HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN

Financial Statements and Independent Auditors' Reports

Year Ended September 30, 2021

Table of Contents

List of Principal Officials 1
Independent Auditors' Report 2
Management's Discussion and Analysis (Required Supplemental Information – Unaudited) 5
Audited Financial Statements 10
Statement of Net Position 10
Statement of Revenues, Expenses, and Changes in Net Position 12
Statement of Cash Flows 13
Notes to Financial Statements 15
Required Supplemental Information 44
Schedule of the Pension Plan's Proportionate Share of the Net Pension Liability (Asset) and Related Ratios 44
Schedule of the Pension Plan's Contributions 45
Schedule of Changes in the Net OPEB Liability and Related Ratios 46
Supplemental Information 47
Statement and Certification of Actual Costs 47
Statement of Expenditures of Federal Awards 48
Notes to Statement of Federal Awards 49
Compliance Information 50
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 50
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance 52
Schedule of Findings and Questioned Costs 55
Status of Prior Audit Findings 57

The following table lists the Board Members as of September 30, 2021:

Chairperson	Ryan Gresham
First vice chairperson (tenant)	Patricia Barrett
Second vice chairperson	Lester Patrick
Commissioner	Stephen Beckham
Commissioner	Jonathan Mendelson
Commissioner (tenant)	Crisanne Santini
Commissioner	Rudolph (Rudy) Willey

In addition to the above Commissioners, the Executive Director of the Housing Authority is Peter W. Ragsdale, who also serves on the Board as Secretary.

INDEPENDENT AUDITORS' REPORT

The Governing Body of
Housing Authority of the County of San Joaquin

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Housing Authority of the County of San Joaquin (Authority), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the Authority as of September 30, 2021, and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following discretely presented component units:

Stockton Sierra Vista I, LP; and
Stockton Sierra Vista II, LP.

Collectively, these entities represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements, which were prepared in accordance with *Accounting Standards Codification* as issued by the Financial Accounting Standards Board, were audited by other auditors whose report thereon has been furnished to us, and our opinion, in so far as it relates to the amounts included for discretely presented component units, is based solely on the report of the other auditors.

The financial statements of the discretely presented component units were not audited in accordance with G*overnment Auditing Standards*.

BASIS FOR OPINION

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. 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 Authority 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 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 Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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 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:

(1) Exercise professional judgment and maintain professional skepticism throughout the audit; (2) 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; (3) 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 Authority's internal control. Accordingly, no such opinion is expressed; (4) 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; (5) Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements.

The schedule of expenditures of federal awards, required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

In addition, the accompanying H statement and certification of actual costs, required by the U.S. Department of Housing and Urban Development, is presented for the purpose of additional analysis and are not a required part of the basic financial statements.

That information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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 auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Smith Marion & Co.

May 18, 2022
Redlands, CA

Management's Discussion and Analysis ("MD&A") for Housing Authority of the County of San Joaquin (the "Authority") is provided to present both a short and a long-term analysis of the Authority's activities. The MD&A requirements are established by Governmental Accounting Standards Board Statement #34 ("GASB 34") to report the most relevant information for the Authority's financial strength. The MD&A presented below discusses the FY2021 (current year) results in comparison with the FY2020 (prior year), with emphasis on the current year.

The MD&A includes the following indicators as described in paragraph 11 of GASB 34:

- Total assets, distinguishing between capital and other assets
- Total liabilities, distinguishing between long-term liabilities and other liabilities
- Total net position, distinguishing among amounts invested in capital assets, net of related debt, restricted amounts, and unrestricted amounts
- Operating revenues by major source
- Operating expenses by major cost category
- Non-operating revenues (expenses)
- Income (loss) before capital contributions, special and extraordinary items, and transfers
- Capital contributions
- Transfers
- Change in net position
- Ending net position

ORGANIZATION:

We were created in March 1942 to provide and advocate for affordable, attractive, safe living environments and opportunities to become self-sufficient for persons of very low to moderate income residing in San Joaquin County, California. We are a corporation located in Stockton, California, and were established under United States Housing Authorities Law of 1938, Deering's General Law Act 3483 when the San Joaquin County Board of Supervisors adopted a resolution declaring a need for a Housing Authority in the county.

A seven-member Board of Commissioners is appointed by the San Joaquin County Board of Supervisors and governs the Authority.

BASIS OF PRESENTATION AND ACCOUNTING:

In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America. The Authority reports under the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting. The enterprise fund emphasizes the flow of economic resources measurement focus. In this fund, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

The enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

AUTHORITY AS A WHOLE:

The Net Position of the Authority increased $9,380,170 as of September 30, 2021, over the prior year (see Contributing Factors to Change in Net Position).

Our total assets and deferred outflows as of September 30, 2021, were $76,001,651, an increase of $8,206,234 from September 30, 2020. Net capital assets increased $6,171,211 due to completion of the Crossways Residences and HEAP-funded properties during the fiscal year.

Total operating revenues for the Authority increased $8,885,668 from prior year primarily due to an increase in HCVP operating grants and CARES Act funding, as well as grant funding provided for construction of the Crossways Residences and Turnpike Road/Sutter Street properties.

Our debt outstanding (total liabilities) of $26,358,773 as of September 30, 2021, decreased $4,671,404 from the prior year, reflective of utilizing the deferred revenues for CARES grants provided to the housing choice voucher program.

Total operating expenses exhibited a slight decrease of $563,476 from the prior year.

CONDENSED STATEMENT OF NET POSITION AS OF SEPTEMBER 30:

			Change	
	2021	**2020**	**Dollar**	**Percentage**
Cash and equivalents	$ 26,340,901	$ 26,112,428	$ 228,473	0.9%
Other current assets	4,196,806	2,220,279	1,976,527	89.0%
Total current assets	30,537,707	28,332,707	2,205,000	7.8%
Net capital assets	43,272,795	37,101,584	6,171,211	16.6%
Other assets	-	-	-	0.0%
Total non-current assets	43,272,795	37,101,584	6,171,211	16.6%
Total assets	73,810,502	65,434,291	8,376,211	12.8%
Deferred outflows of resources	2,191,149	2,361,126	(169,977)	(7.2%)
Total Assets & Deferred Outflows	**$ 76,001,651**	**$ 67,795,417**	**$ 8,206,234**	**12.1%**
Current liabilities	$ 5,198,625	$ 10,018,151	$ (4,819,526)	(48.1%)
Non-current liabilities	21,160,148	21,012,026	148,122	0.7%
Total liabilities	26,358,773	31,030,177	(4,671,404)	(15.1%)
Deferred inflows of resources	5,914,649	2,417,181	3,497,468	>100%
Net investment in capital assets	34,191,916	32,928,048	1,263,868	3.8%
Restricted net position	2,234,131	277,766	1,956,365	>100%
Unrestricted net position	7,302,182	1,142,245	6,159,937	>100%
Total net position	43,728,229	34,348,059	9,380,170	0.0%
Total Liabilities, Deferred Inflows, & Net Position	**$ 76,001,651**	**$ 67,795,417**	**$ 8,206,234**	**12.1%**

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR YEARS ENDED SEPTEMBER 30:

			Change	
	2021	2020	Dollar	Percentage
Operating revenues	$ 5,568,581	$ 5,350,769	$ 217,812	4.1%
Operating grants and subsidies	60,361,627	50,563,771	9,797,856	19.4%
Total operating revenues	65,930,208	55,914,540	10,015,668	17.9%
Depreciation expense	(2,749,507)	(2,937,517)	188,010	(6.4%)
Housing assistance payments	(40,023,885)	(39,566,853)	(457,032)	1.2%
Other operating expenses	(13,916,383)	(14,748,880)	832,497	(5.6%)
Total operating expenses	(56,689,775)	(57,253,250)	563,475	(1.0%)
Operating income (loss)	**9,240,433**	**(1,338,710)**	**20,594,811**	**>100%**
Investment income	37,632	103,284	(65,652)	(63.6%)
Interest expense	(204,368)	(192,485)	(11,883)	6.2%
Other non-routine revenues (expenses)	-	2,397,331	(2,397,331)	(100.0%)
Income (loss) before contributions and other items	**9,073,697**	**969,420**	**18,119,945**	**(>100%)**
Special items	-	(5,129,220)	5,129,220	(100.0%)
Net transfers in (out)	(1,330,248)	(79,722)	(1,250,526)	>100%
Capital contributions	285,811	514,489	(228,678)	(44.4%)
Change in net position	**$ 8,029,260**	**$ (3,725,033)**	**$ 11,754,293**	**>100%**
Beginning net position	$ 34,348,059	$ 37,917,582		
Change in net position	8,029,260	(3,725,033)		
Prior-period adjustments	1,350,910	155,510		
Equity transfers	-	-		
Ending net position	**$ 43,728,229**	**$ 34,348,059**		

FINANCIAL ANALYSIS OF THE AUTHORITY

Cash

Total cash and investments increased $228,473 or .9% as of September 30, 2021, when compared to September 30, 2020. Our investments are carried at actual cash value.

