



Kings County Government Center
1400 W. Lacey Boulevard
Hanford, California 93230

☎ (559) 852- 2362 FAX (559) 585-8047

Agenda

Tuesday, January 10, 2023

Place: County Board of Supervisors Chambers
Kings County Government Center, Hanford, CA

Time: 11:00 a.m. or soon thereafter, immediately following the meeting of the
California Public Finance Authority

The meeting can be attended telephonically or by the Internet by clicking this link:
<https://countyofkings.webex.com/countyofkings/j.php?MTID=m6cad0aba4a14e7b011eb96dd46a7c66e>
or by sending an email to bosquestions@co.kings.ca.us on the morning of the meeting for an automated email response with the WebEx meeting information. Members of the public attending via WebEx will have the opportunity to provide public comment during the meeting.

Members of the public who wish to comment may submit written comments on any matter within the Board's subject matter jurisdiction, regardless of whether it is on the agenda for the Board's consideration or action, and those comments will become part of the administrative record of the meeting. Comments will not be read into the record, only the names of who have submitted comments will be read into the record. Written comments received by the Clerk of the Board of Supervisors no later than 8:30 a.m. on the morning of the noticed meeting will be included in the record, those comments received after 8:30 a.m. will become part of the record of the next meeting. To submit written comments by email, please forward them to bosquestions@co.kings.ca.us or by U.S. Mail, please forward them to: Clerk of the Board of Supervisors, County of Kings, 1400 W. Lacey Blvd., Hanford, CA 93230.

1. **CALL TO ORDER**

ROLL CALL – Clerk to the Board

2. **ELECTION OF OFFICERS**

3. **APPROVAL OF MINUTES**

Approval of the minutes from the September 20, 2022 meeting.

4. **CONSENT CALENDAR**

- a. Consideration of approving the 2023 CalCHA regular meeting calendar.
- b. Consideration of approving audited CalCHA Financial statements through June 30, 2022.

5. **PUBLIC COMMENT**

Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.

California Community Housing Agency Agenda

January 10, 2023

Page 2 of 2

6. **STAFF UPDATES**

7. **ADJOURNMENT**

Adjourn as the California Community Housing Agency.



3. APPROVAL OF MINUTES

Approval of the minutes from the September 20, 2022 meeting.



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Action Summary

Tuesday, September 20, 2022

Place: County Board of Supervisors Chambers
Kings County Government Center, Hanford, CA

Time: 11:00 a.m. or soon thereafter, immediately following the meeting of the
Kings County Board of Supervisors

The meeting can be attended telephonically or by the Internet by clicking this link:
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1. **CALL TO ORDER at 11:51 a.m.**

ROLL CALL – Clerk to the Board

MEMBERS PRESENT JOE NEVES, RICHARD VALLE, CRAIG PEDERSEN, RICHARD FAGUNDES

MEMBERS ABSENT: DOUG VERBOON

2. **APPROVAL OF MINUTES**

Approval of the minutes from the June 28, 2022 meeting.

ACTION: APPROVED AS PRESENTED (RV, RF, CP, DV-Aye)

3. **CONSENT CALENDAR**

a. Consideration of approving resolution 22-021 for:

- i. 3040 West 7th Street, City of Los Angeles, County of Los Angeles; up to \$68,000,000 in bonds.
- ii. 3755 Beverly Blvd., City of Los Angeles, County of Los Angeles; up to \$84,000,000 in bonds.
- iii. 636 South Normandie Ave., City of Los Angeles, County of Los Angeles; up to \$84,000,000 in bonds.
- iv. 2501 West Olympic Blvd., City of Los Angeles, County of Los Angeles; up to \$100,000,000 in bonds.
- v. 690 South Wilshire Place & 2901 West 7th Street, City of Los Angeles, County of Los Angeles; up to \$100,000,000 in bonds.
- vi. 152 West Pico Blvd., City of Los Angeles, County of Los Angeles; up to \$92,000,000 in bonds.

ACTION: APPROVED AS PRESENTED (RV, CP, RF, JN-Aye, DV-Absent)

4. **PUBLIC COMMENT**

*Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item. **None***

5. **STAFF UPDATES**

None

6. **ADJOURNMENT**

The meeting was adjourned at 11:53 a.m.



4. CONSENT CALENDAR

- a. Consideration of approving the 2023 CalCHA regular meeting calendar.
- b. Consideration of approving audited CalCHA Financial statements through June 30, 2022.



2023 REGULAR MEETING CALENDAR

All Regular Meetings of the Agency will be held at the Kings County Board of Supervisors' Chambers beginning at 11:00 AM or immediately following the CalPFA Board Meeting.

CalCHA reserves the right to conduct a regular meeting during any one of the regularly scheduled meetings of the Kings County Board of Supervisors.

JANUARY							FEBRUARY							MARCH							APRIL						
1	2	3	4	5	6	7	29	30	31	1	2	3	4	26	27	28	1	2	3	4	26	27	28	29	30	31	1
8	9	10	11	12	13	14	5	6	7	8	9	10	11	5	6	7	8	9	10	11	2	3	4	5	6	7	8
15	16	17	18	19	20	21	12	13	14	15	16	17	18	12	13	14	15	16	17	18	9	10	11	12	13	14	15
22	23	24	25	26	27	28	19	20	21	22	23	24	25	19	20	21	22	23	24	25	16	17	18	19	20	21	22
29	30	31	1	2	3	4	26	27	28	1	2	3	4	26	27	28	29	30	31	1	23	24	25	26	27	28	29
5	6	7	8	9	10	11	5	6	7	8	9	10	11	2	3	4	5	6	7	8	30	1	2	3	4	5	6
MAY							JUNE							JULY							AUGUST						
30	1	2	3	4	5	6	28	29	30	31	1	2	3	25	26	27	28	29	30	1	30	31	1	2	3	4	5
7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26
28	29	30	31	1	2	3	25	26	27	28	29	30	1	23	24	25	26	27	28	29	27	28	29	30	31	1	2
4	5	6	7	8	9	10	2	3	4	5	6	7	8	30	31	1	2	3	4	5	3	4	5	6	7	8	9
SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
27	28	29	30	31	1	2	1	2	3	4	5	6	7	29	30	31	1	2	3	4	26	27	28	29	30	1	2
3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11	3	4	5	6	7	8	9
10	11	12	13	14	15	16	15	16	17	18	19	20	21	12	13	14	15	16	17	18	10	11	12	13	14	15	16
17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25	17	18	19	20	21	22	23
24	25	26	27	28	29	30	29	30	31	1	2	3	4	26	27	28	29	30	1	2	24	25	26	27	28	29	30
1	2	3	4	5	6	7	5	6	7	8	9	10	11	3	4	5	6	7	8	9	31	1	2	3	4	5	6

