

MINUTES

**California Housing Finance Agency (CalHFA)
Audit Committee Meeting
April 1, 2020
Meeting noticed on March 20, 2020**

Minutes approved by the Board
of Directors at its meeting held:
November 12, 2020
Attest: Claire Tauriainen

1. ROLL CALL

The California Housing Finance Agency Audit Committee meeting was called to order at 9:34 a.m. by Chair Gunning. A quorum of members was present.

MEMBERS PRESENT: Gunning, Ma, Sotelo

MEMBERS ARRIVING
AFTER ROLL CALL: None

MEMBERS ABSENT: None

STAFF PRESENT: Tia Boatman Patterson, Don Cavier, Lori Hamahashi, Kate Ferguson, Claire Tauriainen, Melissa Flores

GUEST SPEAKER: Mandy Merchant, Principal, *CliftonLarsonAllen*

2. APPROVAL OF MINUTES – November 21, 2019

The minutes were approved by unanimous consent of members present.

3. CHAIRMAN COMMENTS

Chair comments:

Chair Gunning opened by noting this was the first entirely remote meeting held by the Audit Committee. He then reminded all attendees to provide their name before speaking and asked that public comments be held until the appropriate time. He reminded everyone that the meeting materials could be found on the Agency's website at calhfa.ca.gov.

4. REVIEW AND DISCUSSION OF THE AUDIT RESULTS FOR FINANCE FUND FISCAL YEAR ENDING JUNE 30, 2019

Presented by Lori Hamahashi and guest Mandy Merchant

CalHFA Comptroller Lori Hamahashi informed the Committee that the Popular Annual

Financial Report (PAFR) for the California Housing Finance Fund was not ready, but once it is, all Board members would be provided a copy and it will be posted on CalHFA's website for the public. The Agency is eligible to participate in the Government Finance Officer's Association's PAFR program this year. Ms. Hamahashi plans to submit the Agency's PAFR once it is ready.

Mandy Merchant, Principal at CLA, provided the Committee with an overview of audit results from the California Housing Finance Agency Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2019 and the Single Audit of federal programs. She noted:

- There was a \$102M decrease in program loan receivables related to the principal payments offsetting new loans
- There was a \$252M decrease in bonds payable due to early bond redemptions totaling \$255M, offset by newly issued bonds, about \$23M. When looking at a comparison of bonds payable from 2015-2019, she noted a consistent decrease during each fiscal year for that period of time.
- Swap derivative liability increased by \$16M due to decreases in fair value and lower interest rates in favor of the counterparty.
- Net pension liability decreased \$10M, while the net Other Post Employment Benefits (OPEB) liability increased \$3M due to changes in the actuarial assumptions this past year, changes in the allocation method for the OPEB, and the overall performance of the plans in the market
- Because the Agency received over \$750,000 in federal awards, a Single Audit of federal programs was required. A review of eight projects in the Section 8 program found that two projects authorized disbursements without first obtaining HUD approval. While the disbursements were allowable costs, they were not properly approved by HUD as required in the regulatory agreement. This resulted in a finding and the recommendation that the Agency review federal regulatory contracts and determine which ones need HUD approval and which ones do not. Kate Ferguson, Director of Multifamily Programs, stated corrective action regarding this finding was implemented in August of 2019.

5. PUBLIC COMMENT

Chair Gunning asked if there were any comments from the public and there were none.

6. ADJOURNMENT

As there was no further business was to be conducted, Chair Gunning adjourned the meeting at 10:18 a.m.

HANDOUTS

- a) California Housing Finance Fund Annual Report for Fiscal Years Ending June 30, 2019 and June 30, 2018 (CAFR)
- b) Single Audit Report
- c) CLA Required Communication Letter