Accounts Receivable

Net accounts receivable increased $2,120,657 as the Authority's DCDC subsidiary had construction costs incurred which were later reimbursed.

Accounts Payable

Total accounts payable increased $598,617 compared to September 30, 2020. Payables increased temporarily as a result of construction activities carried out by DCDC.

Results of Operations

The Housing Authority experienced a increase of $9,380,170 in Net Position from September 30, 2020, to $43,728,229 at September 30, 2021 (see Contributing Factors to Change in Net Position below for details).

Operating revenues of our activities are generated principally from HUD operating subsidies and housing assistance payments. In fiscal year ended 2021, our operating revenues for its activities totaled $64,800,208. Of this total, $59,231,627 or 91.4% was from HUD and other government grants and subsidies.

Our expense activities consist primarily of Housing Choice Voucher Program Housing Assistance Payments (HAP). Our total operating expenses were $56,689,775 of which $40,023,885, or 70.6% were HAP.

Contributing Factors to Change in Net Position:

Net position for the year ended September 30, 2021, increased $9,380,170 compared to a decrease of $3,812,813 for the year ended September 30, 2020. Factors that impacted our net position included:

Operating grants and subsidies were $59,231,627, compared to $50,563,771 for the prior year. The increase was due to the recognition of $5,302,000 of CARES Act funding provided to the Housing Choice Voucher Program, as well as grant funding supplied for the construction of the Crossways Residences and Turnpike Road/Sutter Street properties. Crossway Residences grants were supplied by San Joaquin County Behavioral Health, and Turnpike Road/Sutter Street received Homeless Emergency Aid Program (HEAP) funding.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	2021	2020	Change Dollar	Change Percentage
Land	$ 4,116,073	$ 3,759,390	$ 356,683	9%
Construction in progress	5,447,200	1,641,156	3,806,044	>100%
Buildings	91,899,131	87,370,470	4,528,661	5%
Furniture & equipment - dwellings	888,850	824,914	63,936	8%
Furniture & equipment - administration	1,690,265	1,524,873	165,392	11%
Accumulated depreciation	(60,768,724)	(58,019,219)	(2,749,505)	5%
Capital assets, net	**$ 43,272,795**	**$ 37,101,584**	**$ 6,171,211**	**17%**

Debt Administration

	2021	2020	Change Dollar	Change Percentage
Total Debt	$ 9,080,879	$ 4,173,536	$ 4,907,343	>100%

During the year notes payable increased by $4,800,237, primarily due to the acquisition of the Creekside South Apartments in Lodi.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Ms. Melinda G. Hazard, Director of Finance, Housing Authority of the County of San Joaquin, at (209) 460-5013. Specific requests may be submitted to the Housing Authority of the County of San Joaquin, Attn: Melinda Hazard at 2575 Grand Canal Blvd. Suite 220, Stockton, CA 95207.

Statement of Net Position
September 30, 2021

Assets and Deferred Outflows of Resources	Primary Government	Discretely Presented Component Units
Current assets:		
Cash and equivalents - operating	$ 22,438,065	$ 530,161
Restricted cash and equivalents	3,902,836	1,526,490
Receivables, net of allowances	3,839,466	733,925
Prepaid expenses and other current assets	357,340	34,536
Total current assets	30,537,707	2,825,112
Non-current assets:		
Other long-term assets	-	378,514
Capital assets, net of accumulated depreciation	43,272,795	71,743,967
Total non-current assets	43,272,795	72,122,481
Total assets	73,810,502	74,947,593
Total deferred outflows of resources	2,191,149	-
Total Assets and Deferred Outflows of Resources	**$ 76,001,651**	**$ 74,947,593**

See accompanying notes.

Liabilities, Deferred Inflows of Resources, and Net Position	**Primary Government**	**Discretely Presented Component Units**
Current liabilities:		
Accounts payable	$ 1,184,260	$ 538,431
Unearned revenues	2,738,879	13,679
Deposits held in trust, contra	538,888	165,496
Other current liabilities	107,443	38,957
Intercompany payables	52,812	-
Accrued wages payable	172,431	-
Accrued employee benefits payable	162,332	-
Accrued interest payable	6,951	1,217,899
Debt, current portion	234,629	-
Total current liabilities	5,198,625	1,974,462
Non-current liabilities:		
Accrued employee benefits payable, net of current	11,581,814	-
Long-term accrued interest payable	-	-
Debt, net of current	8,846,250	50,291,283
Other long-term liabilities	732,084	14,500
Total non-current liabilities	21,160,148	50,305,783
Total liabilities	26,358,773	52,280,245
Total deferred inflows of resources	5,914,649	-
Net position:		
Net investment in capital assets	34,191,916	21,452,684
Restricted	2,234,131	1,357,971
Unrestricted	7,302,182	(143,307)
Total net position	43,728,229	22,667,348
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 76,001,651**	**$ 74,947,593**

See accompanying notes.

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2021

	Primary Government	Discretely Presented Component Units
Operating revenues:		
Tenant rental revenue, net of collection losses	$ 4,124,400	$ 1,827,736
Operating grants and subsidies	60,361,627	109,617
Other revenue	1,121,861	6,466
Intercompany fee revenue	322,320	-
Total operating revenues	65,930,208	1,943,819
Operating expenses:		
Administrative	7,217,217	838,398
Tenant services	386,010	11,926
Utilities	1,317,161	206,711
Ordinary maintenance and operations	3,329,205	162,217
Protective services	199,656	572
Insurance premiums	705,610	101,952
Other general expenses	761,524	45,990
Housing assistance payments	40,023,885	-
Depreciation	2,749,507	1,860,448
Total operating expenses	56,689,775	3,228,214
Operating income (loss)	9,240,433	(1,284,395)
Non-operating revenues (expenses):		
Investment income	37,632	499
Gains (losses) on disposition of assets, net	-	-
Interest expense	(204,368)	(830,780)
Total non-operating revenues (expenses)	(166,736)	(830,281)
Income (loss) before other items	9,073,697	(2,114,676)
Net transfers in (out)	(1,330,248)	-
Special items gains (losses)	-	262,239
Capital contributions	285,811	20,166,220
Change in net position	**$ 8,029,260**	**$ 18,313,783**
Net position, beginning of year	$ 34,348,059	$ 4,353,565
Change in net position	8,029,260	18,313,783
Prior-period restatements	1,350,910	-
Equity transfers	-	-
Net position, end of year	**$ 43,728,229**	**$ 22,667,348**

See accompanying notes.

Statement of Cash Flows
Year Ended September 30, 2021

Cash flows from operating activities:		
Cash receipts from tenants	$	4,118,723
Cash receipts from grants		54,891,437
Cash payments for Housing Assistance payments		(40,023,885)
Cash payments to suppliers for goods and services		(5,836,471)
Cash payments for wages and benefits		(7,467,614)
Other cash payments and receipts		(551,359)
Net cash provided (used) by operating activies		5,130,831
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(9,927,330)
Capital contributions received		285,811
Payments of interest		(205,814)
Proceeds from additional borrowings		7,844,000
Principal payments on debt		(2,936,657)
Net cash provided (used) by capital and related financing activities		(4,939,990)
Cash flows from investing activities:		
Interest on cash deposits		37,632
Net cash provided (used) by investing activities		37,632
Net change in cash and equivalents		228,473
Cash at beginning of period		26,112,428
Cash at end of period	**$**	**26,340,901**
Reconciliation of cash to the Statement of Net Position:		
Cash and equivalents - operating	$	22,438,065
Restricted cash and equivalents		3,902,836
Total cash and equivalents	**$**	**26,340,901**

See accompanying notes.