December 12, 2022

Board of Directors
California Community Housing Agency
Hanford, California

Dear Board of Directors:

We have audited the financial statements of California Community Housing Agency (the "Agency") for the year ended June 30, 2022, and have issued our report thereon dated November 23, 2022. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Agency. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

This letter addresses the consolidated statements for California Community Housing Agency and the Core Bond Issuance Operations Division. The projects of the Affordable Housing Asset Ownership Division were issued separate letters, which should be referred to for information pertaining to those projects. The Affordable Housing Asset Ownership Division is comprised of the following projects:

- Annadel Apartments in Santa Rosa, CA
- Verdant at Green Valley in Fairfield, CA
- Serenity at Larkspur in Larkspur, CA
- The Arbors Apartments in Livermore, CA
- Stoneridge Apartments in Walnut Creek, CA
- Creekwood Apartments in Hayward, CA
- Glendale Properties in Glendale, CA
- Mira Vista Hills Apartments in Antioch, CA
- Aster Apartments in Dublin, CA

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the consolidated financial statements. We are not aware of any documents or other information containing audited financial statements and, furthermore, management has not requested us to devote attention to any documents containing audited financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussions about planning matters, in addition to our engagement letter dated October 25, 2021, accepted by Mr. Ed Hill.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. The application of existing accounting policies was not changed during the year.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of revenue recognition methodologies for each revenue stream in Note 1.
- The disclosure of related party transactions and significant contracts in Note 7.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

We proposed no audit adjustments that could, in our judgement, either individually or in the aggregate, have a significant effect on the Agency's financial reporting process.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2022, a copy of which accompanies this letter.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of GAAP, which would affect the Agency's financial statements or on the type of opinion which may be rendered on the financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship, and our responses were not, in our judgment, a condition of our retention.

We appreciate the opportunity to be of service to the Agency.

This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

Enc.



Kings County Government Center
1400 W. Lacey Boulevard
Hanford, California 93230
☎ (559) 852- 2362 FAX (559) 585-8047

November 23, 2022

Wipfli LLP
10000 W. Innovation Drive, Suite 250
Milwaukee, WI 53226

This representation letter is provided in connection with your audit of the financial statements of California Community Housing Agency (“CalCHA”), which comprise the statements of net position as of June 30, 2022 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 7, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP and for the preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with GAAP and include all properly classified funds and other financial information of the primary government and all component units required by GAAP to be included in the financial reporting entity.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. We have disclosed to you the identity of CalCHA's related parties and all the related party relationships and transactions, including any side agreements, of which we are aware. All related party transactions were made at arm's-length. We have also disclosed any changes in related party transactions, and the business purpose for entering into transactions with related parties versus unrelated parties. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.
7. All events, including instances of noncompliance, subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting entries, which we are in agreement with, and are given effect to in the financial statements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
10. Significant estimates and material concentrations have been properly disclosed in accordance with GAAP.
11. Guarantees, whether written or oral, under which CalCHA is contingently liable, have been properly recorded or disclosed in accordance with GAAP.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within CalCHA from who you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of CalCHA's Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects CalCHA and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or

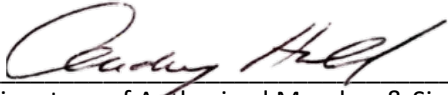
- c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting CalCHA's financial statements communicated by employees, former employees, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws, regulations, contracts, or grant agreements whose effects should be considered when preparing financial statements.
18. We have made available to you all financial records and related data.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have no knowledge of any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have no knowledge of any instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have no knowledge of any instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting noncompliance.
27. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
28. There are no other liabilities and gain or loss contingencies that are required to be accrued or disclosed by accounting standards.

29. There are no unrecorded transactions and/or side agreements or other arrangements (either written or oral).
30. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments
31. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
32. CalCHA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged, except as disclosed in the notes to the financial statements.
33. CalCHA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
34. CalCHA has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
35. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
36. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
37. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
38. All funds that meet the qualitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial users.
39. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
40. Provisions for uncollectible receivables have been properly identified and recorded.
41. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
42. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
43. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

44. Deposits and investment securities are properly classified as to risk, and investments are properly valued and disclosed.
45. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
46. We have appropriately disclosed CalCHA's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position was properly recognized under the policy.
47. CalCHA has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
48. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make CalCHA vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
49. We have not implemented the new accounting standard, GASB Statement No. 84, *Fiduciary Activities*, during the audit period as we believe it is not applicable to CalCHA.
50. We have implemented the new accounting standard, GASB Statement No. 87, *Leases*, during the audit period. We have implemented the new accounting standard in accordance with the transition guidance prescribed in the Statement. We have sufficient and appropriate documentation supporting all estimates and judgements underlying the amounts recorded and disclosed in the financial statements.
51. The methods we used in developing accounting estimates are applied consistently, data is accurate and complete, and the assumptions are reasonable.
52. We accept responsibility for and have designated an individual with suitable skill, knowledge, or experience to oversee the following non-attest services:
- a. Financial statement preparation
53. We are responsible for the management's discussion and analysis and have chosen not to present it, which will require modification to the auditor's opinion.
54. We acknowledge our responsibility for presenting the supplementary information in accordance with GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

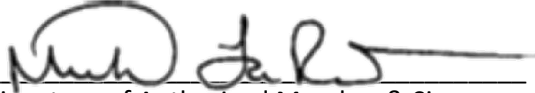
Sincerely,

CALIFORNIA COMMUNITY HOUSING AGENCY



Signature of Authorized Member & Signer

Date Signed 11/23/22



Signature of Authorized Member & Signer

Date Signed 11/23/22

Summary of Passed Adjustments
June 30, 2022

Current - June 30, 2022				Effect of Uncorrected Misstatements: Under (Over) Statement of:				
WP Ref	Description	Type of Misstatement	Assets	Liabilities	Equity Before Income	Income	Total Equity	
1	TCA.P	Twin Creeks depreciation	Known	\$ (185,843)	\$ -	\$ -	\$ (185,843)	\$ (185,843)
2	FS2	Bond administration fee understatement	Known	-	-	(12,500)	12,500	-
Impact of unrecorded differences before income effect of prior year differences (Iron Curtain)				\$ (185,843)	\$ -	\$ (12,500)	\$ (173,343)	\$ (185,843)
Prior year differences						-	-	
Impact of unrecorded differences after income effect of prior year differences (Roll Over)						\$ (12,500)	\$ (173,343)	
Financial statement caption totals				\$2,324,709,677	\$2,493,309,348	\$ (89,449,785)	\$ (79,149,886)	\$ (168,599,671)
Differences as a % of F/S captions - Iron Curtain				(0.01) %	- %	0.01 %	0.22 %	0.11 %
Differences as a % of F/S captions - Rollover						0.01 %	0.22 %	

