

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2021

Orange County Housing Finance Trust

ORANGE COUNTY HOUSING FINANCE TRUST

Annual Financial Report

Fiscal Year Ended June 30, 2021

Table of Contents

INDEPENDENT AUDITOR'S REPORT 1

FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position..... 3

Statement of Activities 4

Fund Financial Statements:

Balance Sheet - General Fund..... 5

Statement of Revenues, Expenditures and Changes in
Fund Balances - General Fund..... 6

Notes to Financial Statements.....7

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance
- Budget and Actual - General 14

Note to Required Supplementary Information 15

FINANCIAL STATEMENTS



Independent Auditor's Report

To the Board of Directors
Orange County Housing Finance Trust
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Orange County Housing Finance Trust (Trust) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Trust'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 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.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Trust, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as shown in the 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 Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the Trust'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 Trust'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 Trust's internal control over financial reporting and compliance.



Laguna Hills, California

June 30, 2022

ORANGE COUNTY HOUSING FINANCE TRUST
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Cash and Investments	\$ 6,657,372
Interest Receivable	7,859
Due from other governmental agencies	5
Total Assets	6,665,236
Liabilities:	
Accrued Liabilities	67,194
Net Position:	
Restricted for financing capital development loans and permanent support housing	6,598,042
Total Net Position	\$ 6,598,042

See accompanying notes to the basic financial statement.

ORANGE COUNTY HOUSING FINANCE TRUST
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Revenues	Net (Expenses) Revenues and Changes in Net Position
		Contributions and Grants	Governmental Activities
Primary Government:			
Government Activities			
Housing Development	\$ 382,156	\$ 445,390	\$ 63,234
Total Government Activities	382,156	445,390	63,234
General Revenues:			
Investment Income, Net			10,812
Change in net position			74,046
Net Position, Beginning of Year			6,523,996
Net Position, End of Year			<u>\$ 6,598,042</u>

See accompanying notes to the basic financial statement.

ORANGE COUNTY HOUSING FINANCE TRUST

Balance Sheet

General Fund

June 30, 2021

	<u>General Fund</u>
Assets:	
Cash and Investments	\$ 6,657,372
Interest Receivable	7,859
Due from other governmental agencies	5
Total Assets	<u><u>\$ 6,665,236</u></u>
Liabilities	
and fund balance:	
Liabilities:	
Accrued Liabilities	\$ 67,194
Total Liabilities	<u>67,194</u>
Fund balances:	
Restricted for financing capital development loans and permanent supportive housing	<u>6,598,042</u>
Total Liabilities and fund balance	<u><u>\$ 6,665,236</u></u>

No Reconciliation to the Statement of Net Position due to no reconciling items.
See accompanying notes to the financial statements

ORANGE COUNTY HOUSING FINANCE TRUST
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
Year Ended June 30, 2021

	General Fund
Revenues:	
Contributions and Grants	\$ 445,390
Investment Income, Net	10,812
Total Revenues	456,202
Expenditures:	
Professional Services	382,156
Total Expenditures	382,156
Net Changes in Fund Balance	74,046
Fund Balance, Beginning of Year	6,523,996
Fund Balance, End of Year	\$ 6,598,042

No Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds due to no reconciling items.

See accompanying notes to the financial statements

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2021

Note 1 - Reporting Entity and Significant Accounting Policies

The accounting policies of Orange County Housing Finance Trust (Trust) conform to accounting principles generally accepted in the United States of America for local governmental units. The following is a summary of the significant policies.

Description of the Reporting Entity

The Trust was formed in March 2019 as a joint powers' authority between the County of Orange (County) and 23 of the 34 cities within the county, as listed below:

Aliso Viejo	Fountain Valley	Laguna Hills	Placentia
Anaheim	Fullerton	Laguna Niguel	San Juan Capistrano
Buena Park	Garden Grove	Lake Forest	Santa Ana
Costa Mesa	Huntington Beach	Mission Viejo	Stanton
County of Orange	La Habra	Newport Beach	Tustin
Dana Point	Laguna Beach	Orange	Westminster

The County provides financial administration services for the trust and has agreed to fund the initial year of the Trust administration and formation operations through June 30, 2020. After that, a cost-sharing formula was adopted by the Trust Board providing for funding from both County and the member cities, in proportion to their population size.