Reconciliation of operating loss to net cash provided by operating activities:		
Operating income (loss)	$	9,240,433
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation		2,749,507
Bad debt expense		19,964
Pension		(279,494)
Other post-employment benefits		189,350
Adjustments to contruction in progress		6,614
Changes in operating assets and liabilities:		
Accounts receivable		(746,669)
Prepaid expenses and other assets		35,853
Net intercompany		(1,244,620)
Accounts payable		596,083
Accrued wages and benefits		104,811
Deposits held in trust, contra		27,728
Unearned revenues		(5,760,228)
Other liabilities		191,499
Net cash provided (used) by operating activities	**$**	**5,130,831**

See accompanying notes.

NOTE 01 - NATURE OF BUSINESS AND ORGANIZATION

The Housing Authority of the County of San Joaquin (Authority, we, us, our) was incorporated on March 9, 1942, under the California State Health and Safety Code, Section 34200. The Authority was established to provide clean, decent, safe, sanitary and affordable housing to low-income families.

Commissioners are approved for either two or four-year terms by the County of San Joaquin Board of Supervisors. The Board consists of seven commissioners.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with us to administer certain HUD funds.

Our primary operations are comprised of the Housing Choice Voucher Program. This program is designed to aid very low-income families in obtaining decent, safe, and sanitary rental housing. We administer contracts with independent landlords that own property and rent that property to families that have applied for housing assistance. We subsidize the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable us to structure a lease that sets the participants' rent at 30% of household income.

Additionally, we operate the Low Rent Housing Program. This program is designed to provide very low-income families in obtaining decent, safe, and sanitary rental housing. operates The Low Rent Housing Program operates the Authority’s own rental housing units subsidized by HUD through an Annual Contributions Contract (ACC). Funding is provided by tenant rent payments and subsidies provided by HUD based upon a formula that takes into consideration factors such as: prior formula funding, population of the area, number of dwelling units, bedroom sizes, building height and building age, utility costs, and rental income.

The Low Rent Housing Program is supplemented by the Capital Fund Program. The purpose of this program is to utilize funds granted by HUD for remodeling and upgrading the facilities in the Low Rent Housing Program, as well as to support overall operations. These grant funds are authorized by HUD each year but can be spent over the course of several years.

The Authority has entered into Mixed-Finance Annual Contributions Contracts approved by HUD to provide public housing for the ACC units at the developments owned by the related parties. HUD, through the Authority, has provided funds through various grants for a number of the developments. A portion of the funds received by the Authority from HUD were converted into mortgage notes and have been loaned to the respective related parties.

In addition, the Authority operates other federal and non-federal housing programs.

Reporting Entity

As described in GASB Statement No. 34, paragraph 134, the Authority is considered a primary government and meets the definition of a special purpose government ("SPG"). The Authority is a legally separate entity that is engaged in only business-type activities. Business-type activities are defined as activities that are financed in whole or in part by fees charged to external parties for goods or services. SPGs engaged only in business-type activities are required to present only the financial statements required for proprietary funds, which includes Management's Discussion and Analysis ("MD&A"), basic financial statements, and Required Supplemental Information ("RSI"). All inter-program activities have been eliminated in these financial statements.

We are an independent agency, with operations separate from those of the County of San Joaquin (County). Our obligations, including loans through direct borrowing or the sale of bonds, are not obligations of the County. The County provides us no funding. Additionally, the County does not hold title to any of our assets, nor does it have any right to our surpluses. The County does not have the ability to exercise influence over our daily operations or approve our budgets.

Management applied the criteria of GASB Statement No. 14, *The Financial Reporting Entity,* Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14,* Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14* to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the Authority appoints the voting majority of the governing board, there is a financial benefit/burden relationship, the Authority is able to impose its will, the component unit is fiscally dependent on the Authority, the component unit's governing body is substantially the same as the Authority, and management of the Authority have operational responsibility for the activities of the component unit. These criteria were used to determine the following:

The following entities are considered blended component units of the Authority and are required to be blended within our financial statements:

Delta Community Developers Corporation (DCDC)

The Authority is the sole member of DCDC, a 501 (c) (3) not-for-profit corporation. DCDC's purpose is to provide affordable housing for low-income, disabled, elderly and homeless persons in San Joaquin County. DCDC files taxes on a December 31st year-end. DCDC issues separate audited financial statements, a copy of the most recent report can be obtained from staff at the Housing Authority office. Financial statement data of this component unit as of December 31, 2020, has been blended through consolidation with the primary government's financial statement data.

DCDC has created numerous sole member limited liability companies which are formed for various housing projects. A list of these entities can be obtained in the financial statements of DCDC.

Reports for blended component units may be obtained at the Housing Authority of the County of San Joaquin, 2575 Grand Canal Blvd STE 220,Stockton, CA 95207.

The following entities are considered discrete component units of the Authority and are required to be discretely presented apart from our financial statements:

Stockton Sierra Vista I, LP (SV I)

SV I was formed as a limited partnership under the laws of the State of California for the purpose of investing in and acquiring a fee interest in the land, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project. SV I consists of 19 buildings comprised of 115 units located in Stockton, California. During 2019, SV I completed construction for 10 of the 19 buildings of the Project and the remaining buildings were completed and placed in service during the first quarter of 2020. SVI is operating under the name of Sierra Vista I Apartments. DCDC Sierra Vista I, LLC serves as the managing general partner and owns 0.0049% of SV I. SV I reports on a December 31 calendar year and issues separately audited financial statements. Information as of and for the year ended December 31, 2020, have been reported in the accompanying basic financial statements.

Stockton Sierra Vista II, LP (SV II)

SV II was formed as a limited partnership under the laws of the State of California for the purpose of investing in and acquiring a fee interest in the land, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project. SV II consists of 100 units located in Stockton, California. During 2020 SV II completed construction. SV II is operating under the name of Sierra Vista II Apartments. DCDC Sierra Vista II, LLC serves as the managing general partner and owns 0.0049% of SV II. SV II reports on a December 31 calendar year and issues separately audited financial statements. Information as of and for the year ended December 31, 2020, have been reported in the accompanying basic financial statements.

Reports for discrete component units may be obtained at the Housing Authority of the County of San Joaquin, 2575 Grand Canal Blvd STE 220, Stockton, CA 95207.

The following entities are considered joint ventures of the Authority and are not required to be presented within our financial statements:

DFA Cottage Village Associates LP (CVA)

CVA was formed in December 2015 as a limited partnership under the laws of the State of California for the purpose of acquiring, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential senior rental housing project. CVA consists of 48 units located in Manteca, California. During 2020, CVA completed construction. CVA is operating under the name of Cottage Village Senior Apartments. DCDC Cottage Village, LLC serves as the co-administrative partner and owns 0.001% of CFA. CFA reports on a December 31 calendar year and issues separately audited financial statements.

DFA Medici Associates LP (MA)

MA was formed in March 2017 as a limited partnership under the laws of the State of California for the purpose of acquiring, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project. MA consists of 34 units located in Stockton, California. During 2020 MA completed construction. MA is operating under the name of Medici Artist Lofts. DCDC Medici Artists Lofts, LLC serves as the co-administrative partner and owns 0.001% of MA. MA reports on a December 31 calendar year and issues separately audited financial statements.

NOTE 02 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis of Accounting

The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by accounting principles generally accepted in the United States of America (GAAP), the Authority has elected to apply all relevant Government Accounting Standards Board (GASB) pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from grant agreements, providing services, and producing and delivering goods in connection with the ongoing principal operations. The principal operating revenues of the Authority include program specific grants, rental income from tenants of the various housing projects. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Revenues and expenses not

meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles as applied to governmental units require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits at financial institutions, investments in money market funds, and certificates of deposit.

Restricted Cash

Restricted cash consists of cash set aside by HUD for the Housing Choice Voucher Program, cash and investments that are held in trust, reserves and escrows, as well as other cash and investments that are restricted for specific purposes.

Accounts Receivable from Tenants

The Authority uses the direct write-off method for uncollectible accounts for all third-party managed properties. Write-offs of accounts receivable require prior Board approval.

For public housing and Authority managed projects, an allowance for doubtful accounts is established based upon the likelihood of recovery.

Accounts Receivable from HUD and Other Governments.

