921,881	52,271,777	49,308,003	47,785,832	45,080,983
Total pension liability, ending	**$ 69,281,432**	**$ 63,312,516**	**$ 59,921,881**	**$ 52,271,777**	**$ 49,308,003**	**$ 47,785,832**
Plan fiduciary net position						
Contributions, employer	$ 1,085,079	$ 11,802,799	$ 820,619	$ 772,938	$ 724,610	$ 824,681
Contributions, employee	909,487	800,615	714,664	680,032	654,082	670,406
Net investment income	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	(2,316,995)	(2,261,652)	(2,030,601)	(1,959,484)	(1,856,519)	(2,064,928)
Administrative expenses	(56,041)	(97,836)	(84,177)	(34,913)	(64,468)	-
Other miscellaneous income/(expense)[1]	183	(185,792)	-	-	-	-
Net change in plan fiduciary net position	4,700,995	15,745,983	5,771,113	(272,824)	695,580	7,863,258
Plan fiduciary net position, beginning	78,530,679	62,784,696	57,013,583	57,286,407	56,590,827	48,727,569
Plan fiduciary net position, ending	**$ 83,231,674**	**$ 78,530,679**	**$ 62,784,696**	**$ 57,013,583**	**$ 57,286,407**	**$ 56,590,827**
Plan net pension liability (asset)	**$ (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)	**124.0%**	**124.0%**	**104.8%**	**109.1%**	**116.2%**	**118.4%**
Covered payroll	**$ 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	**-107.5%**	**-141.4%**	**-26.4%**	**-48.4%**	**-85.8%**	**-94.0%**

Note to schedule:

[1] During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

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

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

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

Miscellaneous Plan	**Fiscal Year Ended June 30**						
	2020	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contributions (ADC)	$ 1,144,720	$ 1,045,365	$ 907,800	$ 821,104	$ 767,798	$ 724,610	$ 824,681
Contributions in relation to the ADC	(1,144,720)	(1,045,365)	(11,802,799)	(821,104)	(767,798)	(724,610)	(824,681)
Contribution deficiency (excess)	$ -	$ -	$(10,894,999)	$ -	$ -	$ -	$ -
Covered payroll	$ 13,335,529	$ 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	8.58%	8.05%	109.65%	7.58%	7.84%	7.79%	8.80%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2020 were as follows:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.625%
Salary increases	Varies by entry age and services
Payroll growth	2.75%
Investment rate of return	7.25%, 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.

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

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

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

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

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

OPEB Plan

Fiscal year ended June	**2020**	**2019**	**2018**
Actuarially determined contributions (ADC)	$ 229,107	$ 390,670	$ 594,813
Contributions in relation to the ADC	(496,779)	(547,592)	(3,181,037)
Contribution deficiency (excess)	**$ (267,672)**	**$ (156,922)**	**$ (2,586,224)**
Covered payroll	$ 13,748,345	$ 13,347,908	$ 12,060,330
Contributions as a percentage of covered payroll	3.61%	4.10%	26.38%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2020 were as follows:

ADC for fiscal year	June 30, 2020
Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost, level percent of pay
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.25%
Investment rate of return	5.50%
Healthcare cost trend rates	Medical premium: Healthcare cost trend rate of 6.5% for initial year, graded down by 0.5% per year until 5.3% ultimate rate is reached. 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 three 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, 2019

	Bascom HACSC Associates (1)	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)	HACSC/ Choices Family Associates (1)	HACSC/ Choices Senior Associates (1)	Halford LLC (2)	Hermocilla LLC (1)	Huff Avenue LLC (1)
Assets:											
Current assets:											
Cash:											
Unrestricted	$ -	$ 369,515	$ 74,240	$ 525,345	$ 2,115,839	$ 2,749,872	$ -	$ -	$ 359,547	$ 787,220	$ 334,634
Tenant security deposits	-	44,181	23,713	58,137	239,944	107,511	-	-	2,800	51,796	65,426
Total cash	-	413,696	97,953	583,482	2,355,783	2,857,383	-	-	362,347	839,016	400,060
Accounts receivable:											
Tenants	-	13,326	2,396	4,903	5,049	8,710	-	-	-	77	4,257
HUD	-	-	791	-	-	-	-	-	-	-	7,051
Others	-	3,640	10,043	1,994	-	-	-	-	1,574	1,700	-
Total accounts receivable, net	-	16,966	13,230	6,897	5,049	8,710	-	-	1,574	1,777	11,308
Prepaid expenses	-	23,583	16,168	31,369	51,000	32,842	-	-	2,072	25,296	22,011
Restricted cash and cash equivalents	-	2,546,624	146,111	892,713	1,654,633	2,786,976	-	-	33,027	63,636	999,461
Total current assets	-	3,000,869	273,462	1,514,461	4,066,465	5,685,911	-	-	399,020	929,725	1,432,840
Noncurrent assets:											
Prepaid costs, net	-	32,972	-	20,203	21,343	34,773	-	-	-	-	-
Capital assets:											
Nondepreciable	-	3,779,006	1,697,718	212,624	40,077	-	-	-	-	1,524,051	2,821,310
Depreciable	-	31,074,345	2,101,552	19,631,840	49,077,091	25,813,026	-	-	2,092,435	2,497,969	4,142,107
Total capital assets	-	34,853,351	3,799,270	19,844,464	49,117,168	25,813,026	-	-	2,092,435	4,022,020	6,963,417
Total noncurrent assets	-	34,886,323	3,799,270	19,864,667	49,138,511	25,847,799	-	-	2,092,435	4,022,020	6,963,417
Total assets	-	37,887,192	4,072,732	21,379,128	53,204,976	31,533,710	-	-	2,491,455	4,951,745	8,396,257
Liabilities:											
Current liabilities:											
Accounts payable	-	71,150	35,978	56,107	800,767	760,674	-	-	13,726	42,659	70,558
Payable to related parties	-	-	-	5,797	482,217	656,851	-	-	213	-	-
Due to primary government	-	1,406	167,941	452,918	15,351	42,083	-	-	166,089	30,828	289,234
Tenant security deposits	-	44,181	23,712	58,137	246,848	109,288	-	-	2,800	51,787	65,415
Unearned revenues	-	4,257	-	989	2,243	1,346	-	-	-	-	1,846
Interest payable	-	572,586	9,691	15,415	106,506	55,550	-	-	-	6,927	24,957
Current portion of long-term obligations	-	190,400	107,369	338,019	318,577	190,000	-	-	-	108,986	131,574
Total current liabilities	-	883,980	344,691	927,382	1,972,509	1,815,792	-	-	182,828	241,187	583,584
Noncurrent liabilities:											
Interest payable, net of current portion	-	73,743	-	-	3,318,364	536,705	-	-	-	-	-
Long-term obligations, net of current portion	-	14,734,652	624,542	4,722,665	38,380,518	18,105,953	-	-	-	1,207,810	2,896,954
Advance from primary government	-	13,106,063	2,629,527	7,224,956	-	-	-	-	2,204,827	-	298,321
Total liabilities	-	28,798,438	3,598,760	12,875,003	43,671,391	20,458,450	-	-	2,387,655	1,448,997	3,778,859
Net position:											
Net investment in capital assets	-	8,845,552	475,903	7,371,812	10,418,073	7,517,073	-	-	(234,796)	2,705,224	3,934,889
Restricted	-	2,546,624	146,111	892,713	1,654,633	2,786,976	-	-	33,027	63,636	999,461
Unrestricted (deficits)	-	(2,303,422)	(148,042)	239,600	(2,539,121)	771,211	-	-	305,569	733,888	(316,952)
Total net position	$ -	$ 9,088,754	$ 473,972	$ 8,504,125	$ 9,533,585	$ 11,075,260	$ -	$ -	$ 103,800	$ 3,502,748	$ 4,617,398