The Trust is governed by a 9-member Board of Directors from the participating agencies. The board composition consists of 4 County and 5 City Representatives. The Trust prepares an annual budget, which is submitted for approval to the Board of Directors.

The Trust's mission is to strengthen the communities in the County by financing the development of affordable housing for homeless and low-income individuals and families. The Trust has a goal to identify and secure funding that will contribute to the construction of 2,700 permanent supportive housing units by 2025. Interested and qualified developers who can successfully demonstrate their ability to acquire, build or substantially rehabilitate, and operate Permanent Supportive and Affordable Housing are encouraged to submit proposals to the Trust.

On May 19, 2021, the Trust Board awarded over \$10 million in funding to help finance 6 projects, as listed below. These projects will create 434 new affordable and permanent supportive housing units in Orange County. At the end of the construction period, the construction loan ends, and the loan converts to a permanent loan as long as all of the conditions set forth in Article VI of the developer's agreement are fulfilled.

PROJECT NAME	LOCATION	PROJECT FUNDING STATUS	EST. CONSTRUCTION COMPLETION DATE
Paseo Adelanto	San Juan Capistrano	In Progress of Funding	Oct-23
Westview House	Santa Ana	In Progress of Funding	Sep-23
Orange Corporate Yard	Orange	In Progress of Funding	Mar-24
Anaheim Midway	Anaheim	In Progress of Funding	Aug-23
Crossroads at Washington	Santa Ana	In Progress of Funding	Sep-23
Meadows Senior Apartments	Lake Forest	In Progress of Funding	Aug-24

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2021

Note 1 - Reporting Entity and Significant Accounting Policies (Continued)

Measurement Focus

Government-wide Financial Statements

Government-wide financial statements display information about the Trust as a whole. All activities of the Trust are classified as governmental activities. Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resource measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the financial statements. Under the accrual basis of accounting all assets, liabilities, deferred outflows and inflows of resources of the Trust are included on the statement of net position. The difference between the Trust's assets, liabilities, deferred outflows and inflows of resources is its net position. Net position represents the resources the Trust has available for use in providing services. The Trust's net position is classified as:

Restricted – This category represents any grant funds that are restricted only to be utilized for financing capital development loans for affordable and/or permanent supportive housing. These amounts cannot be used to pay for overhead or administration of the Trust.

The statement of activities presents a comparison of the direct expenses and program revenues for the Trust's governmental activities. Program revenues include grants and contributions restricted for the operational requirements of particular program. Grants and similar items are recognized as revenue as soon as eligibility requirements have been met. Program revenue include State, County, and City contributions from Grants and annual membership from the County and 23 cities within the county. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Fund Financial Statements

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance. These statements are presented on a current financial resource measurement focus. Generally, only current assets, deferred inflows of resources, and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance for the governmental fund generally presents increases (revenues) and decreases (expenditures) in net current resources. All operations of the Trust are accounted for in the general fund.

The fund financial statements have been prepared on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered available if they are received within 60 days after year-end. Revenues susceptible to accrual include grant revenues and investment income. Expenditures are recognized in the accounting period in which the fund liability is incurred.

There were no differences reported between fund financial statements and government wide statements as of June 30, 2021.

Fair Value Measurement

The Trust categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Trust does not have any investments that are measured using Level 1, Level 2, or Level 3 inputs.

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2021

Note 1 - Reporting Entity and Significant Accounting Policies (Continued)

Fund Balance

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. With regards to the hierarchy for spending, when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Trust's policy is to spend restricted fund balance before unrestricted fund balance. The Trust established the following classifications and definitions of fund balance for the year ended June 30, 2021.

Restricted - Resources that are constrained to specific purposes by an external provider (e.g. grantors, contributors, governmental laws and regulations) or by constitutional provisions or enabling legislation.

Fund balance at June 30, 2021 consists of grant proceeds and is restricted for financing capital development loans and permanent supportive housing.

Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates. Where significant estimates have been made in preparing these financial statements, they are described in the applicable footnotes.

Intergovernmental Revenue

The Trust entered into an agreement with the County of Orange, which allocates \$20.5 million in Mental Health Services Act (MHSA) funds and \$5 million in County general funds over five years as dedicated and matching funds to the Trust for development of affordable and supportive housing. Additionally, the Trust received a grant through the State of California, Department of Housing and Community Development, which allocated \$1 million for the development of permanent supportive housing. In FY 2020-21, no additional MHSA funds or County General Funds were allocated to the trust.

