HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN

Financial Statements and Independent Auditors' Reports

Year Ended September 30, 2023



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The following table lists the Board Members as of September 30, 2023:

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.

• t: (909) 307-2323
• f: (909) 825-9900
• 1940 orange tree lane #100
• redlands, ca 92374

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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, 2023, and the related notes to 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, 2023, 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; and
Victory Gardens, 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.

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.

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

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.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of the pension and other post-employment benefits (OPEB) plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

The accompanying 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.

The accompanying condensed combining schedules for discretely presented component units, required by the Governmental Accounting Standards Board, 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 30, 2024, 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 Marinello

May 30, 2024
Redlands, CA

The Housing Authority of the County of San Joaquin's (Authority, we, us, our) Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of our financial activity, (c) identify changes in our financial position and its resulting ability to address the next and subsequent year challenges, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with our financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of two parts: management's discussion and analysis and the basic financial statements. The Authority follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Authority. While detailed sub-fund information is not presented, separate accounts are maintained for each program of the Authority.

The financial statements include a statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements. The statement of net position provides a record or snapshot of the assets and liabilities at the close of the fiscal year. It presents the financial position of the Authority on a full accrual historical cost basis. The statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the fiscal year. The statement of cash flows is related to the other financial statements by the way it links changes in assets and liabilities to the effects on cash and cash equivalents over the course of the fiscal year. The notes to the financial statements provide useful information regarding the Authority's significant accounting policies, significant account balances and activities, certain material risks, obligations, commitments, contingencies, and subsequent events.

AUTHORITY AS A WHOLE:

The Net Position of the Authority increased $14,028,697 as of September 30, 2023, over the prior year (see Contributing Factors to Change in Net Position).

Our total assets and deferred outflows as of September 30, 2023, were $119,334,992, and increase of $33,492,696 from September 30, 2022. Net capital assets increased $12,353,593 with the completion of Sonora Square and Victory Gardens during the fiscal year.

HACSJ's portion of the increase is $2,074,173 or 6% and is primarily prepaid insurance that will be expensed over the year and a balance due from HUD for Public Housing Capital Fund Program projects.

DCDC's portion of the increase is $31,236,453 or 94% is due to the completion of construction projects Sonora Square and Victory Gardens.

Total operating revenues for the Authority increased $11,830,015 from the prior year.

HACSJ's portion of the increase is $4,213,609 or 36% and is primarily due to an increase in Housing Choice Voucher Housing Assistance Payment (HAP) funding of $9.2 million offset by a decrease in other grant funding of $6.2 million. Tenant rents including additional income from late charges and rents total nearly $864,000. Interest income increased over $126,000 due to increased banking interest rates and movement of unrestricted money into money market accounts.

DCDC's portion of the $11,830,015 is $7,616,406 or 64%. This increase was primarily grant funding awarded for development projects including Sonora Square and Park Center Apartments.

Our debt outstanding (total liabilities) of $50,209,776 as of September 30, 2023, increased $19,598,424.

HACSJ's portion of the increase is $1,175,054 or 6%, of which is primarily due to unearned revenue with the HHIP grant totaling roughly $837 thousand. The additional increase is due to pension liability increases totaling $337 thousand.

DCDC portion of the increase is $19,290,525 or 93% primarily due to construction associated with Calaveras Quarters. The grant funds awarded for the construction is held as unearned revenue until the expenses occur. As construction continues the debt outstanding reduces and will be recorded as an increase in fixed assets.

Total Operating Expenses increased by $11,413,037 from the prior year.

HACSJ's portion of the increase is $10,639,955 or 93% due to an increase in HAP payments associated with the increase in revenue.

DCDC's portion of the increase is $773,082 or 7% resulting from predevelopment expenses paid by DCDC. These expenses are then reimbursed at construction closing.

CONDENSED STATEMENT OF NET POSITION AS OF SEPTEMBER 30:

			Change	
	2023	**2022**	**Dollar**	**Percentage**
Cash and equivalents	$ 44,715,871	$ 24,000,539	$ 20,715,332	86.3%
Other current assets	4,286,876	3,034,363	1,252,513	41.3%
Total current assets	49,002,747	27,034,902	21,967,845	81.3%
Net capital assets	60,149,985	47,755,384	12,394,601	26.0%
Other non-current assets	5,598,753	5,639,761	(41,008)	(0.7%)
Total non-current assets	65,748,738	53,395,145	12,353,593	23.1%
Total assets	114,751,485	80,430,047	34,321,438	42.7%
Deferred outflows of resources	4,583,507	5,412,249	(828,742)	(15.3%)
Total	**$ 119,334,992**	**$ 85,842,296**	**$ 33,492,696**	**39.0%**
Current liabilities	$ 22,748,493	$ 3,510,772	$ 19,237,721	>100%
Non-current liabilities	27,521,273	27,160,570	360,703	1.3%
Total liabilities	50,269,766	30,671,342	19,598,424	63.9%
Deferred inflows of resources	2,344,674	2,479,099	(134,425)	(5.4%)
Net investment in capital assets	51,710,752	39,084,898	12,625,854	32.3%
Restricted net position	398,184	(5,043,051)	5,441,235	(>100%)
Unrestricted net position	14,611,616	18,650,008	(4,038,392)	(21.7%)
Total net position	66,720,552	52,691,855	14,028,697	26.6%
Total	**$ 119,334,992**	**$ 85,842,296**	**$ 33,492,696**	**39.0%**