Other Presentation and Disclosure Matters

Items	Comment

Prior - June 30, 2021				Effect of Uncorrected Misstatements: Under (Over) Statement of:				
WP Ref	Description	Type of Misstatement		Assets		Equity Before Income		Total Equity
							Income	
2		None		\$ -	\$ -	\$ -	\$ -	\$ -
Total				\$ -	\$ -	\$ -	\$ -	\$ -

Acknowledgments:

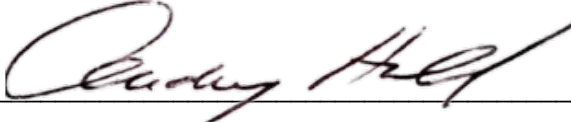
Known Misstatements - We acknowledge that you have requested that we correct all known misstatements that you have brought to our attention (including those that no longer appear on the accompanying schedule - if applicable).

Likely Misstatements - We acknowledge that you have requested that we examine the class of transactions, account balance, or disclosure (as applicable) to identify any likely misstatements that exist and make corrections.

Likely Misstatements Involving Estimates - We acknowledge that you have requested us to review the assumptions and methods used in developing our estimate - and as a result we affirm the accounting for the estimates involved as finally recorded.

Conclusion:

Based on our evaluation of the unadjusted audit differences, both individually and in the aggregate, as well as a consideration of qualitative factors and the possibility of undetected misstatements, we are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with the Company's financial reporting framework.

 _____ Date 11/23/22

*Please return with representation letter

California Community Housing Agency

Financial Statements

Years Ended June 30, 2022



WIPFLI

Independent Auditor's Report

Board of Directors
California Community Housing Agency
Hanford, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California Community Housing Agency, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise California Community Housing Agency's basic financial statements

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of California Community Housing Agency as of June 30, 2022, and its changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 California Community Housing Agency 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 California Community Housing Agency'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 Responsibility 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 opinion. 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 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, 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 California Community Housing Agency'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 California Community Housing Agency'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

California Community Housing Agency has omitted a management's discussion and analysis that GAAP requires to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise California Community Housing Agency's financial statements. The divisional statement of net position as of June 30, 2022 and the divisional statement of revenues, expenses, and change in net position for the year ended June 30, 2022, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature of Wipfli LLP in cursive script.

Wipfli LLP
Milwaukee, Wisconsin

November 23, 2022

California Community Housing Agency

Statement of Net Position

June 30,	2022
Assets	
Current assets:	
Cash and cash equivalents	\$ 12,121,989
Restricted cash and cash equivalents	82,684,190
Restricted investments	195,903,345
Tenant accounts receivable, net	4,410,762
Prepaid expenses and other assets	3,985,747
Lease receivable, current portion	6,532,141
Total current assets	305,638,174
Capital assets, net	2,011,778,093
Lease receivable, net of current portion	7,293,410
Total assets	\$ 2,324,709,677
Liabilities, Deferred Inflow of Resources, and Net Position (Deficit)	
Current liabilities:	
Accounts payable and other accrued expenses	\$ 6,341,336
Accounts payable - from restricted assets	1,250
Accrued interest	43,259,479
Tenant security deposits	4,406,182
Total current liabilities	54,008,247
Due to Catalyst Housing Group, LLC	1,300,000
Long-term bonds payable	2,423,104,828
Total liabilities	2,478,413,075
Deferred inflow of resources	14,896,273
Net position (deficit):	
Net investment in capital assets	(305,530,385)
Restricted for reserve fund	250,000
Restricted for debt service	167,628,789
Unrestricted	(30,948,075)
Total net position (deficit)	(168,599,671)
Total liabilities, deferred inflow of resources, and net position (deficit)	\$ 2,324,709,677

See accompanying notes to financial statements.

California Community Housing Agency

Statement of Revenues, Expenses and Change in Net Position

For the year ended June 30,	2022
Net rental revenues	\$ 109,713,587
Operating expenses	86,154,371
Operating income	23,559,216
Nonoperating revenues (expenses):	
Interest income	2,656,361
Interest expense	(84,958,005)
Bond issuance costs	(20,407,458)
Net nonoperating expenses	(102,709,102)
Change in net position	(79,149,886)
Total net position (deficit) - Beginning	(89,449,785)
Total net position (deficit) - Ending	\$ (168,599,671)

See accompanying notes to financial statements.

California Community Housing Agency

Statement of Cash Flows

For the year ended June 30,	2022
Cash flows from operating activities:	
Cash received from customers	\$ 109,146,034
Cash paid to suppliers and service providers	(33,265,163)
Net cash, cash equivalents, and restricted cash from operating activities	75,880,871
Cash flows from capital and related financing activities:	
Purchases of capital assets	(638,654,629)
Proceeds from bond issuance	733,215,201
Proceeds from bond premium	21,286,076
Payments of bond discounts	(13,191,093)
Principal payments on bonds	(305,000)
Interest payments on long-term debt	(69,829,329)
Due to Catalyst Housing Group, LLC	800,000
Payments of bond issuance costs	(20,407,458)
Net cash, cash equivalents, and restricted cash from capital and related financing activities	12,913,768
Cash flows from investing activities:	
Net change in restricted investments	(57,655,655)
Interest income	2,656,361
Net cash, cash equivalents, and restricted cash from investing activities	(54,999,294)
Net change in cash, cash equivalents, and restricted cash	33,795,345
Cash, cash equivalents, and restricted cash - Beginning of year	61,010,834
Cash, cash equivalents, and restricted cash - End of year	\$ 94,806,179

California Community Housing Agency

Statements of Cash Flows

For the year ended June 30,

2022

Schedule reconciling operating income to net cash and cash equivalents from operating activities:

