

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

Orange County Housing Finance Trust

ORANGE COUNTY HOUSING FINANCE TRUST

Annual Financial Report

Fiscal Year Ended June 30, 2022

Table of Contents

INDEPENDENT AUDITOR'S REPORT 1

FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position..... 4

Statement of Activities 5

Fund Financial Statements:

Balance Sheet - General Fund.....6

Statement of Revenues, Expenditures and Changes in
Fund Balances - General Fund.....7

Notes to Financial Statements.....8

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance
- Budget and Actual - General15

Note to Required Supplementary Information16

FINANCIAL STATEMENTS



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and general fund of the Orange County Housing Finance Trust (Trust) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as shown in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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, 2023 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California
June 30, 2023

ORANGE COUNTY HOUSING FINANCE TRUST
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets:	
Cash and Investments	\$ 10,408,956
Notes Receivable	1,202,692
Interest Receivable	14,513
Total Assets	11,626,161
Liabilities:	
Accrued Liabilities	40,689
Net Position:	
Restricted for financing capital development loans and permanent supportive housing	11,585,472
Total Net Position	\$ 11,585,472

ORANGE COUNTY HOUSING FINANCE TRUST
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Revenues	Net (Expenses) Revenues and Changes in Net Position
		Contributions and Grants	Governmental Activities
Primary Government:			
Government Activities			
Housing Development	\$ 529,400	\$ 5,629,530	\$ 5,100,130
Total Government Activities	529,400	5,629,530	5,100,130
General Revenues:			
Investment Earnings (loss)			(112,700)
Change in net position			4,987,430
Net Position, Beginning of Year			6,598,042
Net Position, End of Year			\$ 11,585,472

ORANGE COUNTY HOUSING FINANCE TRUST

**Balance Sheet
General Fund
June 30, 2022**

	<u>General Fund</u>
Assets:	
Cash and Investments	\$ 10,408,956
Interest Receivable	14,513
Total Assets	<u>\$ 10,423,469</u>
Liabilities and Fund Balance:	
Liabilities:	
Accrued Liabilities	\$ 40,689
Total Liabilities	<u>40,689</u>
Fund balances:	
Restricted for financing capital development loans and permanent supportive housing	10,382,780
Total Liabilities and Fund Balance	<u>\$ 10,423,469</u>
 Reconciliation to Government Wide Statement of Financial Position:	
Fund Balance	<u>\$ 10,382,780</u>
 The amounts due from projects funded will not be collected in the current period and therefore are not reported in the general fund.	<u>1,202,692</u>
 Net position - Government Wide	<u>\$ 11,585,472</u>

See accompanying notes to the basic financial statement.

ORANGE COUNTY HOUSING FINANCE TRUST
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
Year Ended June 30, 2022

	General Fund
Revenues:	
Contributions and Grants	\$ 5,629,530
Investment Earnings (loss)	(112,700)
Total Revenues	5,516,830
Expenditures:	
Professional Services	529,400
Projects Funded	1,202,692
Total Expenditures	1,732,092
Net Change in Fund Balance	3,784,738
Fund Balance, Beginning of Year	6,598,042
Fund Balance, End of Year	\$ 10,382,780

Reconciliation of Statement of Revenues, Expenditures and Change in Fund Balance to Government Wide Statement of Activities

Net Change in Fund Balance	\$ 3,784,738
Projects funded during the year will be collected from developers over a long-term period, and therefore as a note receivable on the government wide statements.	1,202,692
Government Wide Change in Net Position	\$ 4,987,430

See accompanying notes to financial statements.

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2022

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 2019 as a joint powers' authority between the County of Orange (County) and 27 of the 34 cities within the county, as listed below:

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

The County provided financial administration services for the trust and had 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. For the fiscal year 2021-22 the Trust received sufficient grant funding from various other sources so as not to require the JPA member cities to pay a contribution to the Trust for administrative services.

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.

As of May 18, 2022, the Trust Board has awarded over \$23 million in funding to help finance 16 projects, as listed below. These projects will create 1,065 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. As of June 30, 2022, the following project commitments have been made.

PROJECT NAME	LOCATION	AMOUNT COMMITTED	FUNDING STATUS
Airport Inn	Buena Park	\$1,202,692.31	Funded
Center of Hope	Anaheim	\$2,418,062.05	Pending
Orchard View Senior Gardens	Buena Park	\$792,060.41	Pending

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2022

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

PROJECT NAME	LOCATION	AMOUNT COMMITTED	FUNDING STATUS
North Harbor Village	Santa Ana	\$2,217,769.14	Pending
FX Residences	Santa Ana	\$832,051.28	Pending
Mountain View	Lake Forest	\$915,256.41	Pending
Paseo Adelanto	San Juan Capistrano	\$3,303,314.50	Pending
Westview House	Santa Ana	\$1,450,349.19	Pending
Valencia Garden	Orange	\$384,094.09	Pending
Miraflores	Anaheim	\$1,362,652.00	Pending
Crossroads at Washington	Santa Ana	\$2,500,000.00	Pending
Meadows Senior Apartments	Lake Forest	\$1,192,320.00	Pending
Costa Mesa Motel 6	Costa Mesa	\$390,000.00	Pending
Lincoln Ave. Apartments	Buena Park	\$1,154,290.00	Pending
WISEPlace	Santa Ana	\$2,480,030.00	Pending
Santa Angelina Senior Community	Placentia	\$792,060.41	Pending

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 programs. Grants and similar items are recognized as revenue as soon as eligibility requirements have been met. Program revenue includes State, County, and City contributions from Grants and annual membership from the County and 27 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.