The amounts reported as accounts receivable from HUD or due from other governments represent reimbursable costs or grant subsidies earned that have not been received as of year-end; these amounts are considered fully collectible.

Prepaid Expenses

When applicable, prepaid expenses represent payments made to vendors for services that will provide a future benefit beyond September 30, 2021.

Provision for Uncollectible Notes

A note receivable is considered impaired when, based on current information, it is probable that all amounts of principal and interest due will not be collected according to the terms of the note agreement. Uncollectible notes are charged to the allowance account in the period such determination is made.

Currently, an allowance for the total balance of notes receivable has been made.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of exhaustible capital assets is charged as an expense against operations utilizing the straight-line method. Accumulated depreciation is reported on the Statement of Net Position. The estimated useful lives for each major class of depreciable fixed assets are as follows:

Buildings and improvements	10-40 years
Furniture, fixtures, and equipment	3-5 years

Impairment of Capital Assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of September 30, 2021, there has been no impairment of the capital assets.

Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

Unearned Revenue

Unearned revenues consist of rental payments made by tenants in advance of their due date, rental supplements to be paid to owners of private dwellings during the first month of the next fiscal year, and grant advances.

Revenues

All Authority revenues are accrued. These revenues consist of user charges for rents, utilities, repairs and other miscellaneous charges. Monies received from customers for security deposits are recorded as a liability upon receipt. Subsidies and grants, which finance current operations, are reported as operating revenues. Subsidies and grants, which finance capital operations, gain/loss on sale of fixed assets, and interest income/expense, are reported as non-operating revenues.

Revenues for government-mandated and voluntary exchange transactions, are recorded when all applicable eligibility requirements, including time requirements, are met. Resources received before all eligibility requirements are met are reported as deferred inflows of resources.

In accordance with GASB standards, for the fiscal year ended September 30, 2021, dwelling income and other related charges of $4,142,816 has been netted with bad debt expenses of $18,416.

Expenditures

Expenditures are recognized when the liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the years purchased.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

The deferred outflows of resources related to the net pension liability resulted from Authority contributions to the employee pension plan subsequent to the measurement date of the actuarial valuation for the pension plan, the difference between actual and expected, the effect of changes in actuarial assumptions, and the effect of the Authority's change in proportion. The deferred outflows related to the net pension liability will be deferred and amortized as detailed in Note 09 to the financial statements.

The deferred outflows of resources related to the net OPEB obligation resulted from the effect of changes in actuarial assumptions. The deferred outflows related to the net pension obligation will be deferred and amortized as detailed in Note 08 to the financial statements.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

The deferred inflow of resources related to the net pension liability results from and the difference between actual and expected experience and difference between projected and actual earnings on pension plan investments, the effect of changes in actuarial assumptions, the change in the Authority's proportionate share of pension contributions and the effect of the change in the Authority's proportion. These amounts are deferred and amortized as detailed in Note 09 to the financial statements.

The deferred inflows of resources related to the net OPEB obligation resulted from the differences between expected and actual experience in measurements. The deferred inflows related to the net pension obligation will be deferred and amortized as detailed in Note 08 to the financial statements.

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System ("CalPERS") plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of our plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Tenant Security Deposits

Security deposits consist of amounts held in trust with the Authority for tenants to secure apartment leases.

Family Self-Sufficiency Escrow Deposits

The Authority under the Section 8 Housing Choice Voucher and Public and Indian Housing programs is administering a Family Self-Sufficiency (FSS) program. An interest-bearing FSS escrow account is established by the Authority for each participating family. An escrow credit, based on increases in earned income of the family, is credited to this account by the Authority during the term of the FSS contract. The Authority may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education.

If the family completes the contract and no member of the family is receiving welfare, the amount of the FSS account is paid to the head of the family. If the Authority terminates the FSS contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow funds are forfeited.

Internal Activity and Balances

Transfers, intercompany charges and other interfund activity balances have been eliminated from the basic financial statements in accordance with GASB pronouncements.

Due to timing differences between the fiscal year end of the Authority and its blended component units, there are internal balances that will not net to zero as of the Authority's year end and thus cannot be completely eliminated. The difference has resulted in certain internal activity reported on the Statement of Revenues, Expenses, and Changes in Net Position as well as the Statement of Net Position.

Net Position

In the statement of net position, equity is classified as net position and displayed in three components: (1) Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets. (2) Restricted net position consists of assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. (3) Unrestricted net position – All other assets that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted net positions are available for use, generally it is our policy to use restricted resources first.

Leasing Activities

We are the lessor of dwelling units to eligible residents. The rents under the leases are determined generally by the residents' income as adjusted for eligible deductions regulated by HUD, although the residents may opt for a flat rent. Leases may be cancelled at any time or renewed annually. We may cancel the leases only for a cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within dwelling rent revenue.

Authorized Investments

Investments of the Authority are limited to investment types prescribed by HUD in PIH Notice 1996-33 or as amended by future HUD notices.

Additionally, the Authority limits investment types to those that are authorized in accordance with Section 53601 of the California Government Code.

Investment in State Investment Pool

We are a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance, and State Controller. We may invest up to $65 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at www.treasurer.ca.gov.

Our investment in this pool is reported in the accompanying financial statements at cost which approximates fair value at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities. LAIF's exposure to risk (credit, market or legal) is not currently available.

Investment Policy

The investment policy of the Authority, HUD and the California Government Code do not address legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure such deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs that have the lowest priority and consist of unobservable inputs for an asset or liability. The Authority has no assets or liabilities measured at fair value.

Subsequent Events

Management performed an evaluation of the Authority's activity through May 18, 2022, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were issued.

Subsequent to yearend, the Authority has received an additional $3.5M from the San Joaquin Behavioral Health Department. These funds were transferred to DCDC and used for acquisition and construction related to the Sonora Square property. DCDC purchased the property to be used in the project in February 2022. A ground lease will be executed between DCDC and Sonora Square Apartments, a California Limited Partnership, which commits the existing land and structures to this project for its duration.

Income Taxes

We are not subject to federal or state income taxes.

New Accounting Pronouncements

We are currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for our fiscal year ended September 30, 2022.

NOTE 03 - RESTRICTED CASH AND EQUIVALENTS

At yearend, our restricted cash and equivalents were comprised of the following:

Emergency Housing Voucher advance funding	$	397,733
Cash in the Family Self Sufficiency (FSS) escrow accounts		732,084
Tenant security deposits		538,888
Restricted cash with offsetting liabilities		**1,668,705**
Cash balances associated with the HCV HAP equity		1,363,696
Cash balances associated with the EHV HAP equity		588,855
Sartini Manor required reserves		281,580
Restricted cash reflected in restricted net position		2,234,131
Total restricted cash and equivalents	**$**	**3,902,836**

NOTE 04 - ACCOUNTS RECEIVABLE

Accounts receivable at yearend are disaggregated in the table below:

Receivables from other Housing Authorities	$	77,080
Receivables from HUD		297,484
Tenant receivables		71,917
Allowance for doubtful accounts - tenants		(20,187)
Net tenant receivables		51,730
Fraud recovery receivables		537,173
Allowance for doubtful accounts - fraud		(493,155)
Net fraud recovery receivables		44,018
Reimbursable construction costs		2,945,153
Other predevelopment costs		310,032
Other receivables		113,969
Receivables, net of allowances	**$**	**3,839,466**

NOTE 05 - CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended September 30, 2021 is presented below:

	9/30/20	Additions	Deletions	9/30/21
Non-Depreciable				
Land	$ [1] 3,759,390	$ 356,683	$ -	$ 4,116,073
Construction in process	[2] 641,156	4,812,658	(6,614)	5,447,200
	4,400,546	5,169,341	(6,614)	9,563,273
Depreciable				
Buildings	[1] 87,370,470	4,528,661	-	91,899,131
Furniture & equipment - dwellings	824,914	63,936	-	888,850
Furniture & equipment - administration	1,524,873	165,392	-	1,690,265
	89,720,257	4,757,989	-	94,478,246
Total acquisition costs	94,120,803	9,927,330	(6,614)	104,041,519
Accumulated depreciation	[1] (58,019,217)	(2,749,507)	-	(60,768,724)
Capital assets, net	**$ 36,101,586**	**$ 7,177,823**	**$ (6,614)**	**$ 43,272,795**

Construction in progress was comprised of several site improvement projects related to the Public and Indian Housing sites related to unclosed Public Housing Capital Fund programs.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

[1] Beginning assets were restated from the prior stated ending balances as a result of a correction in reporting DCDC Cottage Village blended into the Authority This change resulted in an increase in the following beginning balance: $1,000,000 of land, $1,827,918 of buildings, and $65,269 of accumulated depreciation.