(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 Pinmore HDC 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
December 31, 2019

	Julian Street Partners, L.P. (1)	Laurel Grove Lane, L.P. (1)	McCreery Avenue L.P. (1)	Park Avenue Seniors, L.P. (3)	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	$ 3,393,919	$ 2,553,756	$ 516,283	$ 16,731,037	$ 162,155	$ 2,105,350	$ 232,866	$ 301,241	$ -	$ 33,312,819
Tenant security deposits	185,665	125,541	102,037	-	6,000	70,479	45,518	28,964	-	1,157,712
Total cash	3,579,584	2,679,297	618,320	16,731,037	168,155	2,175,829	278,384	330,205	-	34,470,531
Accounts receivable:										
Tenants	1,437	6,261	3,751	-	-	2,939	6,417	4,208	-	63,731
HUD	37,371	5,420	570	-	108	-	-	-	-	51,311
Others	15,053	49,264	5,164	92,411	600	2,881	2,293	-	-	186,617
Total accounts receivable, net	53,861	60,945	9,485	92,411	708	5,820	8,710	4,208	-	301,659
Prepaid expenses	104,689	45,402	36,638	-	955	72,910	9,355	40,339	-	514,629
Restricted cash and cash equivalents	3,608,883	541,731	659,284	-	19,816	2,336,959	93,183	438,543	-	16,821,580
Total current assets	7,347,017	3,327,375	1,323,727	16,823,448	189,634	4,591,518	389,632	813,295	-	52,108,399
Noncurrent assets:										
Prepaid costs, net	40,681	54,982	48,942	-	-	-	-	1,166,024	-	1,419,920
Capital assets:										
Nondepreciable	6,976	2,731,360	1,560,200	62,160,173	-	-	1,857,880	-	(946,255)	77,445,120
Depreciable	58,914,373	52,332,817	36,493,260	-	1,245,703	31,646,296	2,464,629	1,525,574	(19,553,383)	301,499,634
Total capital assets	58,921,349	55,064,177	38,053,460	62,160,173	1,245,703	31,646,296	4,322,509	1,525,574	(20,499,638)	378,944,754
Total noncurrent assets	58,962,030	55,119,159	38,102,402	62,160,173	1,245,703	31,646,296	4,322,509	2,691,598	(20,499,638)	380,364,674
Total assets	66,309,047	58,446,534	39,426,129	78,983,621	1,435,337	36,237,814	4,712,141	3,504,893	(20,499,638)	432,473,073
Liabilities:										
Current liabilities:										
Accounts payable	285,577	81,264	160,501	9,381,710	18,890	100,979	83,341	40,308	-	12,004,189
Payable to related parties	20,600	8,200	-	-	173	13,439	-	-	-	1,187,490
Due to primary government	2,808,166	2,490,823	131,852	-	147,845	1,664,829	15,000	64,585	-	8,488,950
Tenant security deposits	185,625	123,516	101,211	-	6,000	70,400	45,503	28,959	-	1,163,382
Unearned revenues	17,041	2,393	2,299	-	-	2,579	15,646	1,937	-	52,576
Interest payable	113,071	87,699	114,493	-	-	-	117,340	3,934	-	1,228,169
Current portion of long-term obligations	1,155,000	498,561	468,051	-	-	611,428	108,713	81,000	-	4,307,678
Total current liabilities	4,585,080	3,292,456	978,407	9,381,710	172,908	2,463,654	385,543	220,723	-	28,432,434
Noncurrent liabilities:										
Interest payable, net of current portion	-	-	-	-	-	-	31,915	-	-	3,960,727
Long-term obligations, net of current portion	9,887,839	26,712,843	13,414,622	39,030,000	-	11,804,025	2,159,255	3,427,730	-	187,109,408
Advance from primary government	22,873,881	10,259,391	11,143,121	28,149,087	1,000,905	15,613,050	-	116,710	-	114,619,839
Total liabilities	37,346,800	40,264,690	25,536,150	76,560,797	1,173,813	29,880,729	2,576,713	3,765,163	-	334,122,408
Net position:										
Net investment in capital assets	25,075,660	18,909,855	13,824,140	2,355,171	99,201	3,560,843	2,054,541	(1,983,156)	(20,499,638)	84,430,347
Restricted	3,608,883	541,731	659,284	-	19,816	2,336,959	93,183	438,543	-	16,821,580
Unrestricted (deficits)	277,704	(1,269,742)	(593,445)	67,653	142,507	459,283	(12,296)	1,284,343	-	(2,901,262)
Total net position	$ 28,962,247	$ 18,181,844	$ 13,889,979	$ 2,422,824	$ 261,524	$ 6,357,085	$ 2,135,428	$ (260,270)	$ (20,499,638)	$ 98,350,665

(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 Pinmore 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 - Discretely Presented Component Units
For Year Ended December 31, 2019