Operating income	\$	23,559,216
Adjustments to reconcile net operating income to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation and amortization		49,836,796
Changes in operating assets and liabilities:		
Tenant accounts receivable		(2,230,517)
Prepaid expenses and other assets		(1,178,852)
Accounts payable and other accrued expense		3,631,047
Prepaid rent		405,354
Tenant security deposits		1,857,827
Total adjustments		2,484,859
Net cash, cash equivalents, and restricted cash from operating activities	\$	75,880,871
Cash and cash equivalents, and restricted cash:		
Cash and cash equivalents	\$	12,121,989
Restricted cash and cash equivalents:		
Tenant security deposit funds		4,672,861
Restricted cash equivalents in accordance with bond indenture		77,643,382
Restricted cash - Professional reserve		367,947
Total cash, cash equivalents, and restricted cash	\$	94,806,179

Supplemental cash flow information:

Noncash financing activities:

Accrued interest on bonds payable added to principal	\$	19,933,271
Amortization of bond premium		5,686,922
Amortization of bond discount		(71,412)
Accretion of interest on capital appreciation bonds		60,915

See accompanying notes to financial statements.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Organization

California Community Housing Agency ("CalCHA" or the "Agency") is a political subdivision of the State of California established by Kings County and the Housing Authority of Kings County, California under the Joint Exercise of Powers Act. The Agency was formed January 29, 2019. CalCHA issues governmental purpose bonds for the purpose of financing projects that provide, preserve, and support affordable local housing for low-income, moderate-income, and middle-income families and individuals.

CalCHA's governing board (the "Board") is comprised of elected Supervisors of Kings County, California. The Board determines all of CalCHA's financing policies and procedures which includes a review and approval process for each proposed financing.

CalCHA is comprised of the following divisions:

Core Bond Issuance Operations Division ("CalCHA Core")

This division issues bonds for the various other divisions of the Agency. This division is charged with governance of the Agency and conducts various management-related activities. Additionally, this division collects bond issuance fees and bond administration fees from the various projects under the Affordable Housing Asset Ownership Division. These fees are eliminated upon consolidation of all divisions and projects.

Affordable Housing Asset Ownership Division ("Asset Ownership Program")

This division is comprised of the various housing projects owned by the Agency. The Agency outsources operational management functions of these projects to private companies under long-term contracts for public benefit uses. The various projects operate independently of one another. Bonds issued for each project are specific to that project to which they are affixed and do not have interest in the other projects. All of the bonds issued are pursuant to Trust Indentures by and between CalCHA and Wilmington Trust National Association (the Trustee of the projects). The projects owned by the Agency in this division are as follows:

Annadel Apartments in Santa Rosa, CA ("Annadel")

On April 24, 2019, CalCHA issued Workforce Housing Revenue Bonds, Series 2019. The bonds, with an aggregate principal amount of \$194,335,000, were issued to finance the acquisition of a 390-unit multifamily rental housing facility located in Santa Rosa, California.

Verdant at Green Valley in Fairfield, CA ("Verdant")

On August 28, 2019, CalCHA issued Essential Housing Revenue Bonds, Series 2019. The bonds, with an aggregate principal amount of \$115,800,000, were issued to finance the acquisition of a 286-unit multifamily rental housing facility located in Fairfield, California.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

Serenity at Larkspur in Larkspur, CA ("Serenity")

On February 13, 2020, CalCHA issued Essential Housing Revenue Bonds, Series 2020. The bonds, with an aggregate principal amount of \$226,470,000, were issued to finance the acquisition of a 342-unit multifamily rental housing facility located in Larkspur, California.

The Arbors Apartments in Livermore, CA ("The Arbors")

On August 13, 2020, CalCHA issued Essential Housing Revenue Bonds, Series 2020. The Bonds, with an aggregate principal amount of \$59,970,000, were issued to finance the acquisition of a 162-unit multifamily rental housing facility located in Livermore, California.

Stoneridge Apartments in Walnut Creek, CA ("Stoneridge")

On February 18, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$101,620,000, were issued to finance the acquisition of a 209-unit multifamily rental housing facility located in Walnut Creek, California.

Creekwood Apartments in Hayward, CA ("Creekwood")

On March 30, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$165,220,000, were issued to finance the acquisition of a 309-unit multifamily rental housing facility located in Hayward, California.

Glendale Properties in Glendale, CA ("Glendale")

On March 31, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$444,220,000, were issued to finance the acquisitions of a 494-unit multifamily rental housing facility and a 205-multifamily rental housing facility with commercial space located in Glendale, California.

Mira Vista Hills Apartments in Antioch, CA ("Mira Vista")

On April 23, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$94,810,000, were issued to finance the acquisition of a 280-unit multifamily rental housing facility located in Antioch, California.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

Aster Apartments in Dublin, CA ("Aster")

On April 29, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$179,195,000, were issued to finance the acquisition of a 313-unit multifamily rental housing facility located in Dublin, California.

Fountains at Emerald Park in Dublin, CA ("Emerald Park")

On July 29, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$216,580,000, were issued to finance the acquisition of a 324-unit multifamily rental housing facility located in Dublin, California.

The Exchange at Bayfront Apartments in Hercules, CA ("The Exchange")

On August 31, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$135,225,000, were issued to finance the acquisition of a 172-unit multifamily rental housing facility located in Hercules, California.

The Summit at Sausalito Apartments in Sausalito, CA ("Summit")

On September 14, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$152,315,000, were issued to finance the acquisition of a 198-unit multifamily rental housing facility located in Sausalito, California.

K Street Flats Apartments in Berkeley, CA ("K Street Flats")

On October 7, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$127,790,000, were issued to finance the acquisition of a 176-unit multifamily rental housing facility located in Berkeley, California.

Twin Creeks Apartments in Antioch, CA ("Twin Creeks")

On June 9, 2022, CalCHA issued Essential Housing Revenue Bonds, Series 2022. The Bonds, with an aggregate principal amount of \$101,305,201, were issued to finance the acquisition of a 240-unit multifamily rental housing facility located in Antioch, California.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Management Focus

These basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled, State and Local Governments. The more significant of the Authority's accounting policies are described below.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Operating revenues from CalCHA Core result from providing services in connection with the Agency's principal ongoing operations. Operating expenses include management fees, professional fees, and other expenses. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Operating revenues from the Asset Ownership Program result from providing housing (rent) in connection with the Agency's principal mission. Operating expenses include maintenance fees, property expenses, management fees, professional fees, and other expenses. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates and are subject to change in the near term.

Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, Restricted Investments, and Investment Income

Cash equivalents are defined as short-term, highly liquid investments which are readily convertible to cash and have remaining maturities of three months or less at the date of acquisition.

Restricted cash and cash equivalents for CalCHA Core are funds held in an account exclusively for use in the Reserve Fund (see Restricted Cash and Net Position policy).

Restricted cash, cash equivalents, and investments held at the projects represent the unspent proceeds of the Bonds that are held by the Trustee. These investments are made up of various funds that were required to be funded by the Trust Indentures. Also included in restricted cash and cash equivalents are tenant security deposit funds. See Note 2 for a listing of the funds held by the Trustees.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, Restricted Investments, and Investment Income (Continued)

Restricted investments are made up of money market funds and guaranteed investment contracts.

All investment income is reported as nonoperating revenues (expenses) in the accompanying statements of revenues, expenses and changes in net position. Realized gains or losses are determined by specific identification.

Fair Value Measurements

Fair value is 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. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Tenant Accounts Receivable

Tenant accounts receivable are uncollateralized rents which are due the beginning of each month. Payments of tenant receivables are allocated to the specific charges identified on the tenant's remittance or, if unspecified, are applied to past due balances first, then the current unpaid charges. Management individually reviews all tenant receivables and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Actual losses, when realized, have been within the range of management's expectations. Management has recorded an allowance for doubtful accounts of \$171,593 as of June 30, 2022.

Tenant Security Deposits

Tenant security deposits represent tenant deposits held in accordance with the respective tenant's lease agreement and are held in trust for the tenants until they vacate the property. Any amounts not returned to the tenant due to lease violations are transferred to the applicable project's general operating account and recorded as rental revenue.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are recorded at acquisition cost and, when placed in service, depreciated on a straight-line basis over the useful life of the assets (3 to 40 years). Maintenance and repair costs are charged to expense as incurred. Interest costs incurred during the period of construction are expensed as incurred.

The Projects review their long-lived assets periodically to determine potential impairment by comparing the carrying value of those assets with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future undiscounted cash flows be less than the carrying value, the Projects would recognize an impairment loss at that time. No impairment loss was recognized in 2022.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. At this time, the projects have no items reported in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Agency records deferred inflows of resources as part of its accounting for leases (see *GASB 87 Lease Accounting* policy).

Debt Issuance Costs, Original Issue Premiums, and Original Issue Discounts

Debt issuance costs include all costs incurred to issue the Bonds. Debt issuance costs are expensed in the period incurred. Total debt issuance costs incurred during the year ended June 30, 2022, were \$22,832,458, gross of eliminations.

Original issue premiums and discounts represent the difference between the face value of the bonds and the consideration received. Original issue premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Amortization of the premiums and discounts are reflected as a decrease and increase, respectively, to interest expense in the statements of revenues, expenses and change in net position.

Restricted Cash and Net Position

Net position of CalCHA is classified in three components:

- *Net investment in capital assets* consists of capital assets, including bond proceeds held for capital assets, net of accumulated depreciation and reduced by any outstanding borrowings used to finance the purchase or

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Cash and Net Position (Continued)

construction of those assets.

- *Restricted for Reserve Fund*, in accordance with the Services Agreement dated February 5, 2019, the Agency established a Reserve Fund for the purpose of making payments to service providers. The Reserve Fund is utilized for legal, legislative representation, accounting, consulting, professional, and other service fees incurred in connection with the Agency or the Asset Ownership Program. The Reserve Fund is funded with five percent (5%) of the gross issuance fees and annual administrative fees collected from borrowers until it reaches a total of two hundred fifty thousand dollars (\$250,000).
- *Restricted for debt service* is net position that is restricted for the future payment of debt and is required to be held under an agreement with the Trustee.
- *Unrestricted net position* is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Income Taxes

The Agency is a public entity that is exempt from federal and state taxation under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the projects under the Asset Ownership Program are subject to federal income tax on any unrelated business taxable income.

Revenue Recognition

CalCHA Core

The Agency receives revenue from various fees. Bond issuance fees are received from bond proceeds and are recognized as revenue upon issuance of the bonds. Administrative fees are invoiced to bond issuers in arrears and recognized as revenue and receivables as earned. Rates for these fees are predetermined according to a fee schedule and may be adjusted for with approval of the Board.

Unearned revenue is recorded when issuance fees or administrative fees are received prior to their service period. Because all fees are earned from the Asset Ownership Program, all fee income and related unearned revenues are eliminated upon consolidation.

Asset Ownership Program Revenues

Housing units are rented under operating lease agreements with terms of one year or less. Rent income from tenants is recognized in the month in which it is earned rather than received.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Retail units are rented under operating lease agreements with terms ranging from 3 to 5 years and the option to renew after the initial term has passed. Rent income from retail tenants is recognized in accordance with ASC 840, Leases, using a method that represents a straight-line basis over the term of the lease, which averages minimum required rents over the terms of the lease. Rental payments received in advanced are deferred until earned.

GASB 87 Lease Accounting

The Governmental Accounting Standards Board ("GASB") issued Statement No. 87, *Leases* (Statement 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency, and comparability of lease activity reported by government entities. Under the new guidance, lessors will be required to recognize a lease receivable and a deferred inflow of resources for substantially all leases with lease terms in excess of twelve months. The Agency adopted Statement 87 during the year ended June 30, 2022, based on the facts and circumstances known at July 1, 2021.

The Agency is a lessor in multiple housing units lease agreements. The Agency accounts for its leases in accordance with GASB 87 from the date of initial application. If the contract provides the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Lease receivable and deferred inflow of resources are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The deferred inflow of resources is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. See Note 7 for leases.

The Agency uses its incremental borrowing rate as the discount rate.

The Agency has elected to not recognize lease receivable and deferred inflow of resources for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to renew the lease agreement. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases. The Agency recognizes short-term lease income on a straight-line basis over the lease term.

Note 2: Deposits and Investments

California Government Code Section 53601 (the Code) permits the Authority to invest available cash balances in various investments, as outlined by the Code. The Agency maintains its cash and equivalents in a money market account with a financial institution.

Restricted cash and investments are subject to several types of risk:

Interest Rate Risk – Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. The Agency does not have a formal investment policy for interest rate risk.