Note 2 – Cash and Investments

The Trust is a participant in the County Treasurer's Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP at June 30, 2021, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end.

Cash and investments are classified in the financial statements as follows:

Cash and Investments	\$ <u>6,657,372</u>
Total Cash and Investments	\$ <u><u>6,657,372</u></u>

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2021

Note 2 – Cash and Investments (Continued)

Cash and investments consisted of the following at June 30, 2021:

Orange County Investment Pool:

Equity in pooled Money Market fund	\$ <u>6,657,372</u>
------------------------------------	---------------------

Total Cash and Investments	\$ <u><u>6,657,372</u></u>
----------------------------	----------------------------

Pooled Cash and Investments

The County Treasurer maintains the Pool for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. As of June 30, 2021, the Pool contains deposits and investments in U.S. government agencies, negotiable certificates of deposits, medium-term notes, repurchase agreements, and money market mutual funds with an average maturity of approximately 388 days. As of June 30, 2021, the Trust's cash and investments are combined with the County's pooled investments, and therefore, do not represent specific identifiable investments.

Fair Value Measurements

Interest is apportioned to individual funds based generally on the average daily balances on deposit with the County Treasurer. The Trust's proportionate share of investments in the OCIP at June 30, 2021 of \$6,657,372 is measured based on an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Credit Risk

The IPS sets forth the minimum acceptable credit ratings for investments from any two of the following nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than "A-1" or "SP-1" (Standard & Poor's), "MIG 1/VMIG 1" (Moody's), or "F1" (Fitch). For an issuer of long-term debt, the rating must be no less than an "A". As of June 30, 2021, the Pool and money market fund are rated at AAAM Principal Stability Fund Rating by S&P.

Additional information regarding the Pool, including the investment portfolio and related interest rate, the custodial credit, credit, concentration of credit risks, and fair value measurements is presented in Note 3 of the County's Comprehensive Annual Financial Report. The County's Comprehensive Annual Financial Report is available by accessing the Auditor-Controller's website at <https://acdcweb01.ocgov.com/reports/acfirreports/>.

Note 3 – Related Party Transactions

The Trust contracts with the County to provide accounting, banking, investment, legal, and other miscellaneous administrative services. On June 23, 2020, a Memorandum of Understanding between the County and Trust was signed defining the provision of services with various County departments listed below:

- Auditor Controller
- Treasurer
- County Counsel
- Clerk of the Board
- OC Sheriff
- OC Community Resources

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2021

Note 3 – Related Party Transactions (Continued)

The services the County provides is under the administrative supervision and direction of the Trust Executive Director on behalf of the Trust and the County Executive Officer on behalf of the County. The County provides an estimated annual cost of providing services to the Trust in an amount not to exceed \$165,550 annually. The rates charged to the Trust for services are

the same rates as those charged to the County departments and special districts for the same or similar services and are subject to adjustments annually at the discretion of the County. The previously mentioned Memorandum of Understanding provides, retroactively as of October 29, 2019, that the County provide payment for administrative services during the Trust’s first year. In FY 2020-21, the County started billing the Trust for all administrative costs in the amount not to exceed \$105,778. The total in-kind contribution from the County for these costs exceeded were \$19,232.

The section below summarizes the key terms of additional agreements between the Trust and the County.

The MHSA & General Fund Grant Agreement: Allocates \$20.5 million in Mental Health Services Act (MHSA) funds and \$5 million in County funds over a five-year period as dedicated for program eligibility matching funds for development of affordable and supportive housing. In FY 2020-21, the Trust did not receive any MHSA or General Fund Grant funds. Starting FY 2021-22, the County will allocate \$4 million and \$1 million respectively to the Trust for the remaining four years.

The Administrative Costs Grant Agreement: Allocates \$200,000 a year in County funds for a minimum of five years for a total of \$1 million for the County’s contribution toward the administrative cost allocation for OCHFT membership adopted by the OCHFT Board of Directors. In FY 2020-21, \$200,000 was allocated and reflected as revenue.

Note 4 – New Accounting Pronouncements

The following lists recent Governmental Accounting Standards Board (GASB) pronouncements that have been implemented or effective in fiscal year 2020-21:

In January 2017, GASB issued Statement No. 84, “Fiduciary Activities.” This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement also describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private- purpose trust funds, and (4) custodial funds. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, which requires the Trust to implement this Statement in FY 2020-21. The statement was implemented without an impact on the Trust.