	Bascom HACSC Associates (1)	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)	HACSC/ Choices Family Associates (1)	HACSC/ Choices Senior Associates (1)	Halford LLC (2)	Hermocilla LLC (1)	Huff Avenue LLC (1)
Operating revenues:											
Rental income	$ -	$ 2,236,976	758,191	$ 1,852,951	$ 6,184,152	$ 4,728,637	$ -	$ -	$ 318,112	$ 1,320,735	$ 1,660,671
Tenant revenue - other	-	20,135	-	10,870	7,977	-	-	-	-	-	-
Donation and other	-	3,042	19,280	1,392	20,389	7,341	-	-	391	10,019	17,609
Total operating revenues	-	2,260,153	777,471	1,865,213	6,212,518	4,735,978	-	-	318,503	1,330,754	1,678,280
Operating expenses:											
Administrative	-	296,566	194,871	349,427	123,885	51,075	-	-	47,798	232,082	288,718
Utilities	-	106,366	62,380	82,154	484,813	270,611	-	-	11,703	141,490	104,953
Maintenance and operations	-	283,575	254,610	298,272	776,897	186,660	-	-	63,046	277,683	301,050
Marketing and leasing	-	704	-	1,931	-	-	-	-	-	-	-
Insurance and taxes	-	121,436	54,086	68,137	272,075	87,249	-	-	9,264	70,702	124,322
Other general expenses	-	37,698	-	-	269,549	404,779	-	-	35		-
Depreciation and amortization	-	1,026,169	151,368	651,889	1,938,848	1,028,720	-	-	143,655	344,611	237,147
Total operating expenses	-	1,872,514	717,315	1,451,810	3,866,067	2,029,094	-	-	275,501	1,066,568	1,056,190
Operating income (loss)	-	387,639	60,156	413,403	2,346,451	2,706,884	-	-	43,002	264,186	622,090
Nonoperating revenues (expenses):											
Investment income	-	14,529	70	2,449	8,423	555	-	-	123	754	569
Interest expense	-	(1,179,682)	(99,548)	(388,551)	(1,934,139)	(931,055)	-	-	(442)	(81,122)	(221,035)
Partnership and asset management fees	-	(13,911)	(10,000)	(5,797)	(66,397)	(372,724)	-	-	-	(15,000)	(10,000)
Ground lease	-	-	-	-	(1,026,554)	(829,225)	-	-	-	-	-
Incentive, issuer and investor service fees	-	-	-	-	(431,172)	(328,390)	-	-	-	-	-
Bond and loan fees	-	-		(4,000)	-	-	-	-	-	(4,558)	(3,446)
Other nonoperating revenue (expense), net	-	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	-	(1,179,064)	(109,478)	(395,899)	(3,449,839)	(2,460,839)	-	-	(319)	(99,926)	(233,912)
Income (loss) before capital contributions	-	(791,425)	(49,322)	17,504	(1,103,388)	246,045	-	-	42,683	164,260	388,178
Capital contributions (distributions)	-	-	-	-	(105,200)	(54,565)	-	-	-	-	-
Change in net position	-	(791,425)	(49,322)	17,504	(1,208,588)	191,480	-	-	42,683	164,260	388,178
Net position beginning of year, as reported	586,154	9,880,179	523,294	8,486,621	10,742,173	10,883,780	35,998	(595,619)	61,117	3,338,488	4,229,220
Change in reporting entity	(586,154)	-	-	-	-	-	(35,998)	595,619	-	-	-
Net position, beginning of year, as reclassified	-	9,880,179	523,294	8,486,621	10,742,173	10,883,780	-	-	61,117	3,338,488	4,229,220
Net position, ending of year	$ -	$ 9,088,754	$ 473,972	$ 8,504,125	$ 9,533,585	$ 11,075,260	$ -	$ -	$ 103,800	$ 3,502,748	$ 4,617,398

(Continued)

(1) Component unit was audited by other auditors.
(2) Component unit was audited by other auditors as a subsidiary of the S.P.G. Housing, Inc.
(3) Component unit was audited by other auditors as a subsidiary of the Pinmore 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 - Discretely Presented Component Units
For Year Ended December 31, 2019

	Julian Street Partners, L.P. (1)	Laurel Grove Lane, L.P. (1)	McCreery Avenue L.P. (1)	Park Avenue Seniors, L.P. (3)	Poinciana LLC (2)	Rincon Gardens Associates, L.P. (1)	South Drive LLC (1)	Willows HACSC Associates (1)	Elimination/ Adjustment	Total
Operating revenues:										
Rental income	$ 8,692,855	$ 2,960,732	$ 2,218,118	$ -	$ 256,824	$ 5,015,436	$ 896,546	$ 882,681	$ -	$ 39,983,617
Tenant revenue - other	-	-	35,214	-	-	-	-	-	-	74,196
Donation and other	32,639	14,872	17,137	225	-	21,694	21,423	15,605	-	203,058
Total operating revenues	8,725,494	2,975,604	2,270,469	225	256,824	5,037,130	917,969	898,286	-	40,260,871
Operating expenses:										
Administrative	1,071,222	391,225	323,360	-	35,971	535,685	225,645	172,466	-	4,339,996
Utilities	480,040	149,182	209,198	-	10,362	340,454	88,462	80,765	-	2,622,933
Maintenance and operations	1,017,303	233,715	502,648	-	63,637	430,567	167,118	160,468	-	5,017,249
Marketing and leasing	8,235	6,580	3,426	-	-	-	-	-	-	20,876
Insurance and taxes	247,845	114,166	120,808	-	5,446	115,740	49,761	51,107	-	1,512,144
Other general expenses	-	89,527	-	-	28	-	-	-	-	801,616
Depreciation and amortization	2,102,593	1,433,173	1,111,904	-	86,936	1,141,344	157,077	182,684	-	11,738,118
Total operating expenses	4,927,238	2,417,568	2,271,344	-	202,380	2,563,790	688,063	647,490	-	26,052,932
Operating income (loss)	3,798,256	558,036	(875)	225	54,444	2,473,340	229,906	250,796	-	14,207,939
Nonoperating revenues (expenses):										
Investment income	10,204	1,327	1,508	9,322	70	2,669	77	979	-	53,628
Interest expense	(1,739,557)	(1,714,006)	(752,534)	-	(315)	(1,591,211)	(126,047)	(73,884)	-	(10,833,128)
Partnership and asset management fees	(61,801)	-	(30,000)	-	-	(40,318)	(15,000)	(52,282)	-	(693,230)
Ground lease	(6)	-	-	-	-	-	-	(30,685)	-	(1,886,470)
Incentive, issuer and investor service fees	(175,161)	-	-	-	-	(103,849)	-	(124)	-	(1,038,696)
Bond and loan fees	(182,941)	-	(21,903)	-	-	(13,439)	-	(55,399)	-	(285,686)
Other nonoperating revenue (expense), net	(20,600)	-	83,578	-	-	(11,335)	-	-	-	51,643
Total nonoperating revenues (expenses)	(2,169,862)	(1,712,679)	(719,351)	9,322	(245)	(1,757,483)	(140,970)	(211,395)	-	(14,631,939)
Income (loss) before capital contributions	1,628,394	(1,154,643)	(720,226)	9,547	54,199	715,857	88,936	39,401	-	(424,000)
Capital contributions (distributions)	(657,072)	16,687,261	-	-	-	(345,941)	-	-	-	15,524,483
Change in net position	971,322	15,532,618	(720,226)	9,547	54,199	369,916	88,936	39,401	-	15,100,483
Net position beginning of year, as reported	27,990,925	2,649,226	14,610,205	2,413,277	207,325	5,987,169	2,046,492	(299,671)	(20,499,638)	83,276,715
Change in reporting entity	-	-	-	-	-	-	-	-	-	(26,533)
Net position, beginning of year, as reclassified	27,990,925	2,649,226	14,610,205	2,413,277	207,325	5,987,169	2,046,492	(299,671)	(20,499,638)	83,250,182
Net position, ending of year	$ 28,962,247	$ 18,181,844	$ 13,889,979	$ 2,422,824	$ 261,524	$ 6,357,085	$ 2,135,428	$ (260,270)	$ (20,499,638)	$ 98,350,665

(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 Pinmore HDC Inc.