California Community Housing Agency

Notes to Financial Statements

Note 2: Deposits and Investments (Continued)

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, the Agency's investments were not rated.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. The Agency's deposits are fully insured.

Although not part of the Asset Ownership Program's Indentures, included in restricted cash and cash equivalents are tenant security deposits of \$4,430,798 as of June 30, 2022. As such, these amounts are not included in the table below summarizing restricted cash and investments by fund.

Pursuant to the Asset Ownership Program's Indentures, the projects were required to establish certain restricted reserves with bond proceeds that were funded at closing for the bond issuance. All reserve accounts are restricted for specific uses (such as debt service, interest payment, operating expenses, capital expenses, liens, etc) and withdrawals from the restricted accounts are subject to approval by the Trustee.

The following table provides a summary of restricted cash, cash equivalents, and investments by project as required by the Trust Indentures:

<i>June 30,</i>	2022
Annadel	\$ 13,679,941
Verdant	11,708,882
Serenity	21,378,528
The Arbors	10,059,305
Stoneridge	9,851,593
Creekwood	31,016,743
Glendale	44,411,003
Mira Vista	18,513,806
Aster	18,782,772
The Fountains	26,075,662
The Exchange	14,518,356
Summit	22,831,236
K Street Flats	18,872,330
Twin Creeks	12,088,633
Total	\$ 273,788,790

California Community Housing Agency

Notes to Financial Statements

Note 2: Deposits and Investments (Continued)

Total restricted assets as of June 30, 2022 are summarized as follows:

	2022
Restricted cash and cash equivalents held by CalCHA Core (for the Reserve Fund, as described in Note 1)	\$ 367,947
Restricted assets - tenant security deposits (see above)	4,430,798
Restricted assets under trust indentures (see above)	273,788,790
Total restricted assets	278,587,535
Restricted cash and cash equivalents per the statement of net position	82,684,190
Restricted investment per the statement of net position	195,903,345
Total restricted assets per the statement of net position	\$ 278,587,535

Note 3: Fair Value Measurements

Information regarding assets at fair value on a recurring basis as of June 30, 2022, is as follows:

		Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2022	Total Assets at Fair Value			
Money market funds - CalCHA Core	\$ 3,257,442	\$ -	\$ 3,257,442	\$ -
Money market funds - Asset Ownership Program	29,555,439	-	29,555,439	-
Guaranteed investment contracts - Asset Ownership Program	166,347,906	-	166,347,906	-
Total	\$ 199,160,787	\$ -	\$ 199,160,787	\$ -

Following is a description of the methodologies used for assets measured at fair value:

Money market funds - The fair value of money market funds are based on inputs that are observable, such as quoted prices for similar assets in active markets, interest rates, yield curve volatilities, and credit risk.

California Community Housing Agency

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

Guaranteed investment contracts - The fair value of guaranteed investment contracts are based on inputs that are observable, such as quoted prices for similar assets in active markets, interest rates, yield curve, volatilities, and credit risk. Interest rates range from 0.90% to 3.56%. The contract issuer is contractually obligated to repay the principal and interest at the specified interest rate that is guaranteed to the investment holder by the contract. The Agency may withdraw the full principal balance on deposit, terminating the contract, at any time.

Note 4: Capital Assets

The following is a summary of changes in the Asset Ownership Program's capital assets for the year ended June 30, 2022:

Year Ended June 30, 2022	Beginning Balance	Additions	Disposals and Retirements	Ending Balance
Land	\$ 324,011,454	\$ 154,970,597	-	\$ 478,982,051
Land improvements	85,952	-	(85,952)	-
Buildings	1,128,359,046	470,924,989	-	1,599,284,035
Building improvements	2,086,661	12,164,304	-	14,250,965
Building improvements	-	680,691	-	680,691
Total capital assets, being depreciated	1,130,531,659	483,769,984	(85,952)	1,614,215,691
Less: Accumulated depreciation	31,582,853	49,836,796	-	81,419,649
Total	\$ 1,422,960,260	\$ 588,903,785	(85,952)	\$ 2,011,778,093

California Community Housing Agency

Notes to Financial Statements

Note 5: Bond Obligations

Bonds are special limited obligations of CalCHA payable from and secured exclusively by the revenues and assets of the applicable project pledged under the Indenture. The Bonds are summarized within the table on the following pages.

	Original Face Value of Bond Obligations	Interest Rate	Term (Years)	Maturity Date	Balance at June 30, 2022
Annadel:					
Series 2019A Bonds	\$ 189,335,000	5%	30	April 2049	\$ 189,335,000
Series 2019B Bonds	5,000,000	10%	30	April 2049	5,000,000
Original issue premium	5,218,073				3,126,490
Verdant:					
Series 2019A Bonds	110,800,000	5%	30	August 2049	110,800,000
Series 2019B Bonds	5,000,000	10%	35	August 2054	5,137,258
Original issue premium	12,846,152				8,458,649
Serenity:					
Series 2020A Bonds	219,795,000	5%	30	February 2050	219,795,000
Series 2020B Bonds	6,675,000	10%	35	February 2055	6,675,000
Original issue premium	33,529,727				30,911,725
The Arbors:					
Series 2020A Bonds	57,470,000	5%	30	August 2050	57,470,000
Series 2020B Bonds	2,500,000	10%	35	August 2055	2,500,000
Original issue premium	6,559,626				6,140,539
Stoneridge:					
Series 2021A Bonds	97,270,000	4%	35	February 2056	97,270,000
Series 2021B Bonds	4,350,000	10%	40	February 2061	4,350,000
Original issue discount	7,015,112				6,764,572
Creekwood:					
Series 2021A Bonds	160,220,000	4%	35	February 2056	160,220,000
Series 2021B Bonds	5,000,000	10%	40	February 2061	5,000,000
Original issue premium	8,669,504				8,357,731
Glendale:					
Series 2021A-1 Bonds	250,000,000	4%	35	February 2056	250,000,000
Series 2021A-2 Bonds	184,220,000	4%	26	August 2047	184,220,000
Series 2021B Bonds	10,000,000	10%	40	February 2061	10,000,000
Original issue premium A-1	17,470,000				16,843,086
Original issue premium A-2	6,304,008				6,004,767
Mira Vista:					
Series 2021A Bonds	90,810,000	4%	35	February 2056	90,810,000
Series 2021B Bonds	4,000,000	10%	40	February 2061	4,000,000
Original issue premium	2,305,666				2,229,180