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

	2023	2022	Change Dollar	Change Percentage
Net rental revenue	$ 5,266,733	$ 4,727,475	$ 539,258	11.4%
Operating grants and subsidies	74,906,765	63,926,556	10,980,209	17.2%
Other operating revenues	2,580,190	2,269,642	310,548	13.7%
Total operating revenues	82,753,688	70,923,673	11,830,015	16.7%
Depreciation and amortization	(3,392,212)	(2,931,775)	(460,437)	15.7%
Housing Assistance Payments	(51,849,883)	(44,172,087)	(7,677,796)	17.4%
Other operating expenses	(19,105,566)	(15,830,762)	(3,274,804)	20.7%
Total operating expenses	(74,347,661)	(62,934,624)	(11,413,037)	18.1%
Operating income (loss)	**8,406,027**	**7,989,049**	**416,978**	**(5.2%)**
Investment income	590,948	462,319	128,629	27.8%
Interest expense	(227,354)	(305,582)	78,228	(25.6%)
Other non-operating items	(204,435)	-	(204,435)	(>100%)
Income (loss) before contributions and other items	**8,565,186**	**8,145,786**	**419,400**	**(5.1%)**
Special items	228,955	-	228,955	>100%
Net operating transfers	2,230,917	(218,328)	2,449,245	(>100%)
Capital contributions	3,003,647	1,683,810	1,319,837	78.4%
Change in net position	**$ 14,028,705**	**$ 9,611,268**	**$ 4,417,437**	**(46.0%)**

FINANCIAL ANALYSIS OF THE AUTHORITY

Cash

Total Cash and investments increased $33,492,696 or 39% as of September 30, 2023, when compared to September 30, 2022. Our investments are carried at actual cash value.

HACSJ's portion of the increase is $2,074,173 or 6% primarily due to an increase in HAP reserves.

DCDC's portion of the increase is $31,236,453 or 94% due to grant funds awarded for the construction of Calaveras Quarters and Park Center Apartments which were held as unearned revenue until the expenses occurred.

Accounts Receivable

Net accounts receivable increased $724,447 compared to September 30, 2022 as HACSJ had expended funds for public housing maintenance pending reimbursement from HUD's Capital Fund Program.

Accounts Payable

Total current and non-current liabilities increased $19,598,424 compared to September 30, 2022. Liabilities increased temporarily as a result of construction activities carried out by DCDC for Calaveras Quarters. Calaveras Quarters expected completion date is January 2024.

Results of Operations

Operating revenues of our activities are generated principally from HUD operating subsidies and Housing Assistance Payments. Fiscal year ended 2023, our operating revenues for its activities totaled $82,753,688. Of this total, $66,417,532 or 80% 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 $74,347,661 of which $51,849,883, or 69.74% were HAP.

Contributing Factors to Change in Net Position

Net Position for the year ended September 30, 2023, increased $14,028,697 compared to an increase of $8,963,626 for the year ended September 30, 2022. Factors that impacted our net position included:

HACSJ's portion of the increase is $1,179,366 or 8%. This is mainly due to the increase in admin fee rates associated with voucher counts. Employees turn over, vacancies, and eliminating of positions including in-house general counsel.

DCDC's portion of the increase is $12,849,331 or 92%. This is mainly due to having cash on hand (unearned revenue) from grant funds for the development of Calaveras Quarters.

Operating grants and subsidies were $74,906,765, compared to $63,926,556 from prior year. This increase was primarily grant funding awarded for development projects including Sonora Square and Park Center Apartments.

DCDC has numerous projects in differing states of development that impact this fiscal year and future fiscal years.

Satellite Apartments – acquired in December 2023. Significant rehab of the existing units anticipated for 2025 and phase 2 new construction in predevelopment.

Park Center – construction began February 2024 with completion scheduled for Fall 2025.

Creekside – funding acquired for significant rehabilitation of units expected to begin in Fall 2024.

Calaveras Quarters – construction began in 2023 with completion anticipated for late 2024.

Tracy Homes Phase 1 – submitting tax credit application July 2024.

Danny Drive Senior Living – acquiring land May 2024 for future affordable housing for seniors.

Senior Living @ Salas Park – negotiating with City of Lodi for acquisition and securing funding for future affordable housing development.

Yosemite Senior Living – negotiating with City of Manteca for acquisition and securing funding for future affordable housing development.

Completed Projects in 2023

Victory Gardens was completed in November of 2022 and brought an additional 49 permanent supportive housing for homeless veterans. All these units are subsidized with Project Based Vouchers. The total budget of the construction project was $26,980,162.

Sonora Square was completed November of 2023 and brought an additional 38 permanent supportive housing for individuals with serious mental illness. All these units are subsidized with Project Based Vouchers. The total budget of the construction project was $18,399,888. This development includes the rehabilitation of an existing commercial building and new construction of a three-story building.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	2023	2022	Change Dollar	Change Percentage
Land	$ 6,206,454	$ 4,116,073	$ 2,090,381	51%
Construction in progress	5,057,533	2,860,778	2,196,755	77%
Buildings and improvements	112,945,283	101,650,163	11,295,120	11%
Euipment and furnishings	2,150,491	2,098,831	51,660	2%
Accumulated depreciation	(66,209,776)	(62,970,461)	(3,239,315)	5%
Net capital assets	**$ 60,149,985**	**$ 47,755,384**	**$ 12,394,601**	**26%**

Debt Administration

	2023	2022	Change Dollar	Change Percentage
Total Debt	$ 8,439,233	$ 8,670,486	$ (231,253)	(3%)

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.

HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN

Statement of Net Position
September 30, 2023

Assets and deferred outflows of resources	**BUSINESS ACTIVITIES**	**DISCRETE COMPONENTS**
Operating cash	$ 42,756,103	$ 1,024,083
Restricted cash	1,959,768	3,360,705
Total cash and equivalents	44,715,871	4,384,788
Net accounts receivable	3,473,475	129,517
Prepaid expenses and other current assets	813,401	161,248
Total current assets	49,002,747	4,675,553
Capital assets, at cost		
Land	6,206,454	10,952,777
Construction-in-progress	5,057,533	-
Buildings and improvements	112,945,283	74,453,275
Equipment and furnishings	2,150,491	10,003,519
Total acquisition costs	126,359,761	95,409,571
Less: Accumulated depreciation	(66,209,776)	(8,184,764)
Net capital assets	60,149,985	87,224,807
Notes receivable, net of current	4,202,393	-
Leases receivable, net of current	195,747	-
Long-term accrued interest receivable	1,200,613	-
Other long-term assets	-	493,451
Total non-current assets	65,748,738	87,718,258
Total assets	114,751,485	92,393,811
Deferred outflows related to pension	4,206,892	-
Deferred outflows related to other-post employment benefits	376,615	-
Total deferred outflows of resources	4,583,507	-
Total assets and deferred outflows of resources	**$119,334,992**	**$ 92,393,811**

See accompanying notes.

Liabilities, deferred inflows of resources, and net position	**BUSINESS ACTIVITIES**	**DISCRETE COMPONENTS**
Accounts payable	$ 1,220,467	$ 122,824
Unearned revenues	20,247,746	413,199
Deposits held in trust, contra	550,171	164,408
Other current liabilities	147,774	96,861
Accrued wages payable	156,471	-
Accrued vacations payable, current portion	186,111	-
Accrued interest payable	6,621	1,458,860
Debt, current portion	233,132	-
Total current liabilities	22,748,493	2,256,152
Accrued vacations payable, net of current	393,715	-
Net pension liabilty	13,627,341	-
Net other-post employment benefits liability	4,429,764	-
Debt, net of current	8,206,101	46,310,553
Other long-term liabilities	864,352	2,701,538
Total non-current liabilities	27,521,273	49,012,091
Total liabilities	50,269,766	51,268,243
Deferred inflows related to pension	906,663	-
Deferred inflows related to other-post employment benefits	1,248,275	-
Deferred inflows related to leases	43,914	-
Other deferred inflows	145,822	-
Total deferred inflows of resources	2,344,674	-
Net investment in capital assets	51,710,752	40,914,254
Restricted net position	398,184	3,193,297
Unrestricted net position	14,611,616	(2,981,983)
Total net position	66,720,552	41,125,568
Total liabilities, deferred inflows of resources, and net position	**$119,334,992**	**$ 92,393,811**

See accompanying notes.

HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2023

	BUSINESS ACTIVITIES	DISCRETE COMPONENTS
Tenant rental revenue, net of collection losses	$ 5,266,733	$ 3,102,810
Operating grants and subsidies	74,906,765	139,750
Fee revenue	283,055	-
Other revenue	2,297,135	82,314
Total operating revenues	82,753,688	3,324,874
Administrative	10,402,514	486,371
Tenant services	761,200	25,738
Utilities	1,503,938	422,940
Ordinary maintenance and operations	4,726,065	582,079
Protective services	117,843	749
Insurance premiums	729,623	145,228
Other general expenses	864,383	73,884
Housing Assistance Payments	51,849,883	-
Depreciation	3,392,212	2,915,746
Amortization	-	259,855
Total operating expenses	74,347,661	4,912,590
Operating income (loss)	8,406,027	(1,587,716)
Investment income	590,948	3,759
Gains (losses) on disposition of assets	(204,435)	-
Interest expense	(227,354)	(1,468,426)
Total non-operating revenues (expenses)	159,159	(1,464,667)
Income (loss) before contributions and other items	8,565,186	(3,052,383)
Net intercompany transfers	2,230,917	-
Capital contributions	3,003,647	2,669,281
Change in net position	**$ 14,028,705**	**$ (383,102)**
Net position, beginning of year	$ 52,691,847	$ 41,508,670
Change in net position	14,028,705	(383,102)
Net position, end of year	**$ 66,720,552**	**$ 41,125,568**

See accompanying notes.

HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN

Statement of Cash Flows
Year Ended September 30, 2023

	BUSINESS ACTIVITIES
Cash receipts from tenants	$ 5,110,534
Cash receipts from grants	93,661,113
Cash payments for Housing Assistance Payments	(51,849,883)
Cash payments to suppliers for goods and services	(10,003,928)
Cash payments for wages and benefits	(9,127,489)
Other cash payments and receipts	5,703,930
Net cash from operating activities	33,494,277
Acquisition and construction of capital assets	(16,345,074)
Proceeds from disposition of capital assets	353,826
Capital contributions received	3,003,647
Payments of interest	(268,317)
Principal payments on debt	(231,253)
Net cash from capital and related financing activities	(13,487,171)
Receipts of principal on notes receivable	456,714
Receipts of interest on cash deposits	168,179
Receipts of interest on notes receivable	83,333
Net cash from investing activities	708,226
Net change in cash and equivalents	20,715,332
Cash at beginning of period	24,000,539
Cash at end of period	**$ 44,715,871**
Reconciliation of cash to the statement of net position:	
Cash and equivalents - operating	$ 42,756,103
Restricted cash and equivalents	1,959,768
Total cash and equivalents	**$ 44,715,871**

See accompanying notes.

HOUSING AUTHORITY OF THE COUNTY OF SAN JOAQUIN

Statement of Cash Flows
Year Ended September 30, 2023

	BUSINESS ACTIVITIES
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	$ 8,406,027
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Bad debt	143,547
Pension and other post-employment benefits	1,762,137
Lease and subscription amortizations	(149,242)
Intercompany timing differences	2,459,872
Changes in operating assets and liabilities:	
Accounts receivable	(867,994)
Prepaid expenses and other assets	(528,066)
Accounts payable	(904,547)
Accrued wages and benefits	(366,817)
Deposits held in trust, contra	(8,406)
Unearned revenues	20,144,112
Other liabilities	11,442
Net cash from operating activities	**$ 33,494,277**

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, which is designed to help very low-income families obtain decent, safe, and sanitary rental housing. 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 31 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, 2022, 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. SV I 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, 2022, 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, 2022, have been reported in the accompanying basic financial statements.