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs
For the Year Ended June 30, 2020

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Assets:										
Current assets:										
Unrestricted cash and cash equivalents	$ 22,199	$ 171,219	$ 871	$ 6,863	$ 700,842	$ 1,520,147	$ 5,212,149	$ 128,988	$ 1,230,340	$ 79,554
Unrestricted short term investments	-	8,951	-	-	-	10,874,457	1,500,000	-	1,322,561	-
Accounts receivable:										
Tenants	-	-	-	-	-	-	-	-	-	-
HUD	-	-	39,895	-	27,240	-	119,688,368	50,059	-	-
Others	173	-	-	-	-	-	181,108	-	-	3,661
Interest receivable	-	-	-	-	-	38,232	5,275	-	4,640	-
Due from other programs	-	-	110	808,001	18,226	-	25,129	21,257	744,814	137,518
Due from component units and related parties	-	-	-	140,683	-	2,920,951	625,260	-	-	63,505
Prepaid expenses	4,315	-	-	122,743	4,851	-	528,492	-	39,973	30,278
Restricted cash and cash equivalents	400	-	-	-	1,656,367	-	-	-	-	14,840
Restricted cash in FSS escrow	-	-	-	1,626,135	36,446	-	-	-	-	-
Restricted short term investments	-	-	-	-	-	-	-	-	-	-
Total current assets	27,087	180,170	40,876	2,704,425	2,443,972	15,353,787	127,765,781	200,304	3,342,328	329,356
Noncurrent assets:										
Long term investments	-	-	-	-	-	-	-	-	-	-
Long-term receivables from non-related parties	-	-	-	-	-	-	5,670,782	-	-	-
Long-term receivables from component units and related parties	-	3,468,483	-	1,390,821	-	55,377,060	88,491,625	-	-	69,734
Net pension asset	-	-	-	11,897,630	-	-	-	-	1,108,763	997,542
Net OPEB asset	-	-	-	2,625,638	-	-	-	-	196,785	228,601
Equity interest in affiliated limited partnerships	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	3,251,171	-	264,821	250,359
Capital assets:										
Nondepreciable	183,123	-	-	4,885,989	-	5,333,062	55,722,910	-	-	238,272
Depreciable	460,131	-	-	612,956	-	-	-	-	-	15,414
Total capital assets	643,254	-	-	5,498,945	-	5,333,062	55,722,910	-	-	253,686
Total noncurrent assets	643,254	3,468,483	-	21,413,034	-	60,710,122	153,136,488	-	1,570,369	1,799,922
Total assets	670,341	3,648,653	40,876	24,117,459	2,443,972	76,063,909	280,902,269	200,304	4,912,697	2,129,278
Deferred outflows of resources:										
Pension items	-	-	7,468	3,438,891	38,445	-	-	7,780	258,984	218,276
Other post employment benefits (OPEB) items	-	-	-	1,759,022	15,419	-	-	879	113,304	108,733
Total deferred outflows of resources	-	-	7,468	5,197,913	53,864	-	-	8,659	372,288	327,009

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs
For the Year Ended June 30, 2020

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Liabilities:										
Current liabilities:										
Accounts payable	1,356	-	33,183	448,206	22,878	-	171,982	849	10,516	22,066
Accrued wages and benefits	-	-	3,365	379,399	8,716	-	-	3,199	43,291	33,864
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	3,793	-	43,740	-	-	-
Due to other programs	27,169	-	-	13	27,240	-	122,587	21,130	41,571	775,555
Due to component units and related parties	-	-	-	-	-	-	-	-	-	-
Other accrued liabilities	3,917	-	-	-	-	-	-	-	-	14,840
Tenant security deposits	400	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Current portion of accrued vacation and sick leave	-	-	414	80,336	2,112	-	-	1,035	6,255	7,215
Current portion of long-term debt	-	-	-	20,000	-	-	-	-	-	-
Total current liabilities	32,842	-	36,962	927,954	64,739	-	338,309	26,213	101,633	853,540
FSS escrow	-	-	-	1,626,135	36,446	-	-	-	-	-
Accrued vacation and sick leave, net of current portion	-	-	3,914	763,265	20,345	-	-	10,033	56,866	65,954
Payable to component units and related parties, net of current portion	-	-	-	-	-	-	-	-	-	-
Other obligations, net of current portion	-	-	-	-	-	-	-	-	-	-
Long-term interest payable	-	-	-	651,959	-	-	-	-	-	-
Long-term obligations, net of current portion	-	-	-	952,500	-	-	-	-	-	-
Net pension liability	-	-	7,468	-	38,445	-	-	7,780	-	-
Net OPEB liability	-	-	-	-	15,419	-	-	879	-	-
Total liabilities	32,842	-	48,344	4,921,813	175,394	-	338,309	44,905	158,499	919,494
Deferred inflows of resources:										
Pension items	-	-	-	471,590	-	-	-	-	58,318	(3,820)
OPEB items	-	-	-	2,579,861	-	-	-	-	176,120	132,837
Total deferred inflows of resources	-	-	-	3,051,451	-	-	-	-	234,438	129,017
Net position:										
Net investment in capital assets	643,254	-	-	4,526,445	-	5,333,062	55,722,910	-	-	253,686
Restricted	-	-	-	14,523,268	1,656,367	-	-	-	1,305,548	1,226,143
Unrestricted	(5,755)	3,648,653	-	2,292,395	666,075	70,730,847	224,841,050	164,058	3,586,500	(72,053)
Total net position	$ 637,499	$ 3,648,653	$ -	$ 21,342,108	$ 2,322,442	$ 76,063,909	$ 280,563,960	$ 164,058	$ 4,892,048	$ 1,407,776

(Continued)

(1) Component units were audited by other auditors.
(2) As of December 31, 2019

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
For the Year Ended June 30, 2020