In August 2018, GASB issued Statement No. 90, “Majority Equity Interests.” This statement improves the consistency and comparability of a government’s majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The statement requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired 100% equity interest in the component unit. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, which requires the Trust to implement this Statement in FY 2020-21. The statement was implemented without an impact on the Trust.

The following summarizes recent GASB Pronouncements that will be implemented in future financial statements, as amended by GASB Statement 95. The Trust has not determined the effect of these Statements.

In June 2017, GASB issued Statement No. 87, “Leases.” This statement requires 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. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflows of resources. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, which requires the Trust to implement this Statement in FY 2021-22, if applicable.

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2021

Note 4 – New Accounting Pronouncements (Continued)

In May 2019, GASB issued Statement No. 91, “Conduit Debt Obligations.” This statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers’ conduit debt obligations and a description of each type of commitment. The requirements of this statement are effective for reporting periods beginning after December 15, 2021, which requires the Trust to implement this Statement in FY 2022-23, if applicable.

In January 2020, GASB issued Statement No. 92, “Omnibus 2020.” This statement enhances 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 reporting periods after June 15 2021, which requires the Trust to implement the Statement in FY 2021-22, if applicable.

In March 2020, GASB issued Statement No. 93, “Replacement of Interbank Offered Rates.” This statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate due to global reference rate reform. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, which requires the Trust to implement this Statement in FY 2021-22, if applicable.

In March 2020, GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.” This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. It also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Trust will implement this Statement in FY 2022-23, if applicable.

In May 2020, 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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Trust will implement this Statement in FY 2022- 23, if applicable.

In June 2020, GASB 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 (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans by clarifying the financial burden criteria in Statement No.84. It also extends the accounting and financial reporting requirements related to the Pension Plans, to Section 457 plans that meet the definition of a pension plan. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter, which requires the Trust to implement this Statement in FY 2021-22, if applicable.

In October 2021, GASB issued Statement No. 98, “The Annual Comprehensive Financial Report.” This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The Trust will implement this Statement in FY 2021-22, if applicable.

In April 2022, GASB issued Statement No. 99, “Omnibus 2022.” The objectives of this Statement are to enhance comparability in accounting and reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2021

Note 4 – New Accounting Pronouncements (Continued)

transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statements No. 53 and No. 63 are effective upon issuance. The requirements of this Statement related to leases, Public-Private and Public-Public Partnerships (PPPs), and Subscription-Based Information Technology Arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Trust has not determined the effect on the financial statements.

In June 2022, the GASB issued Statement No. 100, “Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62.” The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Trust has not determined the effect on the financial statements.

In June 2022, the GASB issued Statement No. 101, “Compensated Absences.” The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Trust has not determined the effect on the financial statements.

Note 5 – Subsequent Events

The following events occurred subsequent to June 30, 2021:

Significant Cash Receipts: On July 6, 2021, the Trust received \$4 million from MHSA funds and on July 12, 2021, the Trust received \$1 million from the OC General Fund. These amounts are to be reflected as revenues in FY 2021-22.

REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY HOUSING FINANCE TRUST
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and Grants	\$ 450,020	\$ 445,390	\$ (4,630)
Investment Income, Net	-	10,812	10,812
Total Revenues	450,020	456,202	6,182
Expenditures:			
Professional services	433,550	382,156	51,394
Total Expenditures	433,550	382,156	51,394
Net Changes in Fund Balance	16,470	74,046	(45,212)
Fund Balance, Beginning of Year	6,523,996	6,523,996	6,523,996
Fund Balance, End of Year	\$ 6,540,466	\$ 6,598,042	\$ 6,478,784

See notes to required supplementary information

ORANGE COUNTY HOUSING FINANCE TRUST

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

Budgetary Reporting

The Trust is required by the Joint Powers Agreement and Bylaws to adopt a general budget in May of each year in advance of the Trust's fiscal year which runs July 1st to June 30th. The Trust's Board of Directors adopted an annual budget for the year ended June 30, 2021. The accompanying statement of revenues, expenditures and changes in fund balance – budget and actual includes the budgeted revenues and expenditures for the year, along with actual revenues and expenditures for the year. The legal level of budgetary control is at the total fund level.