Victory Gardens, LP (VG)

VG 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. VG consists of 49 units located in Stockton, California. During 2022 VG completed construction. VG is operating under the name of Victory Gardens. DCDC Victory Gardens, LLC serves as the managing general partner and owns 0.005% of VG. VG reports on a December 31 calendar year and issues separately audited financial statements. Information as of and for the year ended December 31, 2022 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 Artists 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, 2023.

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, 2023, 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, 2023, dwelling income and other related charges of $5,410,280 has been netted with bad debt expenses of $143,547.

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.

Income Taxes

We are not subject to federal or state income taxes.

Subsequent Events

Management performed an evaluation of the Authority's activity through May 30, 2024, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were issued.

Implementation of New Accounting Pronouncements

The Authority adopted the provisions of GASB Statement No. 96, Subscription Based IT Arrangements (SBITA). The objective of this statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for SBITA, improving the comparability of financial statements among governments that have entered into SBITA, and enhancing the understandability, reliability, relevance, and consistency of information about SBITA.

NOTE 03 - RESTRICTED CASH AND EQUIVALENTS

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

Emergency Housing Voucher advance funding	$ 147,061
Cash in the Family Self Sufficiency (FSS) escrow account	864,352
Tenant security deposits	550,171
Restricted cash with offsetting liabilities	**1,561,584**
Cash in the forfeited Family Self Sufficiency (FSS) escrow account	100,304
Sartini Manor required reserves	297,880
Restricted cash reflected in restricted net position	398,184
Total restricted cash and equivalents	**$ 1,959,768**

NOTE 04 - ACCOUNTS RECEIVABLE

Accounts receivable at yearend are disaggregated in the table below:

Receivables from other Housing Authorities	$ 235,523
Receivables from HUD	1,930,801
Tenant receivables	215,963
Allowance for doubtful accounts - tenants	(153,431)
Net tenant receivables	62,532
Fraud recovery receivables	589,683
Allowance for doubtful accounts - fraud	(573,447)
Net fraud recovery receivables	16,236
Other receivables	1,228,383
Net accounts receivable	**$ 3,473,475**

NOTE 05 - CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended September 30, 2023, is presented below:

Authority:	**9/30/22**	**Additions**	**Deletions**	**9/30/23**
Non-Depreciable				
Land	$ 1,128,215	$ -	$ -	$ 1,128,215
Construction in process	2,860,778	3,003,647	(1,310,246)	4,554,179
	3,988,993	3,003,647	(1,310,246)	5,682,394
Depreciable				
Buildings and improvements	81,494,209	1,438,323	-	82,932,532
Equipment and furnishings	1,811,197	134,169	(91,158)	1,854,208
	83,305,406	1,572,492	(91,158)	84,786,740
Total acquisition costs	87,294,399	4,576,139	(1,401,404)	90,469,134
Accumulated depreciation	(59,089,968)	(2,306,894)	91,158	(61,305,704)
Authority subtotal	28,204,431	2,269,245	(1,310,246)	29,163,430
Blended Components:				
Non-Depreciable				
Land	2,987,858	2,160,784	(70,403)	5,078,239
Construction in process	-	503,354	-	503,354
	2,987,858	2,664,138	(70,403)	5,581,593
Depreciable				
Buildings and improvements	20,155,954	10,728,368	(871,571)	30,012,751
Equipment and furnishings	287,634	8,649	-	296,283
	20,443,588	10,737,017	(871,571)	30,309,034
Total acquisition costs	23,431,446	13,401,155	(941,974)	35,890,627
Accumulated depreciation	(3,880,493)	(1,085,318)	61,739	(4,904,072)
Blended component subtotal	19,550,953	12,315,837	(880,235)	30,986,555
Net capital assets	**$ 47,755,384**	**$ 14,585,082**	**$ (2,190,481)**	**$ 60,149,985**

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 Public and Indian Housing Program 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.

NOTE 06 - NOTES RECEIVABLE

Notes receivable were comprised of the following as of yearend:

Authority:	**Principal**	**Interest Receivable**
On November 14, 2017, the Authority entered into a promissory note with Stockton Sierra Vista I, LP (related party) in the amount of $2,400,000. The 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. The rights to collect payments of interest on this note were assigned to DCDC by the Authority.*	$ 2,400,000	$ -
On April 10, 2019, the Authority entered into a promissory note with Stockton Sierra Vista II, LP (related party) in the amount of $3,000,000. The note is secured by the Project, 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. The rights to collect payments of interest on this note were assigned to DCDC by the Authority.*	3,000,000	-
On April 26, 2022, the Authority entered into a promissory note with Sonora Square Apartments, LP (related party) in the amount of $4,202,393. The note is secured by the Project, bears no interest, and is payable from cash flow in the priority set forth in the partnership agreement until maturity on April 26, 2077.	4,202,393	-
On April 26, 2022, the Authority entered into a promissory note with Sonora Square Apartments, LP (related party) in the amount of $456,714. The note is secured by the Project, bears simple interest at 3% per annum and is payable from cash flow in the priority set forth in the note agreement until maturity on April 26, 2077.	-	-
Authority subtotal	9,602,393	-

Blended Components:	**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.	21,804	-