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Assets:						
Current assets:						
Unrestricted cash and cash equivalents	$ 1,475,956	$ 118,086	$ 953,084	$ 12,774,787	$ -	$ 24,395,085
Unrestricted short term investments	1,340,755	46,042,854	-	-	-	61,089,578
Accounts receivable:						
Tenants	-	-	-	28,363	-	28,363
HUD	-	-	-	-	-	119,805,562
Others	-	10,000	690	99,187	-	294,819
Interest receivable	4,719	145,431	-	-	-	198,297
Due from other programs	116,961	110,000	89,810	-	(2,071,826)	-
Due from component units and related parties	-	-	-	1,345,001	(935,627)	4,159,773
Prepaid expenses	-	200	290,701	335,520	(584,628)	772,445
Restricted cash and cash equivalents	-	124,892	-	11,385,325	-	13,181,824
Restricted cash in FSS escrow	-	-	-	-	-	1,662,581
Restricted short term investments	-	743,125	-	-	-	743,125
Total current assets	2,938,391	47,294,588	1,334,285	25,968,183	(3,592,081)	226,331,452
Noncurrent assets:						
Long term investments	-	16,141,708	-	-	-	16,141,708
Long-term receivables from non-related parties	-	-	-	-	-	5,670,782
Long-term receivables from component units and related parties	4,756	-	-	28,944,758	(65,893,945)	111,853,292
Net pension asset	-	-	-	-	(53,693)	13,950,242
Net OPEB asset	-	-	-	-	(16,298)	3,034,726
Equity interest in affiliated limited partnerships	-	-	-	6,920,019	-	6,920,019
Other assets	-	-	-	-	(3,766,351)	-
Capital assets:						
Nondepreciable	-	1,825,736	47,889	62,597,704	-	130,834,685
Depreciable	-	4,565,542	768,981	56,237,587	-	62,660,611
Total capital assets	-	6,391,278	816,870	118,835,291	-	193,495,296
Total noncurrent assets	4,756	22,532,986	816,870	154,700,068	(69,730,287)	351,066,065
Total assets	2,943,147	69,827,574	2,151,155	180,668,251	(73,322,368)	577,397,517
Deferred outflows of resources:						
Pension items	-	-	-	-	-	3,969,844
Other post employment benefits (OPEB) items	-	-	-	-	-	1,997,357
Total deferred outflows of resources	-	-	-	-	-	5,967,201

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position by Programs (Continued)
For the Year Ended June 30, 2020

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Liabilities:						
Current liabilities:						
Accounts payable	2,902	23,658	353,566	989,240	-	2,080,402
Accrued wages and benefits	-	-	218,426	-	-	690,260
Accrued interest payable	-	-	-	1,771,366	-	1,771,366
Intergovernmental payable	-	-	-	-	-	47,533
Due to other programs	27,868	283,843	744,850	-	(2,071,826)	-
Due to component units and related parties	-	-	-	976,634	(935,627)	41,007
Other accrued liabilities	-	-	-	278,751	-	297,508
Tenant security deposits	-	-	-	679,956	-	680,356
Unearned revenue	-	1,765,995	-	20,031	(584,628)	1,201,398
Current portion of accrued vacation and sick leave	-	-	77,536	-	-	174,903
Current portion of long-term debt	-	-	-	2,618,073	-	2,638,073
Total current liabilities	30,770	2,073,496	1,394,378	7,334,051	(3,592,081)	9,622,806
FSS escrow	-	-	-	-	-	1,662,581
Accrued vacation and sick leave, net of current portion	-	-	740,567	-	-	1,660,944
Payable to component units and related parties, net of current portion	-	-		65,894,665	(65,893,945)	720
Other obligations, net of current portion	-	3,766,351	-	-	(3,766,351)	-
Long-term interest payable	-	-	-	8,034,886	-	8,686,845
Long-term obligations, net of current portion	-	-	-	83,682,954	-	84,635,454
Net pension liability	-	-	-	-	(53,693)	-
Net OPEB liability	-	-	-	-	(16,298)	-
Total liabilities	30,770	5,839,847	2,134,945	164,946,556	(73,322,368)	106,269,350
Deferred inflows of resources:						
Pension items	-	-	-	-	-	526,088
OPEB items	-	-	-	-	-	2,888,818
Total deferred inflows of resources	-	-	-	-	-	3,414,906
Net position:						
Net investment in capital assets	-	6,391,278	816,870	32,534,264	-	106,221,769
Restricted	-	868,017	-	10,705,369	(69,991)	30,214,721
Unrestricted	2,912,377	56,728,432	(800,660)	(27,517,938)	69,991	337,243,972
Total net position	$ 2,912,377	$ 63,987,727	$ 16,210	$ 15,721,695	$ -	$ 473,680,462

(1) Component units were audited by other auditors.
(2) As of December 31, 2019

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, 2020

	Conventional Housing Program	Public Housing Capital	Family Self Sufficiency	Section 8 Rental Voucher	Special Purpose Voucher	Public Housing Proceeds Program	Moving To Work	Section 8 Moderate Rehabilitation	Development Services	Real Estate Services
Operating revenues:										
Rental income	$ 13,919	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Service fees	-	-	-	-	-	-	-	-	-	-
HUD housing assistance payments earned	-	-	-	-	24,503,112	-	365,102,595	1,349,494	-	-
HUD administrative fees	-	-	-	-	1,468,585	-	17,568,772	112,507	-	-
HUD administrative fees - CARES Act	1,739	-	-	3,656,076	15,774	-	-	-	-	-
FSS coordinator fees	-	-	388,979	-	-	-	-	-	-	-
Operating subsidy	-	-	-	-	-	-	10,794	-	-	-
Other operating revenues	826	-	-	244,114	6,325	448,286	161,430	-	2,207,911	675,146
Total operating revenues	16,484	-	388,979	3,900,190	25,993,796	448,286	382,843,591	1,462,001	2,207,911	675,146
Operating expenses:										
Wages and benefits	3,648	-	-	9,675,302	501,505	-	-	101,531	1,059,873	985,611
Pension and OPEB expense	-	-	-	1,879,948	-	-	-	-	129,148	97,765
Administrative	1,172	-	-	1,117,795	58,793	-	-	4,218	85,214	65,813
Tenant services	2,445	-	381,244	92,360	-	-	-	-	-	-
Utilities	4,328	-	-	-	-	-	17,328	-	-	6,835
Maintenance and operations	23,293	-	-	-	-	-	31,233	-	-	24,426
General	4,644	-	-	210,532	9,569	-	8,199	593	3,920	6,566
Indirect allocation	-	-	-	7,466,864	535,884	-	-	32,469	535,842	405,884
Depreciation and amortization	27,378	-	-	163,731	-	-	-	-	-	936
Housing assistance payments	-	-	-	329,462,188	23,626,483	-	-	1,349,494	-	-
Other	4,130	-	-	1,528,996	71,647	-	3,000,000	1,427	453,054	2,171
Total operating expenses	71,038	-	381,244	351,597,716	24,803,881	-	3,056,760	1,489,732	2,267,051	1,596,007
Operating income (loss)	(54,554)	-	7,735	(347,697,526)	1,189,915	448,286	379,786,831	(27,731)	(59,140)	(920,861)
Nonoperating revenues (expenses):										
Investment income	1	180,224	-	-	-	2,201,077	1,736,379	-	27,200	-
Interest expense	-	-	-	(38,900)	-	-	-	-	-	-
Total nonoperating revenues (expenses)	1	180,224	-	(38,900)	-	2,201,077	1,736,379	-	27,200	-
Income (loss) before transfers	(54,553)	180,224	7,735	(347,736,426)	1,189,915	2,649,363	381,523,210	(27,731)	(31,940)	(920,861)
Transfers in	54,553	-	-	353,888,632	17,888	-	51,406,979	-	-	1,126,751
Transfers out	-	-	(7,735)	(6,273,673)	(17,498)	-	(399,905,455)	(6,599)	-	-
Change in net position	-	180,224	-	(121,467)	1,190,305	2,649,363	33,024,734	(34,330)	(31,940)	205,890
Net position, beginning of year, as previously reported	637,499	3,468,429	-	21,463,575	1,132,137	73,414,546	247,539,226	198,388	4,923,988	1,201,886
Change in reporting entity	-	-	-	-	-	-	-	-	-	-
Net position, beginning of year, as reclassified	637,499	3,468,429	-	21,463,575	1,132,137	73,414,546	247,539,226	198,388	4,923,988	1,201,886
Net position, end of year	$ 637,499	$ 3,648,653	$ -	$ 21,342,108	$ 2,322,442	$ 76,063,909	$ 280,563,960	$ 164,058	$ 4,892,048	$ 1,407,776