California Community Housing Agency

Notes to Financial Statements

Note 5: Bond Obligations (Continued)

	Original Face Value of Bond Obligations	Interest Rate	Term (Years)	Maturity Date	Balance at June 30, 2022
Aster:					
Series 2021A-1 Bonds	116,200,000	4%	35	February 2056	116,200,000
Series 2021A-2 Bonds	57,995,000	4%	22	February 2043	57,690,000
Series 2021B Bonds	5,000,000	10%	40	February 2061	5,000,000
Original issue premium	12,386,620				11,919,640
The Fountains:					
Series 2021A-1 Bonds	133,000,000	3%	35	August 2056	133,000,000
Series 2021A-2 Bonds	78,580,000	4%	25	August 2046	78,580,000
Series 2021B Bonds	5,000,000	10%	40	August 2061	5,000,000
Original issue premium	10,349,689				10,000,478
The Exchange:					
Series 2021A-1 Bonds	72,355,000	3%	35.5	February 2057	72,355,000
Series 2021A-1T Bonds	7,095,000	4.25%	16.5	February 2038	7,095,000
Series 2021A-2 Bonds	50,775,000	4%	30	August 2051	50,775,000
Series 2021B Bonds	5,000,000	10%	40.5	February 2062	5,000,000
Original issue premium	3,883,152				3,792,755
Summit:					
Series 2021A-1 Bonds	85,400,000	3%	35	February 2057	85,400,000
Series 2021A-2 Bonds	61,915,000	4%	28	February 2050	61,915,000
Series 2021B Bonds	5,000,000	10%	40	February 2062	5,000,000
Original issue premium	4,695,634	10%	40	February 2062	4,591,529
Original issue discount	(371,490)				(363,254)
K Street Flats:					
Series 2021A-1 Bonds	70,000,000	3%	35	February 2057	70,000,000
Series 2021A-2 Bonds	52,790,000	4%	28	August 2050	52,790,000
Series 2021B Bonds	5,000,000	10%	30	February 2062	5,000,000
Original issue premium	2,357,601				2,334,994
Original issue discount	(3,662,400)				(3,627,281)
Twin Creeks:					
Series 2022A-1 Bonds	68,555,000	4.5%	30	August 2052	68,555,000
Series 2022A-2 Bonds (capital appreciation bonds)	15,000,201	6.5%	43	August 2065	15,061,116
Series 2022B Bonds	17,750,000	5.5%	17.5	February 2040	17,750,000
Original issue discount	(9,157,203)				(9,129,146)
Total	\$ 2,435,254,672				\$ 2,423,104,828

California Community Housing Agency

Notes to Financial Statements

Note 5: Bond Obligations (Continued)

Activity for the Bonds for the year ended June 30, 2022, was as follows:

	Bond Obligations	Original Issue Premiums	Original Issue Discounts	Total
Balance, beginning of year	\$ 1,581,995,314	\$ 105,876,981	\$ -	\$ 1,687,872,295
Borrowings	733,215,201	21,286,076	(13,191,093)	741,310,184
Principal payments	(523,056)	-	-	(523,056)
Amortization	-	(5,686,922)	71,412	(5,615,510)
Accretion on capital appreciation bonds	60,915	-	-	60,915
Balance, end of year	\$ 2,314,748,374	\$ 121,476,135	\$ (13,119,681)	\$ 2,423,104,828

Interest payments on the Bonds are due semi-annually. Principal payments are not to be made on the bonds unless and until such bond is tendered to the Trustee for cancellation; however partial payments may be made from time to time at the election of CalCHA. All outstanding principal balances on the bonds as of June 30, 2022, are classified as long-term liabilities. Interest expense on capital appreciation bonds is accreted annually and paid at maturity. Capital appreciation bonds have a stated accreted value at maturity of \$236,970,000 and a maturity of August 2065.

Future principal and interest payments on the bonds as of June 30, 2022, are as follows:

	Principal	Interest	Total
2023	\$ -	\$ 97,486,697	\$ 71,904,826
2024	-	98,840,439	71,904,826
2025	-	98,840,439	71,904,826
2026	-	98,840,439	71,904,826
2027	-	98,840,439	359,524,129
2028 - 2032	4,705,000	494,017,192	359,524,129
2033 - 2037	6,390,000	492,781,192	359,524,129
2038 - 2042	39,160,000	487,540,373	352,564,729
2043 - 2047	160,395,000	465,648,554	281,464,329
2048 - 2052	917,745,000	331,261,504	162,668,040
2053 - 2057	1,122,942,258	180,764,128	1,303,706,386
2058 - 2062	48,350,000	18,100,000	66,450,000
2063 - 2067	236,970,000	-	14,175,000
Subtotal	2,536,657,258	2,962,961,396	3,547,220,175
Less future accretion on capital appreciation bonds	221,908,884		221,908,884
Total	\$ 2,314,748,374		\$ 3,325,311,291

California Community Housing Agency

Notes to Financial Statements

Note 6: Related-Party Transactions/Significant Contracts

CalCHA Core

CalCHA has entered into a services agreement with GPM Municipal Advisors, LLC (GPM) for advisory, consulting, and project management services related to CalCHA's finance programs, including post-issuance management and compliance oversight. Acting as CalCHA's staff, GPM personnel implement the issuance policies established by the Board, present transactions to the Board for review and approval, and work with the financial and legal community, local agencies and regulatory bodies, and others, to ensure that bonds issued in CalCHA's name remain in good standing. The agreement expires July 6, 2025, with the option for up to three successive five-year renewal periods.

Under the services agreement as amended, CalCHA incurred fees to GPM of \$2,554,906 for the year ended June 30, 2022. At June 30, 2022, \$774,844 was payable to GPM for such services.

Asset Ownership Program

All asset ownership projects have signed project administration agreements with third-party administrators. These project administration agreements establish the terms and conditions upon which the third-party administrators shall, as independent contractors, monitor, supervise, coordinate, analyze, and report to CalCHA with respect to the projects and the project managers' performance under the individual project administration agreements. Contracts renew automatically on their anniversary date unless terminated as a result of circumstances as defined by the project administration agreements. Fees incurred and paid to the project administrators under the administration agreements during the year ended June 30, 2022, were \$2,905,520. Accrued fees at June 30, 2022 were \$196,919.