[2] Beginning CIP was restated from the prior stated ending balances as a result of a correction in reporting construction costs erroneously included in the Authority that were attributable to the Stockton Sierra Vista II, LP development. This change resulted in a decrease of $1,000,000 in beginning CIP.

NOTE 06 - NOTES RECEIVABLE

Stockton Sierra Vista I, LP (a discretely presented component unit – related party)

On November 14, 2017, the Authority entered into two promissory notes with Stockton Sierra Vista I, LP in the amount of $2,767,000 ("Ground Lease Loan") and $2,400,000 ("Authority Loan"). Each note is secured by the Project, bears simple interest at 4% per annum, and is payable from 50% of cash flow in the priority set forth in the partnership agreement until maturity on November 17, 2072.

As of September 30, 2021, the outstanding principal of the Ground Lease Loan and Authority Loan was $2,767,000 and $2,400,000. Accrued interest on the Ground Lease Loan and Authority Loan was $429,122 and $372,206 respectively at yearend.

The Authority has provided an allowance for 100% of principal and accrued interest on these notes.

Stockton Sierra Vista II, LP (a discretely presented component unit-related party)

On April 10, 2019, the Authority entered into two promissory notes with Stockton Sierra Vista II, LP in the amount of $3,180,000 ("Ground Lease Loan") and $3,000,000 ("Authority Loan"). Each note is secured by the Project, the Ground Lease Loan bears simple interest at 3.145% per annum and the Authority Loan bears simple interest at 4% per annum, and is payable from cash flow in the priority set forth in the partnership agreement until maturity on April 10, 2074.

As of September 30, 2021, the outstanding principal of the Ground Lease Loan and Authority Loan was $3,180,000 and $3,000,000. Accrued interest on the Ground Lease Loan and Authority Loan was $247,923 and $298,128 respectively at yearend.

The Authority has provided an allowance for 100% of principal and accrued interest on these notes.

DFA Cottage Village, LP

On February 12, 2016, the Authority entered into a promissory note with DFA Cottage Village, LP in the amount of $100,000 ("Ground Lease Loan"). The note is secured by the Project, the Ground Lease Loan bears simple interest at 1% per annum and is payable from cash flow in the priority set forth in the note agreement until maturity on February 12, 2074.

On September 1, 2018, the Authority entered into a promissory note with DFA Cottage Village, LP in the amount of $1,830,000 ("Authority Loan"). The note is secured by the Project, the Authority Loan bears no interest, and is payable from cash flow in the priority set forth in the partnership agreement until maturity on September 1, 2075.

As of September 30, 2021, the outstanding principal of the Ground Lease Loan and Authority Loan was $100,000 and $1,830,000.

The Authority has provided an allowance for 100% of principal and accrued interest on these notes.

NOTE 07 - LONG-TERM LIABILITIES

Changes in long-term liabilities of the Authority for the fiscal year ended September 30, 2021, are summarized below:

	09/30/20	Additions	Reductions	09/30/21	Current Portion
Notes from direct borrowings	**$ 4,173,536**	**$ 7,844,000**	**$ (2,936,657)**	**$ 9,080,879**	**$ 234,629**
Accrued interest payable	**$ 8,397**	**$ -**	**$ (1,446)**	**$ 6,951**	**$ 6,951**
Compensated absences	$ 522,322	$ 7,347	$ -	$ 529,669	$ 162,332
Net pension obligation	10,437,177	-	(4,946,939)	5,490,238	-
Net OPEB obligation	5,534,889	189,350	-	5,724,239	-
Accrued employee benefits	**$ 16,494,388**	**$ 196,697**	**$ (4,946,939)**	**$ 11,744,146**	**$ 162,332**
FSS escrow deposits, contra	$ 638,028	$ 94,056	$ -	$ 732,084	$ -
Other long-term liabilities	**$ 638,028**	**$ 94,056**	**$ -**	**$ 732,084**	**$ -**

Notes from Direct Borrowings:

Notes from direct borrowings were comprised of the following as of yearend:

	Principal	Interest Payable
In March 1995, we entered into a note agreement with San Joaquin County Neighborhood Preservation. The face amount of the note was $252,528 and matures March 2025. The note carries an interest rate of 1.00% and calls for monthly payments of $812.23. The note is secured by the Mourfield property.	$ 40,665	$ -
In November 2020, we refinanced a note with Farmers & Merchants Bank. The face amount of the note was $288,969 and matures March 2034. The note carries an interest rate of 3.00% and calls for monthly payments of $2,360.85. The note is secured by property located at S. Center Street and S. El Dorado Street.	288,969	-

In November 2020, we refinanced a note with Farmers & Merchants Bank. The face amount of the note was $142,089 and matures April 2031. The note carries an interest rate of 3.00% and calls for monthly payments of $1,325.87. The note is secured by property located at Park Street.	142,089	-
In November 2020, we refinanced a note with Farmers & Merchants Bank. The face amount of the note was $203,303 and matures April 2039. The note carries an interest rate of 3.00% and calls for monthly payments of $1,198.01. The note is secured by property located at 508 South Central Ave.	202,995	-
In July 2020, we entered into a note agreement with Dignity Health. The face amount of the note was $3,850,000 and matures July 2023, at which time all unpaid principal and interest are due. The note carries an interest rate of 3.5% and calls for quarterly payments of $52,197.57. The note is secured by the Creekside South Apartments.	3,831,490	-
In November 2020, we entered into a note agreement with CommonSpirit Health Operating Investment Pool, LLC. The face amount of the note was $1,130,000 and matures June 2023, at which time all unpaid principal and interest are due. The note carries an interest rate of 3.5% and calls for quarterly payments of $15,320.33. The note is secured by property located at Sonora Square.	1,130,000	-
In January 2014, we entered into a note agreement with the Bank of Stockton. The face amount of the note was $226,500 and matures January 2044. The note carries an interest rate of 4.15% and calls for monthly payments of $1,108.91. The note is secured by property located at Washington Street.	196,029	-
In August 2008, the Authority entered into a promissory note with the US Department of Agriculture under the Farm Labor Housing Loan and Grant Program (CFDA 10.405). The face amount of the note was $630,672 and matures August 2041. The note carries an interest rate of 1.00% and monthly payments of $1,980 are required. This note is secured by the Sartini Manor property.	425,845	355
In December 2020, we entered into a note agreement with Farmers and Merchants Bank. The face amount of the note was $2,864,000 and matures January 2051. The note carries a variable interest rate (currently 2.8%) and calls for monthly payments of principal and interest (currently $11,844.89). The note is secured by the 2575 Grand Canal Blvd property.	2,822,797	6,596
Total	**$ 9,080,879**	**$ 6,951**

Aggregate maturities of principal and interest are due in future years as follows:

	Principal	Interest
Year ending September 30,		
2022	$ 234,629	$ 281,813
2023	242,849	274,803
2024	4,907,970	219,707
2025	149,080	98,491
2026	145,734	94,657
2027-2031	776,206	412,911
2032-2036	724,498	309,505
2037-2041	724,310	215,389
2042-2046	632,051	121,666
2047-2051	543,552	31,934
	$ 9,080,879	**$ 2,060,876**

NOTE 08 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Authority offers other post-employment benefits in the form of a health care plan (OPEB Plan) to qualifies retired employees. Medical insurance benefits are offered through CalPERS. The CalPERS Plan is an agent multiple-employer plan governed by the Public Employees' Medical & Hospital Care Act (PEMHCA).

As of September 30, 2021, the Authority's net OPEB obligation, OPEB expense and deferred inflows of resources and deferred outflows of resources for the above OPEB Plan is as follows:

	Net OPEB Obligation	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
OPEB Plan	$ 5,724,239	$ 661,473	$ 462,153	$ 403,738

Plan Description

The OPEB Plan is available to retired employees who have retired from the Authority and met the eligibility requirements under the Authority's pension plan. Eligible retirees are entitled to statutory minimum employer contributions under Government Code Section 22892 of the PEMHCA, further subject to the unequal contribution provisions of Section 22892(c).