(1) Component units were audited by other auditors.
(2) For the year ended December 31, 2019

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, 2020

	Non-Federal Pooled Funds	HARA	Internal Service Programs	Blended Component Units (1)(2)	Elimination/ Reclassification	Total
Operating revenues:						
Rental income	$ -	$ 672,944	$ -	$ 14,569,617	$ (672,944)	$ 14,583,536
Service fees	-	-	8,976,943	338,643	(8,976,943)	338,643
HUD housing assistance payments earned	-	-	-	-	-	390,955,201
HUD administrative fees	-	-	-	-	-	19,149,864
HUD administrative fees - CARES Act	-	-	-	-	-	3,673,589
FSS coordinator fees	-	-	-	-	-	388,979
Operating subsidy	-	-	-	-	-	10,794
Other operating revenues	166,669	33,107	2	811,965	-	4,755,781
Total operating revenues	166,669	706,051	8,976,945	15,720,225	(9,649,887)	433,856,387
Operating expenses:						
Wages and benefits	-	-	5,772,081	1,161,281	-	19,260,832
Pension and OPEB expense	-	-	-	-	-	2,106,861
Administrative	32,692	17,612	1,013,014	447,196	-	2,843,519
Tenant services	-	-	-	329,014	-	805,063
Utilities	-	-	184,806	1,320,496	-	1,533,793
Maintenance and operations	-	-	332,878	3,095,193	-	3,507,023
General	-	6,488	159,213	1,142,152	-	1,551,876
Indirect allocation	-	-	-	-	(8,976,943)	-
Depreciation and amortization	-	364,630	167,470	3,498,044	-	4,222,189
Housing assistance payments	-	-	-	-	-	354,438,165
Other	-	316,284	1,417,757	1,908,647	(672,944)	8,031,169
Total operating expenses	32,692	705,014	9,047,219	12,902,023	(9,649,887)	398,300,490
Operating income (loss)	133,977	1,037	(70,274)	2,818,202	-	35,555,897
Nonoperating revenues (expenses):						
Investment income	43,723	1,805,058	-	1,106,213	-	7,099,875
Interest expense	-	-	-	(4,069,065)	-	(4,107,965)
Total nonoperating revenues (expenses)	43,723	1,805,058	-	(2,962,852)	-	2,991,910
Income (loss) before transfers	177,700	1,806,095	(70,274)	(144,650)	-	38,547,807
Transfers in	-	40,847,209	67,286	-	(447,409,298)	-
Transfers out	-	(41,198,338)	-	-	447,409,298	-
Change in net position	177,700	1,454,966	(2,988)	(144,650)	-	38,547,807
Net position, beginning of year, as previously reported	2,734,677	62,532,761	19,198	15,839,812	-	435,106,122
Change in reporting entity	-	-		26,533	-	26,533
Net position, beginning of year, as reclassified	2,734,677	62,532,761	19,198	15,866,345	-	435,132,655
Net position, end of year	$ 2,912,377	$ 63,987,727	$ 16,210	$ 15,721,695	$ -	$ 473,680,462

(1) Component units were audited by other auditors.
(2) For the year ended December 31, 2019

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Blended Component Units
December 31, 2019