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2022

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

Fund Financial Statements

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balances. 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, 2022.

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.

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, 2022.

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, 2022 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 received funding from the Mental Health Services Act (MHSA), the County, and the Local Housing Trust Fund (LHTF) grant. In FY 2021-22, \$4 million from MHSA funds, \$1.2 million in County funds, and \$429,150 from the LHTF grant funds have been deposited into the Trust.

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2022

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, 2022, 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	\$ 10,408,956
	<hr/>
Total Cash and Investments	\$ 10,408,956
	<hr/> <hr/>

Cash and investments consisted of the following at June 30, 2022:

Orange County Investment Pool:	
Equity in pooled Money Market fund	\$ 10,408,956
	<hr/>
Total Cash and Investments	\$ 10,408,956
	<hr/> <hr/>

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, 2022, 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 284 days. As of June 30, 2022, 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, 2022 of \$10,408,956 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, 2022, 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 4 of the County’s Annual Comprehensive Financial Report (ACFR). The ACFR is available by accessing the Auditor-Controller’s website at <https://acdcweb01.ocgov.com/reports/acfreports/>.

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2022

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

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 2021-22, the County billed the Trust for all administrative costs in the amount not to exceed \$105,778.

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 2021-22, the Trust received \$4 million from MHSA funds and \$1 million in OC General Funds. The County will allocate \$4 million and \$1 million respectively to the Trust for the remaining three 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 2021-22, \$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 2021-22:

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 inflow 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. The statement was implemented in FY 2021-22. The statement was implemented without an impact to the Trust.

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. The statement was implemented without an impact to the Trust.

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,

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2022

Note 4 – New Accounting Pronouncements (Continued)

which requires the Trust to implement this Statement in FY 2021-22. The statement was implemented without an impact to the Trust.

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. The statement was implemented without an impact to the Trust.

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 beginning after December 15, 2021. The Trust implemented this Statement without an impact to the Trust.

The following summarizes recent GASB pronouncements issued but not yet adopted as amended by GASB Statement 95 that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following Statements may have on the financial statements of the Trust.

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 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 (PPPs). 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 (SBITAs). 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 April 2022, GASB issued Statement No. 99, “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of other GASB statements, and (2) adding accounting and financial reporting guidance for financial guarantees. Portions of this Statement are effective upon issuance and were implemented in FY 2021-22 without an impact to the Trust. Certain requirement related to the leases, PPPs, and SBITAs, are effective for reporting periods beginning after June 15, 2022, which requires the Trust to implement them in FY 2022-23. The requirements related to the financial guarantees and the classification and reporting of certain derivatives are effective for periods beginning after June 13, 2023. The Trust will implement this Statement in FY 2022-23, if applicable.

ORANGE COUNTY HOUSING FINANCE TRUST
Notes to the Financial Statements
June 30, 2022

Note 4 – New Accounting Pronouncements (Continued)

In June 2022, GASB issued Statement No. 100, “Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62. This Statement improves accounting and financial reporting requirements for accounting changes and errors corrections to provide more understandable, reliable, relevant, consistent, and comparable information. It also requires the display of note disclosures of the accounting change and error corrections. The requirements of this statement are effective for reporting periods after June 15, 2023. The Trust will implement this Statement in FY 2022-23, if applicable.

In June 2022, GASB issued Statement No. 101, “Compensated Absences” in which the primary objective is to update the recognition and measurement guidance for compensated absences. This is achieved by a unified model and amends certain previously required disclosures. The requirements of this statement are effective for reporting periods after December 15, 2023. The Trust will implement this Statement in FY 2022-23, if applicable.

Note 5 – Long-Term Notes Receivable

As of June 30, 2022, the Trust reports Notes Receivable of \$1,202,692. This amount is not expected to be received within the next fiscal year. This consists of loans made to developers pursuant to project funding approved by the Board. Repayment is expected over 55 years. In the general fund, these amounts are reported as expenditures when projects are funded but as notes receivable on the government statement of net position.

Note 6 – Subsequent Events

The following events occurred subsequent to June 30, 2022:

Significant Cash Receipts

On July 5, 2022, the Trust received \$4 million from MHSA funds and \$1 million from the OC general fund. These amounts are to be reflected as revenues in FY 2022-23.

As of April 27, 2023, the Trust has received \$5,827,438 from the LHTF grant. These amounts are to be reflected as revenues in FY 2022-23.

Committed and Expended Funding

As of June 28, 2023, the trust has 18 projects with committed funding totaling \$30,791,989. Five projects have been funded for a total loan amount of \$7,808,101.

REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY HOUSING FINANCE TRUST
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
Year Ended June 30, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and Grants	\$ 5,563,384	\$ 5,629,530	\$ 66,146
Investment Income	52,000	(112,700)	(164,700)
Total Revenues	5,615,384	5,516,830	(98,554)
Expenditures:			
Professional services	615,384	529,400	85,984
Total Expenditures	615,384	529,400	85,984
Net Changes in Fund Balance	5,000,000	4,987,430	(12,570)
Fund Balance, Beginning of Year	6,598,042	6,598,042	-
Fund Balance, End of Year	\$ 11,598,042	\$ 11,585,472	\$ (12,570)

ORANGE COUNTY HOUSING FINANCE TRUST

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. 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. Projects funded are not budgeted, and therefore excluded from the budgeted schedule as each project fund is separately approved by the Board. The legal level of budgetary control is at the total fund level.