On April 10, 2019, the Authority entered into a promissory note with Stockton Sierra Vista II, LP (related party) in the amount of $3,180,000. The note is secured by the Project, bears simple interest at 3.145% per annum and is payable from cash flow in the priority set forth in the partnership agreement until maturity on April 10, 2074. The rights to collect payments of principal and interest on this note were assigned to DCDC by the Authority.*	2,857,828	494,680
On February 12, 2016, the Authority entered into a promissory note with DFA Cottage Village, LP (realted party) in the amount of $100,000. The note is secured by the Project, 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. The rights to collect payments of principal and interest on this note were assigned to DCDC by the Authority.*	100,000	37,787
On September 1, 2018, the Authority entered into a promissory note with DFA Cottage Village, LP (related party) in the amount of $1,830,000. The note is secured by the Project, bears no interest, and is payable from cash flow in the priority set forth in the partnership agreement until maturity on September 1, 2075. The rights to collect payments of principal and interest on this note were assigned to DCDC by the Authority.*	1,830,000	-
Other rights to interest receivable assigned from the Authority to DCDC.	-	668,146
Blended components subtotal	4,787,828	1,200,613
Total	14,390,221	1,200,613
Allowance for uncollectible amounts	(10,187,828)	-
Net	**$ 4,202,393**	**$ 1,200,613**

* Note is considered impaired, it is probable that all amounts of principal and/or interest due will not be collected according to the terms of the note agreement. Therefore an allowance has been deemed necessary.

NOTE 07 - LONG-TERM LIABILITIES

Changes in long-term liabilities of the Authority for the fiscal year ended September 30, 2023, are summarized below:

	09/30/22	Additions	Reductions	09/30/23
FSS escrow deposits, contra	$ 852,910	$ 11,442	$ -	$ 864,352
Other long-term liabilities	**$ 852,910**	**$ 11,442**	**$ -**	**$ 864,352**
Accrued vacations payable	$ 806,347	$ -	$ (412,632)	$ 393,715
Direct borrowings	$ 8,439,056	$ -	$ (232,955)	$ 8,206,101
Net pension obligation	$ 12,637,457	$ 989,884	$ -	$ 13,627,341
Net OPEB obligation	$ 4,424,800	$ 4,964	$ -	$ 4,429,764

Notes from Direct Borrowings:

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

Authority:	Principal	Interest Payable
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.	$ 386,464	$ 322
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.	2,695,346	6,299
Authority subtotal	3,081,810	6,621

Blended Components:	**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.	21,804	-
In December 2021, we entered into a note agreement with Farmers & Merchants Bank. The face amount of the note was $1,200,000 and matures December 2046. The note carries an interest rate of 3.38% and calls for monthly payments of $5,930.53. The note is secured by property located at Crossway.	1,165,495	-
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.	117,236	-
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.	185,928	-
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.	3,677,626	-
In January 2021, we entered into a note agreement with the Farmers and Merchants Bank. The face amount of the note was $203,000 and matures January 2041. The note carries an interest rate of 3.00% and calls for monthly payments of $1,108.91. The note is secured by property located at Washington Street.	189,334	-
Blended components subtotal	5,357,423	-
Total	**$ 8,439,233**	**$ 6,621**

Expected payments of principal and interest on direct borrowings in future years as follows as of September 30:

Authority:	**Principal**	**Interest**	**Total**
2024	$ 86,139	$ 78,333	$ 164,472
2025	92,786	76,215	169,001
2026	91,859	74,041	165,900
2027	94,090	71,809	165,899
2028	96,382	69,518	165,900
2029-2033	518,481	311,017	829,498
2034-2038	585,704	243,795	829,499
2039-2043	608,667	167,604	776,271
2044-2048	625,662	85,032	710,694
2049-2053	282,040	8,465	290,505
Authority subtotal	**3,081,810**	**1,185,829**	**4,267,639**
Blended components:			
2024	146,993	181,204	328,197
2025	144,028	176,796	320,824
2026	141,515	172,127	313,642
2027	143,690	167,386	311,076
2028	148,589	162,487	311,076
2029-2033	794,053	732,484	1,526,537
2034-2038	3,223,622	183,964	3,407,586
2039-2043	352,902	73,317	426,219
2044-2048	262,031	18,754	280,785
Blended components subtotal	**5,357,423**	**1,868,519**	**7,225,942**
Total	**$ 8,439,233**	**$ 3,054,348**	**$ 11,493,581**

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, 2023, 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 Liability (Asset)	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**OPEB Expense (Credit)**
CalPERS	$ 4,429,764	$ 376,615	$ 1,248,275	

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, 2023, 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:

	(a) Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) = (c) Net OPEB Liability
Measurement at September 30, 2022	$ 4,424,800	$ -	$ 4,424,800
Changes recognized for measurement period:			-
Service cost	126,540	-	126,540
Interest	175,202	-	175,202
Contributions – employer	-	259,608	(259,608)
Actual benefit payments	(259,608)	(259,608)	-
Expected minus actual benefit payments	-	-	-
Experience gains (losses)	-	-	-
Changes in assumption	(37,170)	-	(37,170)
			-
Measurement at September 30, 2023	**$ 4,429,764**	**$ -**	**$ 4,429,764**

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:

	1% Decrease	Discount Rate	1% Increase
OPEB Plan	$ 4,991,294	$ 4,429,764	$ 3,971,716

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:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
OPEB Plan	$ 4,286,743	$ 4,429,764	$ 4,598,652

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, 2023, 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
Differences between expected & actual experience	$ -	$ 463,294
Effect of changes in assumptions	376,615	784,981
Differences between projected & actual investment earnings	-	-
	$ 376,615	**$ 1,248,275**

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

2024	$ (193,390)
2025	(193,390)
2026	(268,692)
2027	(215,337)
2028	(851)
Thereafter	-
	$ (871,660)

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, 2023
Measurement date	September 30, 2023
Actuarial cost method	Entry Age Normal
Experience study	2017 CalPERS Study
Inflation	2.50%
Investment return/discount rate	4.09%
Healthcare trend	4.00%
Payroll increase	2.75%

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, 2023, 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:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Credit)
CalPERS	$ 13,627,341	$ 4,206,892	$ 906,663	

Comprehensive Plan Information

Information regarding the following items for the Plan is publicly available in a separate comprehensive annual financial report. A copy of the CalPERS annual financial report may be online at https://www.calpers.ca.gov/.