	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)
Assets:										
Current assets:										
Unrestricted cash and cash equivalents	$ 52,580	$ 651,943	$ 1,594,395	$ 607,607	$ 797,804	$ 396,899	$ 114,793	$ 164,571	$ 595,215	$ 90,884
Accounts receivable:										
Tenants	88	-	-	5,846	-	812	-	-	8,420	895
Others	652	-	-	462	-	79,411	-	10	1,949	1,374
Due from component units and related parties	-	-	423,077	-	-	-	26,402	50,000	-	-
Prepaid expenses	52,929	-	-	36,788	-	29,887	1,866	-	18,621	15,360
Restricted cash and cash equivalents	370,432	-	-	1,498,275	-	2,901,573	-	-	2,218,128	2,016,533
Total current assets	476,681	651,943	2,017,472	2,148,978	797,804	3,408,582	143,061	214,581	2,842,333	2,125,046
Noncurrent assets:										
Long-term receivables from component units and related parties	-	-	38,980	-	-	-	45,000	-	-	-
Equity interest in affiliated limited partnerships	-	-	7,940,698	-	-	-	(808,142)	(2,493,292)	-	-
Capital assets:										
Nondepreciable	572,299	427,267	-	4,052,510	460,378	6,011,593	-	-	3,818,724	2,612,715
Depreciable	2,744,320	-	-	8,210,538	-	5,152,533	-	-	9,835,929	7,240,456
Total capital assets	3,316,619	427,267	-	12,263,048	460,378	11,164,126	-	-	13,654,653	9,853,171
Total noncurrent assets	3,316,619	427,267	7,979,678	12,263,048	460,378	11,164,126	(763,142)	(2,493,292)	13,654,653	9,853,171
Total assets	3,793,300	1,079,210	9,997,150	14,412,026	1,258,182	14,572,708	(620,081)	(2,278,711)	16,496,986	11,978,217
Liabilities:										
Current liabilities:										
Accounts payable	48,892	67,464	12,100	26,752	78,931	167,306	10,200	12,100	54,746	93,461
Accrued interest payable	11,476	-	-	683,849	-	238,919	-	-	563,571	154,120
Due to component units and related parties	37,448	-	169,270	19,621	-	206,393	-	-	43,588	10,031
Other accrued liabilities	-	-	-	-	-	-	-	-	-	-
Tenant security deposits	38,667	-	-	72,395	-	113,600	-	-	54,598	52,930
Unearned revenue	-	-	-	1,348	-	10,915	-	-	176	1,568
Current portion of long-term debt	25,000	-	-	105,000	-	245,000	-	-	157,747	115,000
Total current liabilities	161,483	67,464	181,370	908,965	78,931	982,133	10,200	12,100	874,426	427,110
Long-term payable to component units and related parties	73,217	1,014,072	12,330,000	-	1,180,616	9,613,171	-	-	33,588	56,882
Long-term interest payable	2,526,341	-	-	1,017,837	-	-	-	-	701,481	1,836,496
Long-term obligations, net of current portion	4,402,458	-	-	11,899,530	-	10,259,251	-	-	14,762,598	10,464,641
Total liabilities	7,163,499	1,081,536	12,511,370	13,826,332	1,259,547	20,854,555	10,200	12,100	16,372,093	12,785,129
Net position:										
Net investment in capital assets	(1,110,839)	427,267	-	258,518	460,378	659,875	-	-	(1,265,692)	(726,470)
Restricted	331,765	-	-	1,425,880	-	2,787,973	-	-	2,163,530	1,963,603
Unrestricted	(2,591,125)	(429,593)	(2,514,220)	(1,098,704)	(461,743)	(9,729,695)	(630,281)	(2,290,811)	(772,945)	(2,044,045)
Total net position	$ (3,370,199)	$ (2,326)	$ (2,514,220)	$ 585,694	$ (1,365)	$ (6,281,847)	$ (630,281)	$ (2,290,811)	$ 124,893	$ (806,912)

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

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Blended Component Units
December 31, 2019

	Helzer Associates LP (1)	Klamath Associates LP (1)	Pinmore HDC, Inc. (1)	Poco Way HDC, Inc. (1)	Rotary Plaza/ HACSC HDC, Inc. (1)	San Pedro Gardens Associates, Ltd. (1)	S.P.G. Housing, Inc. (1)	Villa Garcia Inc. (1)	Villa San Pedro HDC, Inc. (1)	Elimination/ Reclassification	Total
Assets:											
Current assets:											
Unrestricted cash and cash equivalents	$ 633,212	$ 21,152	$ 1,574,785	$ 1,005,158	508,588	$ 105,378	$ 344,902	$ 2,551,607	$ 963,314	$ -	$ 12,774,787
Accounts receivable:											
Tenants	7	23	-	7,032	4,250	-	990	-	-	-	28,363
Others	-	1,649	-	5,189	8,491	-	-	-	-	-	99,187
Due from component units and related parties	-	-	107,556	105,433	284,561	-	41,020	383,900	-	(76,948)	1,345,001
Prepaid expenses	92,213	3,700	2,179	2,652	41,213	5,733	31,389	990	-	-	335,520
Restricted cash and cash equivalents	1,602,793	32,032	-	42,019	199,365	159,838	344,337	-	-	-	11,385,325
Total current assets	2,328,225	58,556	1,684,520	1,167,483	1,046,468	270,949	762,638	2,936,497	963,314	(76,948)	25,968,183
Noncurrent assets:											
Long-term receivables from component units and related parties	-	-	22,681	11,143,121	294,130	-	290,684	6,269,223	11,052,351	(211,412)	28,944,758
Equity interest in affiliated limited partnerships	-	-	(4,573,104)	-	4,617,401	-	1,089,409	(2,414)	1,149,463	-	6,920,019
Capital assets:											
Nondepreciable	2,690,280	717,242	-	41,234,696	-	-	-	-	-	-	62,597,704
Depreciable	13,234,905	958,369	-	37,110	3,700,412	830,933	4,292,082	-	-	-	56,237,587
Total capital assets	15,925,185	1,675,611	-	41,271,806	3,700,412	830,933	4,292,082	-	-	-	118,835,291
Total noncurrent assets	15,925,185	1,675,611	(4,550,423)	52,414,927	8,611,943	830,933	5,672,175	6,266,809	12,201,814	(211,412)	154,700,068
Total assets	18,253,410	1,734,167	(2,865,903)	53,582,410	9,658,411	1,101,882	6,434,813	9,203,306	13,165,128	(288,360)	180,668,251
Liabilities:											
Current liabilities:											
Accounts payable	59,915	20,674	13,300	131,821	76,757	17,539	81,982	6,800	8,500	-	989,240
Accrued interest payable	74,603	1,929	-	-	5,296	36,180	1,423	-	-	-	1,771,366
Due to component units and related parties	226,931	666	-	1,569	211,309	46,631	80,125	-	-	(76,948)	976,634
Other accrued liabilities	278,751	-	-	-	-	-	-	-	-	-	278,751
Tenant security deposits	160,804	11,396	-	42,015	64,545	5,057	63,949	-	-	-	679,956
Unearned revenue	432	3,729	-	372	-	1,366	125	-	-	-	20,031
Current portion of long-term debt	280,000	38,064	-	-	177,943	17,435	1,456,884	-	-	-	2,618,073
Total current liabilities	1,081,436	76,458	13,300	175,777	535,850	124,208	1,684,488	6,800	8,500	(76,948)	7,334,051
Long-term payable to component units and related parties	8,672,049	127,432	-	27,037,203	3,027,884	30,134	1,174,766	-	1,735,063	(211,412)	65,894,665
Long-term interest payable	-	860,103	-	-	94,590	998,038	-	-	-	-	8,034,886
Long-term obligations, net of current portion	13,627,701	982,543	-	14,500,000	881,823	1,522,448	379,961	-	-	-	83,682,954
Total liabilities	23,381,186	2,046,536	13,300	41,712,980	4,540,147	2,674,828	3,239,215	6,800	1,743,563	(288,360)	164,946,556
Net position:											
Net investment in capital assets	2,017,484	655,004	-	26,771,806	2,640,646	(708,950)	2,455,237	-	-	-	32,534,264
Restricted	1,441,989	20,636	-	4	134,820	154,781	280,388	-	-	-	10,705,369
Unrestricted	(8,587,249)	(988,009)	(2,879,203)	(14,902,380)	2,342,798	(1,018,777)	459,973	9,196,506	11,421,565	-	(27,517,938)
Total net position	$ (5,127,776)	$ (312,369)	$ (2,879,203)	$ 11,869,430	$ 5,118,264	$ (1,572,946)	$ 3,195,598	$ 9,196,506	$ 11,421,565	$ -	$ 15,721,695