Benefits Provided

The OPEB Plan provisions and benefits in effect at September 30, 2021, are summarized as follows:

	All Employees
Benefit types provided	Medical only
Duration of benefits	Lifetime
Required service	Retirement
Minimum age	Retirement
Dependent coverage	Yes
Contribution	100% to cap
Contribution cap	$258/mo for single coverage*
	$514/mo for two party coverage*
	$661/mo for family coverage*

*Or Government Code Section 22892 minimum should the minimum exceed this level

Contributions

The OPEB Plan and its contribution requirements are established by Board action and may be amended by Board action. The Authority contributes 100% of the cost of current-year premiums for eligible retired plan members and their dependents (pay-as-you-go).

Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Measurement Date 9/30/2021		
	Financial Reporting Date 9/30/2021		
	(a) Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) = (c) Net OPEB Liability
Balance at September 30, 2020	$ 5,534,889	$ -	$ 5,534,889
Changes recognized for measurement period:			
Service cost	222,518	-	222,518
Interest	124,376	-	124,376
Contributions – employer	-	236,676	(236,676)
Actual benefit payments	(236,676)	(236,676)	-
Expected minus actual benefit payments	-	-	-
Changes in assumption	79,132	-	79,132
Net changes	189,350	-	189,350
Balance at September 30, 2021	$ 5,724,239	$ -	$ 5,724,239

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	$ 6,568,927	$ 5,724,239	$ 5,033,421

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	Trend 1% Lower	Valuation Healthcare Cost Trend Rates	Trend 1% Higher
Net OPEB Liability	$ 5,525,407	$ 5,724,239	$ 5,967,355

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

At September 30, 2021, the Authority reported deferred outflows and inflows of resources related to the OPEB obligation from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 661,473	$ -
Differences between expected and actual experience in the measurement of the Total OPEB Liability	-	462,153
Net difference between projected and actual earnings of OPEB plan investments	-	-
Contributions to OPEB plan after the measurement date	-	-
Total	$ 661,473	$ 462,153

The deferred inflows of resources and outflows of resources will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30,	
2022	$ 56,844
2023	56,844
2024	56,844
2025	56,844
2026	(18,458)
Thereafter	(9,598)
	$ 199,320

Actuarial Methods and Assumptions

The Authority's net OPEB obligation was measured and valued based on the following actuarial methods and assumptions:

Valuation date	September 30, 2020
Measurement date	September 30, 2021
Actuarial cost method	Entry age
Discount rate	2.15%
Inflation	2.50%
Salary increases	2.75%
Investment rate of return	2.15%
Mortality rate	2017 CalPERS Active Mortality for Miscellaneous Employees
Retirement rates	Hired before 2013: 2017 CalPERS 2%@55 Rates for Miscellaneous Employees Hired after 2012: CalPERS 2%@62 Rates for Miscellaneous employees
Service requirement	100% at 5 Years of Service
Healthcare trend rate	4.00%

The Authority does not presently fund an OPEB trust. Therefore, the net OPEB liability is equal to the total OPEB liability.

NOTE 09 - PENSION PLAN

The Authority participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System (CalPERS) which covers substantially all regular full-time employees of the Authority. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the Authority in accordance with reporting standards established by the Governmental Accounting Standards Board (GASB).

As of September 30, 2021, the Authority's proportionate share of the net pension liability, pension expense and deferred inflows of resources and deferred outflows of resources for the above plan is as follows:

	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Proportionate Share of Pension Expense (Credit)
CalPERS	$ 5,490,238	$ 1,529,676	$ 5,452,496	$ 240,869

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The Authority sponsors two Miscellaneous Risk Pool plans, however, the information presented represents the sum of the allocated pension amounts for each of the Authority's respective plans (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to eligible plan members. Benefits are based on years of service credit, a benefit factor and the member's final compensation. All members are eligible for employment related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is a lump sum paid to any member's beneficiary if the member dies while actively employed. The spouse or registered domestic partner of a deceased member, who was eligible to retire for service at the time of death, may elect to receive the Pre-Retirement Option 2W Death Benefit in lieu of the Basic Death Benefit lump sum. The Pre-Retirement Option 2W Death Benefit is a monthly allowance equal to the amount the member would have received if he/she had retired for service on the date of death and elected Option 2W, the highest monthly allowance a member can leave a spouse or domestic partner. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at September 30, 2021, are summarized as follows:

Provisions and Benefits	Miscellaneous Risk Pool	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.4%-2.418%	1.0%-2.5%
Required employee contribution rate	7%	6.75%
Required employer contribution rate	11.031%	7.732%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	$ 615,671	$ -
Differences between projected & actual investment earnings	-	4,792,687
Differences between actual & proportionate share of contributions	-	659,809
Effect of changes in assumptions	-	-
Effect of changes in proportion	565,825	-
Contributions subsequent to measurement date	348,180	-
	$ 1,529,676	$ 5,452,496

The deferred outflow of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

The net differences between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred inflows or resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the Miscellaneous Plan for the June 30, 2021, measurement date is 3.7 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 2.8 years.

The deferred inflows of resources and outflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	
2022	$ (911,892)
2023	(962,663)
2024	(1,071,992)
2025	(1,324,453)
2026	-
Thereafter	-
	$ (4,271,000)

Actuarial Methods and Assumptions

The collective total pension liability was based on the following assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal
Experience study	07/01/1997 through 06/30/2015
Discount rate	7.15%
Consumer price index	2.50%
Wage growth	Varies by Entry Age and Service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return
Global Equity	50%	5.98%
Fixed Income	28%	2.62%
Private Equity	8%	7.23%
Real Estate	13%	4.93%
Inflation Assets	0%	1.81%
Liquidity	1%	-0.92%

Changes of Assumptions

The following presents the Authority's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease 6.15%	**Current Rate 7.15%**	**1% Increase 8.15%**
CalPERS	$ 11,760,093	$ 5,490,238	$ 307,039

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 10 - UNEARNED REVENUES

Accounts receivable at yearend are disaggregated in the table below:

Emergency Housing Voucher advance service fees funding	$ 397,733
Prepaid tenant rent	50,110
Attributable to the Authority	447,843
Homeless Emergency Aid Program advance funding	2,235,363
Other refundable advances	55,000
Prepaid tenant rent	673
Attributable to DCDC	2,290,363
Total Unearned Revenues	**$ 2,738,879**

NOTE 11 - NET POSITION

Net investment in capital assets was comprised of the following as of yearend:

Net capital assets	$ 43,272,795
Less: Capital debt obligations	(9,080,879)
Net investment in capital assets	**$ 34,191,916**

Restricted net position was comprised of the following as of yearend:

Restricted cash and equivalents	$ 3,902,836
Less: Tenant security deposit, contra	(538,888)
Family Self-Sufficeincy escrow deposits, contra	(732,084)
Emergency Housing Voucher advance funding	(397,733)
Restricted net position	**$ 2,234,131**

NOTE 12 - INVESTMENTS IN DISCRETE COMPONENT UNITS AND JOINT VENTURES

The Authority has a minority equity interests in several entities. The balances of these investments have been deemed negligible as of yearend and therefore are not reported in the accompanying Statement of Net Position.

The Authority has equity interests in legally separate entities, the interests are Stockton Sierra Vista I, LP 0.0049%, Stockton Sierra Vista II, LP 0.0049%, DFA Medici Associates LP 0.001%, and DFA Cottage Village Associates LP 0.001%.

NOTE 13 - PRIOR YEAR RESTATEMENT

During the fiscal yearend, prior year restatements were comprised of the following:

Ending net position as previously reported year ended 2020	$ 34,348,059
Prior period adjustment - correction of error:	
FY18 & FY19 Crossway Project construction grant revenues	1,350,910
Total adjustments	1,350,910
Net Position as Restated as of Year Ended 2020	**$ 35,698,969**

NOTE 14 - BUSINESS RISKS AND CONCENTRATIONS

Risk Management

We are exposed to various risk of losses related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. There were no claims more than commercial coverage during the previous three years. These losses include an estimate of claims that have been incurred but not reported. At September 30, 2021, there were no liabilities to be reported.