Plan description and benefits provided;
Contribution rates;
Actuarial methods and assumptions; and
Plan asset target allocations and expected returns.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, 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	$ 696,158	$ 107,991
Effect of changes in assumptions	822,744	-
Differences between projected & actual investment earnings	2,206,389	-
Effect of changes in proportions	354,658	-
Differences between proportionate share & actual contributions	-	798,672
Contributions subsequent to measurement date	126,943	-
	$ 4,206,892	**$ 906,663**

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 next year.

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

2024	$ 956,870
2025	609,484
2026	1,543,623
2027	63,309
2028	-
Thereafter	-
	$ 3,173,286

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 5.90%	Current Rate 6.90%	1% Increase 7.90%
CalPERS	$ 20,717,746	$ 13,627,341	$ 7,791,328

NOTE 10 - NET POSITION

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

Land	$ 6,206,454
Construction in progress	5,057,533
Buildings and improvements	112,945,283
Euipment and furnishings	2,150,491
Less:	
Accumulated depreciation	(66,209,776)
Short term capital debt obligations	(233,132)
Long term capital debt obligations	(8,206,101)
Net investment in capital assets	**$ 51,710,752**

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

Restricted cash and equivalents	$ 1,959,768
Less:	
Tenant security deposit, contra	(550,171)
Family Self-Sufficeincy escrow deposits, contra	(864,352)
Emergency Housing Voucher advance funding	(147,061)
Restricted net position	**$ 398,184**

NOTE 11 - 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%, Sonora Square Apartments, LP, 0.006%, DFA Medici Associates LP, 0.001%, and DFA Cottage Village Associates LP, 0.001%.

NOTE 12 - 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, 2023, there were no liabilities to be reported.

Concentration - Major Contributors

For the year ended September 30, 2023, 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, 2023, 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 13 - 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.

Lessor

We have several commercial property leases to various entities for use of business space. These leases expire on various dates through November 2024, and have various extension terms. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease related inflows, recognized during the fiscal yearend was $195,747.

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 14 - CONDENSED COMBINING FINANCIAL STATEMENTS – BUSINESS ACTITIVIES

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

Housing Authority of the County of San Joaquin (Authority)..... September 30, 2023
Delta Community Developers Corp. (DCDC).....December 31, 2022

	AUTHORITY	DCDC	ELIM	TOTAL
Cash and equivalents	$ 20,697,795	$ 24,018,076	$ -	$ 44,715,871
Intercompany receivables	301,363	-	(301,363)	-
Other current assets	3,110,276	1,176,600	-	4,286,876
Total current assets	24,109,434	25,194,676	(301,363)	49,002,747
Net capital assets	29,163,430	30,986,555	-	60,149,985
Other non-current assets	4,251,016	1,347,737	-	5,598,753
Total assets	57,523,880	57,528,968	(301,363)	114,751,485
Deferred outflows of resources	4,583,507	-	-	4,583,507
Total assets and deferred outflows of resources	**$ 62,107,387**	**$ 57,528,968**	**$ (301,363)**	**$119,334,992**
Intercompany payables	$ 301,363	$ -	$ (301,363)	$ -
Other current liabilities	2,899,720	19,848,773	-	22,748,493
Total current liabilities	3,201,083	19,848,773	(301,363)	22,748,493
Total non-current liabilities	22,310,843	5,210,430	-	27,521,273
Total liabilities	25,511,926	25,059,203	(301,363)	50,269,766
Deferred inflows of resources	2,198,852	145,822	-	2,344,674
Net investment in capital assets	26,081,620	25,629,132	-	51,710,752
Restricted	398,184	-	-	398,184
Unrestricted	7,916,805	6,694,811	-	14,611,616
Total net position	34,396,609	32,323,943	-	66,720,552
Total liabilities, deferred inflows of resources, and net position	**$ 62,107,387**	**$ 57,528,968**	**$ (301,363)**	**$119,334,992**

	AUTHORITY	DCDC	ELIM	TOTAL
Operating revenues	$ 69,041,431	$ 13,712,257	$ -	$ 82,753,688
Operating expenses	72,253,627	2,094,034	-	74,347,661
Operating income (loss)	(3,212,196)	11,618,223	-	8,406,027
Non-operating revenues (expenses)	77,764	81,395	-	159,159
Income (loss) before contributions and other items	(3,134,432)	11,699,618	-	8,565,186
Contributions, transfers, and other items	4,313,806	1,149,713	-	5,463,519
Change in net position	**$ 1,179,374**	**$ 12,849,331**	**$ -**	**$ 14,028,705**
Net position, beginning of year	$ 33,217,235	$ 19,474,612	$ -	$ 52,691,847
Change in net position	1,179,374	12,849,331	-	14,028,705
Prior-period restatements	-	-	-	-
Equity transfers	-	-	-	-
Net position, end of year	**$ 34,396,609**	**$ 32,323,943**	**$ -**	**$ 66,720,552**

	AUTHORITY	DCDC	ELIM	TOTAL
Net cash from operating activities	$ 568,958	$ 32,925,319	$ -	$ 33,494,277
Net cash from capital and related financing activities	(428,148)	(13,059,023)	-	(13,487,171)
Net cash from non-capital financing activities	-	-	-	-
Net cash from investing activities	615,796	92,430	-	708,226
Net change in cash	756,606	19,958,726	-	20,715,332
Cash at beginning of period	19,941,189	4,059,350	-	24,000,539
Cash at end of period	**$ 20,697,795**	**$ 24,018,076**	**$ -**	**$ 44,715,871**

NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

Measurement date June 30:	**2015**	**2016**	**2017**	**2018**	**2019**
Proportionate share of net pension liability (asset)	$ 6,794,182	$ 8,327,917	$ 9,102,218	$ 8,428,786	$ 9,431,983
Proportion of pension liability (asset)	0.098984%	0.096242%	0.091782%	0.087469%	0.092046%
Plan fiduciary net position as a percentage of the total pension liability	82.22%	78.44%	78.19%	80.34%	79.09%
Covered payroll	$ 5,086,451	$ 4,991,353	$ 4,565,364	$ 4,645,823	$ 4,809,917
Proportionate share of the net pension liability as a percentage of covered payroll	133.57%	166.85%	199.38%	181.43%	216.99%

Measurement date June 30:	**2020**	**2021**	**2022**	**2023**
Proportionate share of net pension liability (asset)	$10,437,177	$ 5,490,238	$12,637,457	$ 13,627,341
Proportion of pension liability (asset)	0.095926%	0.289142%	0.270076%	0.272524%
Plan fiduciary net position as a percentage of the total pension liability	77.36%	88.44%	74.82%	74.01%
Covered payroll	$ 5,266,303	$ 5,050,137	$ 5,316,437	$ 5,750,823
Proportionate share of the net pension liability as a percentage of covered payroll	198.19%	108.71%	238.00%	236.96%

SCHEDULE OF THE PENSION PLAN'S CONTRIBUTIONS

Measurement date June 30:	**2015**	**2016**	**2017**	**2018**	**2019**
Contractually required contribution	$ 759,844	$ 979,202	$ 1,229,983	$ 517,944	$ 515,566
Actual contributions made to plan(s)	$ 759,844	$ 979,202	$ 1,229,983	$ 517,944	$ 515,566
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,086,451	$ 4,991,353	$ 4,565,364	$ 4,645,823	$ 4,809,917
Contributions as a percentage of covered payroll	14.94%	19.62%	26.94%	11.15%	10.72%

Measurement date June 30:	**2020**	**2021**	**2022**	**2023**
Contractually required contribution	$ 1,102,035	$ 1,221,015	$ 1,489,776	$ 925,515
Actual contributions made to plan(s)	$ 1,102,035	$ 1,221,015	$ 1,489,776	$ 925,515
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 5,266,303	$ 5,050,137	$ 5,316,437	$ 5,750,823
Contributions as a percentage of covered payroll	20.93%	24.18%	28.02%	16.09%

NOTES TO PENSION SCHEDULES:

In Fiscal Year 2022-23, there are no changes to the actuarial assumptions or methods in relation to financial reporting.

In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.30 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22.

In Fiscal Year 2020-21, no changes were made to the actuarial assumptions in relation to financial reporting.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount.

In addition, the policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes, investment gains/losses, and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In Fiscal Year 2019-20, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In Fiscal Year 2018-19, CalPERS implemented a new actuarial valuation software system for the June 30, 2018, valuation. This new system has refined and improved calculation methodology.

In December 2017, the Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017, experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016, published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. These changes will be implemented in two steps commencing in the June 30, 2017, funding valuation. For financial reporting purposes, these assumption changes are fully reflected in the results for Fiscal Year 2017-18.

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. In December 2016, the Board approved lowering the funding discount rate used in the PERF C from 7.50 percent to 7.00 percent, which was phased in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period and remained adjusted for administrative expenses.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET)

Measurement period:	**2018**	**2019**	**2020**	**2021**	**2022**
Service cost	$ 107,021	$ 109,964	$ 154,123	$ 222,518	$ 234,492
Interest	193,528	138,218	159,120	124,376	122,983
Experience (gains)/losses	-	-	(633,323)	-	(263,001)
Changes of assumptions	-	785,274	178,803	79,132	(1,151,180)
Benefit payments	(271,713)	(282,582)	(280,215)	(236,676)	(242,733)
Net change in total OPEB liability	28,836	750,874	(421,492)	189,350	(1,299,439)
Total OPEB liability - beginning	5,176,671	5,205,507	5,956,381	5,534,889	5,724,239
Total OPEB liability - ending	5,205,507	5,956,381	5,534,889	5,724,239	4,424,800
Plan fiduciary net position	-	-	-	-	-
Net OPEB liability (asset)	**$ 5,205,507**	**$ 5,956,381**	**$ 5,534,889**	**$ 5,724,239**	**$ 4,424,800**

Measurement period:	**2023**
Service cost	$ 126,540
Interest	175,202
Experience (gains)/losses	-
Changes of assumptions	(37,170)
Benefit payments	(259,608)
Net change in total OPEB liability	4,964
Total OPEB liability - beginning	4,424,800
Total OPEB liability - ending	4,429,764
Plan fiduciary net position	-
Net OPEB liability (asset)	**$ 4,429,764**

SCHEDULE OF THE OPEB PLAN CONTRIBUTIONS

Measurement period:	**2018**	**2019**	**2020**	**2021**	**2022**
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 4,645,823	$ 4,809,917	$ 5,266,303	$ 5,050,137	$ 5,316,437
Total OPEB liability as a percentage of covered	112.0%	123.8%	105.1%	113.3%	83.2%
Actuarially Determined Contribution (ADC)	$ 271,713	$ 282,582	$ 280,215	$ 236,676	$ 242,733
Actual contributions	$ 271,713	$ 282,582	$ 280,215	$ 236,676	$ 242,733
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	5.85%	5.87%	5.32%	4.69%	4.57%

Measurement period:	**2023**
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	$ 5,750,823
Total OPEB liability as a percentage of covered	76.9%
Contractually required contributions	$ 175,202
Actual contributions	$ 175,202
Contribution deficiency (excess)	$ -
Contributions as a percentage of covered payroll	3.05%

NOTES TO OPEB SCHEDULE:

For measurement period September 30, 2023, there was a change in actuarial assumptions. The discount rate and investment rate of return assumptions changed from 4.02% to 4.09%.