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

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position
Blended Component Units
For the Year Ended December 31, 2019

	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)
Operating revenues:										
Rental income	$ 796,969	$ -	$ -	$ 1,746,652	$ -	$ 2,734,741	$ -	$ -	$ 1,944,196	$ 1,219,995
Service fees	-	-	142,119	-	-	-	30,000	15,000	-	-
Other operating revenues	8,621	-	279,010	12,112	-	26,676	(264,145)	80,114	72,944	13,700
Total operating revenues	805,590	-	421,129	1,758,764	-	2,761,417	(234,145)	95,114	2,017,140	1,233,695
Operating expenses:										
Wages and benefits	94,793	-	-	148,747	-	203,873	-	-	101,607	104,288
Administrative	39,152	482	10,500	38,901	500	47,224	18,735	10,500	45,767	38,668
Tenant services	39,745	-	-	47,587	-	36,746	-	-	36,598	37,736
Utilities	121,313	-	-	119,465	-	200,885	-	-	132,269	137,863
Maintenance and operations	257,421	-	-	299,830	-	645,637	-	-	359,772	288,581
General	52,870	-	3,398	85,741	(885)	83,314	2,884	3,157	82,258	46,006
Depreciation and amortization	244,950	-	-	399,551	-	689,393	-	-	440,991	326,973
Other	63,135	-	465,183	119,816	-	164,438	3,326	15,000	172,005	95,234
Total operating expenses	913,379	482	479,081	1,259,638	(385)	2,071,510	24,945	28,657	1,371,267	1,075,349
Operating income (loss)	(107,789)	(482)	(57,952)	499,126	385	689,907	(259,090)	66,457	645,873	158,346
Nonoperating revenues (expenses):										
Investment income	191	354	135	38,604	435	102,103	-	-	86,231	76,142
Interest expense	(98,732)	-	-	(538,190)	-	(896,156)	-	-	(643,209)	(445,781)
Total nonoperating revenues (expenses)	(98,541)	354	135	(499,586)	435	(794,053)	-	-	(556,978)	(369,639)
Change in net position	(206,330)	(128)	(57,817)	(460)	820	(104,146)	(259,090)	66,457	88,895	(211,293)
Net position, beginning of year, as previously reported	(3,163,869)	(2,198)	(2,456,403)	-	(2,185)	(6,177,701)	(371,191)	(2,357,268)	-	-
Change in reporting entity	-	-	-	586,154	-	-	-	-	35,998	(595,619)
Net position, beginning of year, as reclassified	(3,163,869)	(2,198)	(2,456,403)	586,154	(2,185)	(6,177,701)	(371,191)	(2,357,268)	35,998	(595,619)
Net position, end of year	$ (3,370,199)	$ (2,326)	$ (2,514,220)	$ 585,694	$ (1,365)	$ (6,281,847)	$ (630,281)	$ (2,290,811)	$ 124,893	$ (806,912)

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

SANTA CLARA COUNTY HOUSING AUTHORITY
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position
Blended Component Units
For the Year Ended December 31, 2019

	Helzer Associates LP (1)	Klamath Associates LP (1)	Pinmore HDC, Inc. (1)	Poco Way HDC, Inc. (1)	Rotary Plaza/ HACSC HDC, Inc. (1)	San Pedro Gardens Associates, Ltd. (1)	S.P.G. Housing, Inc. (1)	Villa Garcia Inc. (1)	Villa San Pedro HDC, Inc. (1)	Total
Operating revenues:										
Rental income	$ 3,081,517	$ 275,035	$ -	$ 167,644	$ 1,191,718	$ 279,192	$ 1,131,958	$ -	$ -	$ 14,569,617
Service fees	-	-	130,113	-	-	-	7,500	-	13,911	338,643
Other operating revenues	16,583	6,661	124	104,667	406,335	-	47,868	695	-	811,965
Total operating revenues	3,098,100	281,696	130,237	272,311	1,598,053	279,192	1,187,326	695	13,911	15,720,225
Operating expenses:										
Wages and benefits	188,476	39,628	-	29,736	115,477	40,556	94,100	-	-	1,161,281
Administrative	42,095	22,716	9,100	10,239	38,975	15,472	39,870	11,400	6,900	447,196
Tenant services	38,323	9,851	-	-	36,300	16,234	29,894	-	-	329,014
Utilities	256,452	31,109	-	36,356	161,869	-	122,915	-	-	1,320,496
Maintenance and operations	574,845	84,147	-	70,159	234,407	65,088	215,306	-	-	3,095,193
General	243,775	11,092	3,190	177,352	63,443	22,701	258,645	1,488	1,723	1,142,152
Depreciation and amortization	785,783	56,698	-	-	296,074	75,537	182,094	-	-	3,498,044
Other	192,645	23,285	258,992	69,561	70,292	14,423	181,233	-	79	1,908,647
Total operating expenses	2,322,394	278,526	271,282	393,403	1,016,837	250,011	1,124,057	12,888	8,702	12,902,023
Operating income (loss)	775,706	3,170	(141,045)	(121,092)	581,216	29,181	63,269	(12,193)	5,209	2,818,202
Nonoperating revenues (expenses):										
Investment income	28,608	41	-	216,398	424	84	48,273	161,154	347,036	1,106,213
Interest expense	(1,100,807)	(66,493)	-	(27,904)	(141,873)	(54,452)	(18,068)	-	(37,400)	(4,069,065)
Total nonoperating revenues (expenses)	(1,072,199)	(66,452)	-	188,494	(141,449)	(54,368)	30,205	161,154	309,636	(2,962,852)
Change in net position	(296,493)	(63,282)	(141,045)	67,402	439,767	(25,187)	93,474	148,961	314,845	(144,650)
Net position, beginning of year, as previously reported	(4,831,283)	(249,087)	(2,738,158)	11,802,028	4,678,497	(1,547,759)	3,102,124	9,047,545	11,106,720	15,839,812
Change in reporting entity	-	-	-	-	-	-	-	-	-	26,533
Net position, beginning of year, as reclassified	(4,831,283)	(249,087)	(2,738,158)	11,802,028	4,678,497	(1,547,759)	3,102,124	9,047,545	11,106,720	15,866,345
Net position, end of year	$ (5,127,776)	$ (312,369)	$ (2,879,203)	$ 11,869,430	$ 5,118,264	$ (1,572,946)	$ 3,195,598	$ 9,196,506	$ 11,421,565	$ 15,721,695

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