Business Disruption

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the orders. The Authority has adapted its methods for providing services in order to continue operations and serve its community and constituents. Management is carefully monitoring the situation and evaluating its options during this time. It is possible that this matter may negatively impact the Authority, however, the ultimate financial impact and duration cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.

Concentration - Major Contributors

For the year ended September 30, 2021, approximately 91% of operating revenues reflected in the financial statements are from HUD, along with 100% of capital contributions. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Our policy is to manage this exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio. As of September 30, 2021, our risk of changes in interest rates is minimal since the investments primarily consist of state sponsored investment pool funds which have stated interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is our policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the Unites States of America.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, our deposits may not be returned. Our policy for custodial credit risk requires collateral to be held in our name by its agent or by the bank's trust department.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Government Examination

We have received funds from Federal grant programs. It is possible that at some future date, it may be determined that we were not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined now, although we do not expect such disallowed amounts, if any, to materially affect the financial statements.

Operating Leases – Lessor

Rental income, other than rent directly related to low-income housing units, is received under a building lease accounted for as an operating lease. Future minimum leases are insignificant. Rental income for this source totaled $418,657 for the year ended September 30, 2021.

Construction Contracts

During the normal course of business, the Authority is engaged in various construction contracts for rehabilitation and modernization of various properties owned by the Authority.

NOTE 16 - CONDENSED COMBINING FINANCIAL STATEMENTS

Condensed combining financial statements are presented for the following entities for the fiscal year ends below:

Abbrev.	Name	Fiscal Period	Year
Authority	Housing Authority of the County of San Joaquin	30-Sep	2021
BCU1	Delta Community Developers Corporation	31-Dec	2020
DCU1	Stockton Sierra Vista I, LP	31-Dec	2020
DCU2	Stockton Sierra Vista II, LP	31-Dec	2020

Assets and Deferred Outflows of Resources	**Authority**	**BCU1**	**Eliminations**	**Total**
Intercompany receivables	$ 379,893	$ 507,601	$ (887,494)	$ -
Cash and equivalents	21,500,365	4,840,536	-	26,340,901
Other current assets	924,945	3,271,861	-	4,196,806
Net capital assets	28,045,235	15,227,560	-	43,272,795
Other assets	-	-	-	-
Total assets	50,850,438	23,847,558	(887,494)	73,810,502
Deferred outflows of resources	2,191,149	-	-	2,191,149
Total Assets and Deferred Outflows of Resources	**$ 53,041,587**	**$ 23,847,558**	**$ (887,494)**	**$ 76,001,651**

Liabilities, Deferred Inflows of Resources, and Net Position	**Authority**	**BCU1**	**Eliminations**	**Total**
Intercompany payables	$ 536,216	$ 404,090	$ (887,494)	$ 52,812
Other current liabilities	2,055,845	3,089,968	-	5,145,813
Non-current liabilities	15,480,244	5,679,904	-	21,160,148
Total liabilities	18,072,305	9,173,962	(887,494)	26,358,773
Deferred inflows of resources	5,914,649	-	-	5,914,649
Net investment in capital assets	24,796,593	9,395,323	-	34,191,916
Restricted	2,234,131	-	-	2,234,131
Unrestricted	2,023,909	5,278,273	-	7,302,182
Total net position	29,054,633	14,673,596	-	43,728,229
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 53,041,587**	**$ 23,847,558**	**$ (887,494)**	**$ 76,001,651**

	Authority	BCU1	Eliminations	Total
Operating revenues	$ 7,856,693	$ 546,386	$ (2,834,498)	$ 5,568,581
Operating grants and subsidies	55,095,435	5,266,192	-	60,361,627
Depreciation expense	(2,413,456)	(336,051)	-	(2,749,507)
Housing assistance payments	(40,023,885)	-	-	(40,023,885)
Other operating expenses	(16,173,757)	(577,124)	2,834,498	(13,916,383)
Operating income (loss)	**4,341,030**	**4,899,403**	**-**	**9,240,433**
Investment income	24,797	12,835	-	37,632
Interest expense	(131,795)	(72,573)	-	(204,368)
Other non-routine revenues (expenses)	-	-	-	-
Income (loss) before contributions and other items	**4,234,032**	**4,839,665**	**-**	**9,073,697**
Special items	-	-	-	-
Net transfers in (out)	(1,330,248)	-	-	(1,330,248)
Capital contributions	285,811	-	-	285,811
Change in net position	**$ 3,189,595**	**$ 4,839,665**	**$ -**	**$ 8,029,260**
Net position, beginning	$ 25,865,038	$ 8,483,021	$ -	$ 34,348,059
Change in net position	3,189,595	4,839,665	-	8,029,260
Prior-period adjustments	-	1,350,910	-	1,350,910
Net equity transfers in (out)	-	-	-	-
Net position, end of year	**$ 29,054,633**	**$ 14,673,596**	**$ -**	**$ 43,728,229**

	Authority	BCU1	Eliminations	Total
Net cash provided (used) by:				
Operating activities	$ 1,105,614	$ 4,025,217	$ -	$ 5,130,831
Capital and related financing activities	(319,156)	(4,620,834)	-	(4,939,990)
Non-capital financing activities	-	-	-	-
Investing activities	24,797	12,835	-	37,632
Net change in cash and equivalents	811,255	(582,782)	-	228,473
Cash at beginning of period	20,689,110	5,423,318	-	26,112,428
Cash at End of Period	**$ 21,500,365**	**$ 4,840,536**	**$ -**	**$ 26,340,901**

Assets and Deferred Outflows of Resources	DCU1	DCU2	Total
Cash and equivalents	$ 1,016,693	$ 1,039,958	$ 2,056,651
Other current assets	763,973	4,488	768,461
Net capital assets	34,194,610	37,549,357	71,743,967
Other assets	180,637	197,877	378,514
Total assets	36,155,913	38,791,680	74,947,593
Deferred outflows of resources	-	-	-
Total Assets and Deferred Outflows of Resources	**$ 36,155,913**	**$ 38,791,680**	**$ 74,947,593**

Liabilities, Deferred Inflows of Resources, and Net Position	**DCU1**	**DCU2**	**Total**
Other current liabilities	$ 1,326,880	$ 647,582	$ 1,974,462
Non-current liabilities	14,820,909	35,484,874	50,305,783
Total liabilities	16,147,789	36,132,456	52,280,245
Deferred inflows of resources	-	-	-
Net investment in capital assets	19,373,701	2,078,983	21,452,684
Restricted	782,076	575,895	1,357,971
Unrestricted	(147,653)	4,346	(143,307)
Total net position	20,008,124	2,659,224	22,667,348
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 36,155,913**	**$ 38,791,680**	**$ 74,947,593**

	DCU1	**DCU2**	**Total**
Operating revenues	$ 1,317,827	$ 516,375	$ 1,834,202
Operating grants and subsidies	109,617	-	109,617
Depreciation expense	(1,309,424)	(551,024)	(1,860,448)
Other operating expenses	(1,108,123)	(259,643)	(1,367,766)
Operating income (loss)	**(990,103)**	**(294,292)**	**(1,284,395)**
Investment income	455	44	499
Interest expense	(481,073)	(349,707)	(830,780)
Other non-routine revenues (expenses)	-	-	-
Income (loss) before contributions and other items	**(1,470,721)**	**(643,955)**	**(2,114,676)**
Special items	-	-	-
Net transfers in (out)	-	-	-
Capital contributions	19,964,808	463,651	20,428,459
Change in net position	**$ 18,494,087**	**$ (180,304)**	**$ 18,313,783**
Net position, beginning	$ 1,514,037	$ 2,839,528	$ 4,353,565
Change in net position	18,494,087	(180,304)	18,313,783
Prior-period adjustments	-	-	-
Net equity transfers in (out)	-	-	-
Net position, end of year	**$ 20,008,124**	**$ 2,659,224**	**$ 22,667,348**

Schedule of the Pension Plan's Proportionate Share of the
Net Pension Liability (Asset) and Related Ratios

Plan Measurement Date under GASB 68 as of June 30	Proportion of Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll**	Proportionate share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability***
2015	0.098984%	$ 6,794,182	$ 5,086,451	133.57%	82.22%
2016	0.096242%	$ 8,327,917	$ 4,991,353	166.85%	78.44%
2017	0.091782%	$ 9,102,218	$ 4,565,364	199.38%	78.19%
2018	0.087469%	$ 8,428,786	$ 4,645,823	181.43%	80.34%
2019	0.092046%	$ 9,431,983	$ 4,809,917	216.99%	79.09%
2020	0.095926%	$ 10,437,177	$ 5,266,303	198.19%	77.36%
2021	0.101515%	$ 5,490,238	$ 5,050,137	108.71%	88.44%

*This is a 10-year schedule; however, the information in this schedule is not required ot be presented retroactively. Years will be added to this schedule in the future fiscal years until 10 years of information is available.

**Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

*** The Plan Fiduciary Net Position as a percentage of the Total Pension Liability is the same for all General employers because neither the Plan Fiduciary Net Position nor the Total Pension Liability have been maintained separately for each of those employers. The same is also the case for all Safety employers.

Plan Measurement Date Under GASB 68 as of June 30	Actuarially Determined Contribution [A]	Contributions in Relation to Actuarially Determined Contribution [B]	Contribution Deficiency (Excess) [C]=[A]-[B]	Covered-Employee Payroll	Contribution as a Percentage Covered-Employees Payroll
2015	$ 759,844	$ 759,844	$ -	$ 5,086,451	14.94%
2016	$ 979,202	$ 979,202	$ -	$ 4,991,353	19.62%
2017	$ 1,229,983	$ 1,229,983	$ -	$ 4,565,364	26.94%
2018	$ 517,944	$ 517,944	$ -	$ 4,645,823	11.15%
2019	$ 515,566	$ 515,566	$ -	$ 4,809,917	10.72%
2020	$ 531,498	$ 1,102,035	$ (570,537)	$ 5,266,303	20.93%
2021	$ 667,142	$ 1,221,015	$ (553,873)	$ 5,050,137	24.18%

Notes to Schedule:

Change in Benefits: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Change in Assumptions: No changes.

Schedule of Changes in the Net OPEB Liability and Related Ratios

Measurement period September 30:	**2021**	**2020**	**2019**	**2018**
Total OPEB liability				
Service cost	$ 222,518	$ 154,123	$ 109,964	$ 107,021
Interest	124,376	159,120	138,218	193,528
Benefit payments	(236,676)	(280,215)	(282,582)	(271,713)
Experience (gains)/losses	-	(633,323)	-	-
Changes in asssumptions	79,132	178,803	785,274	-
Net change in total OPEB liability	189,350	(421,492)	750,874	28,836
Total OPEB liability - beginning	5,534,889	5,956,381	5,205,507	5,176,671
Total OPEB liability - ending	5,724,239	5,534,889	5,956,381	5,205,507
Plan fiduciary net position	-	-	-	-
Net OPEB liability	$ 5,724,239	$ 5,534,889	$ 5,956,381	$ 5,205,507
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Covered-employee payroll	$ 5,050,137	$ 5,266,303	$ 4,809,917	$ 4,645,823
Total OPEB liability as a percentage of covered payroll	113%	105%	124%	112%

NOTES TO SCHEDULE:

Changes in assumptions: For measurement period September 30, 2021, there was a change in actuarial assumptions. Both the discount rate and investment rate of return assumptions changed from 2.25% to 2.15%. Inflation rate was changed from 2.75% to 2.5%.

The Authority has not calculated an actuarially determined contribution amount, and contribution requirements are not statutorily or contractually established.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2018 was the first year of implementation.

1. The Actual Costs of the Authority was as follows:

Grant	Funds Approved	Funds Disbursed	Funds Expended	Balance
CA30P024501-18	$ 3,011,391	$ 2,798,112	$ 2,798,112	$ 213,279
CA01E024501-18	250,000	-	-	250,000
CA01P024501-19	3,364,544	598,183	598,183	2,766,361
CA01P024501-20	3,636,182	192,534	192,534	3,443,648
CA01P024501-21	3,783,181	-	-	3,783,181
FSS18CA2551	194,457	192,930	192,930	1,527
FSS20CA3127	214,436	202,396	202,396	12,040
FSS21CA3585	214,436	132,886	132,886	81,550
ROSS171017	321,586	321,586	321,586	-
ROSS201403	239,250	75,160	75,160	164,090

2. The distribution of costs as shown on the Financial Statement of Costs accompanying the Actual Cost Certificate submitted to HUD for approval, is in agreement with the Authority's records.

3. For the above completed grants, all costs have been paid and all related liabilities have been discharged through payment.

Statement of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor	Program Title	CFDA No.	Cluster Title	Pass-Through No.	Award Type	Expenditures	Amounts Passed Through to Sub-Recipients
HUD	Section 8 Housing Choice Vouchers	14.871	HVC		Direct	$ 40,538,687	$ -
HUD	COVID-19 Section 8 Housing Choice Vouchers	14.871	HVC		Direct	5,302,124	-
HUD	Emergency Housing Vouchers	14.871	HVC		Direct	761,070	-
	Total Section 8 Housing Choice Vouchers					46,601,881	-
HUD	Mainstream Vouchers	14.879	HVC		Direct	519,414	-
HUD	COVID-19 Mainstream Vouchers	14.879	HVC		Direct	36,129	-
	Total Mainstream Vouchers					555,543	-
HUD	Public and Indian Housing	14.850	N/A		Direct	5,452,709	-
HUD	Public Housing Capital Fund	14.872	N/A		Direct	918,597	-
HUD	Family Self-Sufficiency Program	14.896	N/A		Direct	289,970	-
HUD	Jobs-Plus Pilot Initiative	14.895	N/A		Direct	355,032	-
USDA	Farm Labor Housing Loans and Grants	10.405	N/A		Direct	497,831	-
	Total Federal Financial Assistance					**$ 54,671,563**	**$ -**

Award Type:	Expenditures
Direct	$ 54,671,563
Indirect	-
Total Federal Financial Assistance	**$ 54,671,563**

Federal Grantor:		Expenditures
HUD	US Department of Housing and Urban Development	$ 54,173,732
USDA	US Department of Agriculture	497,831
	Total Federal Financial Assistance	**$ 54,671,563**

Cluster Title:		Expenditures
HVC	Housing Voucher Cluster	$ 47,157,424

NOTE 01 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the Authority and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of our operations, it is not intended to and does not present our financial position, changes in net positions, or cash flows.

NOTE 02 - INDIRECT COST RATE

We have elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 03 - FEDERAL LOAN BALANCES

We participate in housing programs where funds have been provided by Federal agencies as loans as presented below:

Federal Program	CFDA No.	Beginning Balance	Additions	Amount Included in Expenditures
Farm Labor Housing Loans and Grants	10.405	$ 445,243	$ -	$ 445,243

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Governing Body of
Housing Authority of the County of San Joaquin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the County of San Joaquin (Authority), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 18, 2022.

The financial statements of the discretely presented component units were not audited in accordance with G*overnment Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 18, 2022
Redlands, CA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Governing Body of
Housing Authority of the County of San Joaquin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Housing Authority of the County of San Joaquin's (Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

(1) Exercise professional judgment and maintain professional skepticism throughout the audit; (2) Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and (3) Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



May 18, 2022
Redlands, CA

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1.	Type of Auditor Report on the financial statements:					Unmodified
2.	Internal control over financial reporting:					
	a. Material weakness(es) identified?		Yes	x	No	
	b. Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	x	None noted	
3.	Noncompliance material to financial statements?		Yes	x	No	

Federal Awards:

4.	Type of auditors' report on compliance for major programs:					Unmodified
5.	Internal control over major programs:					
	a. Material weakness(es) identified?		Yes	x	No	
	b. Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	x	None noted	
6.	Audit findings noted which are required to be reported in accordance with 2 CFR Section 200.516(a)?		Yes	x	No	

7. Identification of Major Programs:

CFDA	*Program(s) Name*
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.850	Public and Indian Housing

8.	The Dollar Threshold Used to Distinguish Between Type A and Type B Programs:					$ 1,640,147
9.	Auditee qualified as a low-risk auditee?	x	Yes		No	

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Financial Statement Findings:

Prior Year Findings No.	Findings Title	Status/ Current Year Finding No.
N/A	There were no prior findings reported.	N/A

Federal Award Findings and Question Costs:

Prior Year Findings No.	Findings Title	Status/ Current Year Finding No.
N/A	There were no prior findings reported.	N/A