The Annadel project entered into a \$500,000 note payable with Catalyst Housing Group, LLC, maturing April 1, 2050. Interest bears a rate of 10% per annum, payable to the extent of available cash flow from the Annadel project. On September 28, 2021, the Annadel project entered into an additional note of \$800,000 with Catalyst Housing Group, LLC, maturing April 1, 2050. Interest bears a rate of 10% per annum, payable to the extent of available cash flow, on each bond interest payment date.

All asset ownership projects have signed management agreements with third-party property managers to establish the terms and conditions for the operation and maintenance of the projects. The management agreements renew automatically on their anniversary date unless terminated as a result of circumstances as defined by the management agreements. Fees and reimbursable expenses incurred to the project managers for the management agreements during the year ended June 30, 2022 were \$5,412,139. Accrued property management fees were \$153,612 at June 30, 2022.

An annual fee is also due to CalCHA's designated agent, GPM, from the individual asset ownership projects. Designated agent fees during the year ended June 30, 2022 were \$310,417.

California Community Housing Agency

Notes to Financial Statements

Note 6: Related-Party Transactions/Significant Contracts (Continued)

Under the terms of the Trust Indentures, the individual projects pay one-time bond issuance fees to CalCHA Core. Bond issuance fees incurred and paid during the year ended June 30, 2022, were \$2,425,000. The asset ownership projects also pay annual bond administration fees to CalCHA Core. Bond administration fees incurred during the year ended June 30, 2022, were \$1,712,500. Accrued bond administration fees as of June 30, 2022 were \$1,087,500. Bond issuance fees and bond administration fees are eliminated upon consolidation of CalCHA Core and the Asset Ownership Program.

Note 7: Leases

At each project, the Agency enters into lease agreements for each housing unit with terms of one year or less. Occasionally, a few lease agreements will exceed one year. Each lease agreement entered does not grant lease renewal options. The Agency also enters into lease agreements for commercial space at some projects.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

The lease receivable is initially measured at the present value of the remaining lease fixed payments over the lease term, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Agency's incremental borrowing rate.

Lease payments, included in the measurement of the lease receivable associated to these lease agreements, are comprised of only fixed payments. There are no variable lease components included in the leases of the projects.

The deferred inflow of resources is initially measured at the commencement of the lease term. This is equal to the amount of the lease receivable plus any lease payments related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. As of June 30, 2022, the deferred inflow of resources was \$14,896,273.

As lease payments are received, the lease receivable will be reduced, and the deferred inflow of resources will be recognized as revenue.

Maturities of lease receivables are as follows as of June 30, 2022:

2023	\$ 6,532,141
2024	1,372,297
2025	892,179
2026	803,440
2027	790,192
2028	3,435,302
<hr/>	
Total	\$ 13,825,551

Amounts representing interest included in the table above total \$1,027,914.

Supplementary Information

California Community Housing Agency

Divisional Statements of Net Position

At June 30, 2022	CalCHA Core	Asset Ownership Program	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,889,495	\$ 9,232,494	\$ -	\$ 12,121,989
Restricted cash and cash equivalents	367,947	82,316,243	-	82,684,190
Restricted investments	-	195,903,345	-	195,903,345
Accounts receivable, related party	1,087,500	-	(1,087,500)	-
Tenant accounts receivable, net	-	4,410,762	-	4,410,762
Prepaid expenses and other assets	-	3,985,747	-	3,985,747
Lease receivable, current portion	-	6,532,141	-	6,532,141
Total current assets	4,344,942	302,380,732	(1,087,500)	305,638,174
Capital assets, net	-	2,011,778,093	-	2,011,778,093
Lease receivable, net of current portion	-	7,293,410	-	7,293,410
Total assets	\$ 4,344,942	\$ 2,321,452,235	\$ (1,087,500)	\$ 2,324,709,677
Liabilities, Deferred Inflow of Resources, and Net Position (Deficit)				
Current liabilities:				
Accounts payable and other accrued expenses	\$ 774,843	\$ 6,653,993	\$ (1,087,500)	\$ 6,341,336
Accounts payable - from restricted assets	1,250	-	-	1,250
Accrued interest	-	43,259,479	-	43,259,479
Tenant security deposits	-	4,406,182	-	4,406,182
Total current liabilities	776,093	54,319,654	(1,087,500)	54,008,247
Due to Catalyst Housing Group, LLC	-	1,300,000	-	1,300,000
Long-term bonds payable	-	2,423,104,828	-	2,423,104,828
Total liabilities	776,093	2,478,724,482	(1,087,500)	2,478,413,075
Deferred inflows of resources	-	14,896,273	-	14,896,273
Net position (deficit):				
Net investment in capital assets	-	(305,530,385)	-	(305,530,385)
Restricted for reserve fund	250,000	-	-	250,000
Restricted for debt service	-	167,628,789	-	167,628,789
Unrestricted	3,318,849	(34,266,924)	-	(30,948,075)
Total net position (deficit)	3,568,849	(172,168,520)	-	(168,599,671)
Total liabilities, deferred inflows of resources, and net position (deficit)	\$ 4,344,942	\$ 2,321,452,235	\$ (1,087,500)	\$ 2,324,709,677

See accompanying notes to financial statements.

California Community Housing Agency

Divisional Statements of Revenues, Expenses and Change in Net Position

For the Year Ended June 30, 2022	Asset Ownership			Total
	CalCHA Core	Program	Eliminations	
Revenues:				
Net rental revenues	\$ 9,455	\$ 109,704,132	\$ -	\$ 109,713,587
Bond administration fees	1,712,500	-	(1,712,500)	-
Bond issuance fees	2,425,000	-	(2,425,000)	-
Total revenues	4,146,955	109,704,132	(4,137,500)	109,713,587
Operating expenses	2,769,906	85,096,965	(1,712,500)	86,154,371
Operating income	1,377,049	24,607,167	(2,425,000)	23,559,216
Nonoperating revenues (expenses):				
Interest income	781	2,655,580	-	2,656,361
Interest expense	-	(84,958,005)	-	(84,958,005)
Bond issuance costs	-	(22,832,458)	2,425,000	(20,407,458)
Net nonoperating revenue (expenses)	781	(105,134,883)	2,425,000	(102,709,102)
Change in net position	1,377,830	(80,527,716)	-	(79,149,886)
Total net position (deficit) - Beginning	2,191,019	(91,640,804)	-	(89,449,785)
Total net position (deficit) - Ending	\$ 3,568,849	\$ (172,168,520)	\$ -	\$ (168,599,671)

See accompanying notes to financial statements.