For measurement period September 30, 2022, there was a change in actuarial assumptions. The discount rate and investment rate of return assumptions changed from 2.15% to 4.02%.

For measurement period September 30, 2021, there was a change in actuarial assumptions. 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.

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

Stockton Sierra Vista I, LP (SV I).....December 31, 2022
Stockton Sierra Vista II, LP (SV II).....December 31, 2022

	SV I	SV II	TOTAL
Cash and equivalents	$ 2,232,426	$ 2,180,198	$ 4,412,624
Other current assets	103,988	83,063	187,051
Total current assets	2,336,414	2,263,261	4,599,675
Net capital assets	31,128,657	34,296,360	65,425,017
Other non-current assets	154,441	170,779	325,220
Total assets	**$ 33,619,512**	**$ 36,730,400**	**$ 70,349,912**
Current liabilities	$ 1,230,503	$ 419,311	$ 1,649,814
Non-current liabilities	13,641,548	15,273,692	28,915,240
Total liabilities	14,872,051	15,693,003	30,565,054
Net investment in capital assets	17,487,109	19,022,668	36,509,777
Restricted	2,058,015	1,135,282	3,193,297
Unrestricted	(797,663)	879,447	81,784
Total net position	18,747,461	21,037,397	39,784,858
Total liabilities and net position	**$ 33,619,512**	**$ 36,730,400**	**$ 70,349,912**

	SV I	SV II	TOTAL
Operating revenues	$ 1,697,284	$ 1,627,590	$ 3,324,874
Operating expenses	2,349,159	2,382,514	4,731,673
Operating income (loss)	(651,875)	(754,924)	(1,406,799)
Non-operating revenues (expenses)	(663,849)	(698,944)	(1,362,793)
Income (loss) before contributions and other items	(1,315,724)	(1,453,868)	(2,769,592)
Contributions, transfers, and other items	1,045,780	-	1,045,780
Change in net position	**$ (269,944)**	**$ (1,453,868)**	**$ (1,723,812)**
Net position, beginning of year	$ 19,017,405	$ 22,491,265	$ 41,508,670
Change in net position	(269,944)	(1,453,868)	(1,723,812)
Prior-period restatements	-	-	-
Equity transfers	-	-	-
Net position, end of year	**$ 18,747,461**	**$ 21,037,397**	**$ 39,784,858**

Grant	Funds Approved	Funds Disbursed	Funds Expended	Balance	Form HUD-53001 Submitted *
CA30P024501-18	$ 3,011,391	$ 3,011,391	$ 3,011,391	$ -	Yes
CA01E024501-18	$ 250,000	$ 250,000	$ 250,000	$ -	Yes
CA01P024501-19	$ 3,364,544	$ 3,364,544	$ 3,364,544	$ -	Yes
CA01P024501-20	$ 3,636,182	$ 545,427	$ 1,419,374	$ 3,090,755	No
CA01P024501-21	$ 3,800,313	$ 1,490,229	$ 1,704,936	$ 2,310,084	No
CA01P024501-22	$ 4,577,622	$ -	$ 350,962	$ 4,577,622	No
CA01P024501-23	$ 4,690,310	$ -	$ -	$ 4,690,310	No

* The distribution of costs as shown on the respective HUD Form 53001 submitted to HUD for approval, is in agreement with the Authority's records. Additionally, all costs have been paid and all related liabilities have been discharged through payment.

Program Title	ALN	Cluster Title	Award Type	Pass-Through No.	Expenditures	Amounts Passed Through to Sub-Recipients
Section 8 Housing Choice Vouchers	14.871	HVC	Direct		$53,820,892	$ -
Emergency Housing Vouchers	14.871	HVC	Direct		2,347,088	-
Total Section 8 Housing Choice Vouchers					56,167,980	-
Mainstream Vouchers	14.879	HVC	Direct		774,996	-
Public and Indian Housing	14.850		Direct		5,048,960	-
Resident Opportunity and Supportive Services	14.870		Direct		57,379	-
Public Housing Capital Fund	14.872		Direct		3,684,778	-
Jobs-Plus Pilot Initiative	14.895		Direct		592,900	-
Family Self-Sufficiency Program	14.896		Direct		244,772	-
Farm Labor Housing Loans and Grants	10.405		Direct		406,253	-
Total Federal Financial Assistance					**$66,978,018**	**$ -**

Federal Grantor:	**Expenditures**
US Department of Housing and Urban Development	$66,571,765
US Department of Agriculture	406,253
Total Federal Financial Assistance	**$66,978,018**

Cluster Title:	**Expenditures**
Housing Voucher Cluster	$56,942,976

Award Type:	**Expenditures**
Direct	$66,978,018
Indirect	-
Total Federal Financial Assistance	**$66,978,018**

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 Loans	ALN No.	Beginning Balance	Additions	Amount Included in Expenditures	Ending Balance
Farm Labor Housing Loans and Grants	10.405	$ 406,253	$ -	$ 406,253	$ 386,464
		$ 406,253	$ -	$ 406,253	$ 386,464

• t: (909) 307-2323
• f: (909) 825-9900
• 1940 orange tree lane #100
• redlands, ca 92374



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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*

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, 2023, 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 30, 2024.

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

REPORT ON 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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

REPORT ON 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 financial statements. 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 internal 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 30, 2024
Redlands, CA

• t: (909) 307-2323
• f: (909) 825-9900
• 1940 orange tree lane #100
• redlands, ca 92374

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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, 2023. 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, 2023.

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 30, 2024
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:

ALN	Program(s) Name
14.872	Public Housing Capital Fund
Various	Housing Voucher Cluster

8.	The Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	$ 2,009,341			
9.	Auditee qualified as a low-risk auditee?	x	Yes		No

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